



Getting buy-in: The public, policy system, and politicians

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**EEAC & NESC Webinar on New yardsticks of wellbeing
Feb. 15, 2022**

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The Finnish expert panel for sustainable development

- An independent body consisting of 10 professors from different scientific fields representing cultural, ecological, social, political, technical, and financial, as well as health- and climate-related, views of sustainability.
- **Mission** to promote societal change that takes into account both the environment and human wellbeing. In particular, we identify issues where contradictory goals complement and support each other. We aim at foreseeing development and strengthening long-term decision-making.
- **We provide** scientific knowledge and viewpoints to decision-making and bring complicated but critical issues to the public sustainability debate.
- One of our foci is the **sustainable economy and** igniting discussion on and move toward **measuring beyond GDP**

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Key audiences for the beyond GDP message

- The Finnish Government – 3 Panel members have been keynote speakers in planning meetings for government programme & its evaluation
- Finnish Parliament Committees – our members are often giving expert statements on new policies and legislative proposals on economic, social and ecological sustainability areas
- Finnish National Committee of Sustainable Development, influential forum gathering the significant societal actors together; promotes cooperation for achieving the sustainable development goals and strives to integrate the strategic objectives of sustainable development into the national policy, administration and social practices – our members interact with Committee leadership and give keynotes in their events
- The public – OpEds and blogs about misfit between GDP & wellbeing

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Key message: GDP is incomplete instrument

- **GPD worked as an indicator wellbeing when**
 - (1) the limits of natural resources had not yet been hit
 - (2) when institutions of the nation state distributed economic growth relative equally
- The primacy of GDP as a decision-making criteria is legitimized with jobs and taxes for wellbeing purposes. But in **today's** society **growing GDP benefits the wealthiest the most**
- GDP was originally developed for measuring economic activity, not wellbeing. The **current data availability and measuring capabilities** make use GDP like listening to a transistor radio in digital era
- Inequality is most likely detrimental even to the cause of GDP growth (IMF & OECD)
- **Decoupling?** No - Continuous GDP-measured economic growth accelerates climate and biodiversity crises despite attempts over decades to decouple



Cingano, F. 2014. Trends in Income Inequality and its Impact on Economic Growth. OECD Social, Employment and Migration Working Papers No. 163.

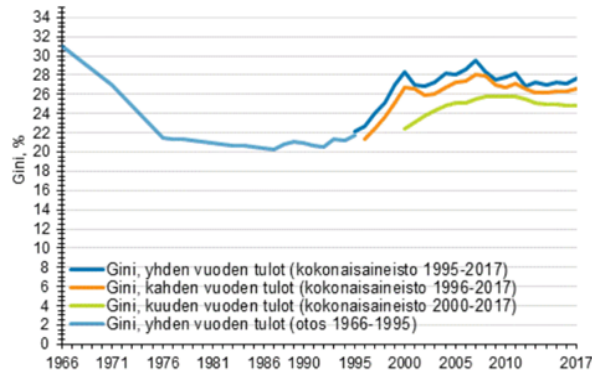
<http://www.oecd.org/els/soc/trends-in-income-inequality-and-its-impact-on-economic-growth-SEM-WP163.pdf>

Dabla-Norris, E. et al. 2015. Causes and Consequences of Income Inequality: A Global Perspective. International Monetary Fund SDN/15/13

<https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf>

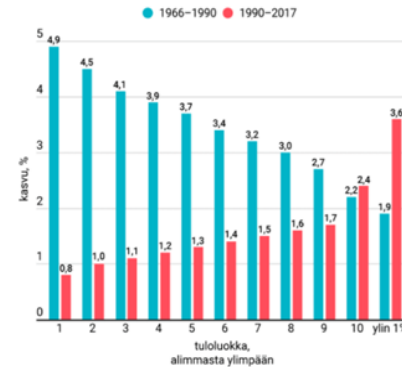
Income inequality grows in Finland, too

Kuvio 1. Suhteellisten tuloerojen kehitys 1966–2017 Gini-kertoimella mitattuna.



Tuloerot Suomessa on samalla tasolla kuin 1970 hyvinvointivaltiokehityksen alkaessa (Tilastokeskus 2020)

Käytettävissä olevien tulojen vuosikasvu vuosina 1966–1990 ja 1990–2017 tuloluokittain



Tulojen suuri kasvu ylimmissä tuloluokissa johtuu pääomatuloista ja niiden verotuksen kevennyksestä.

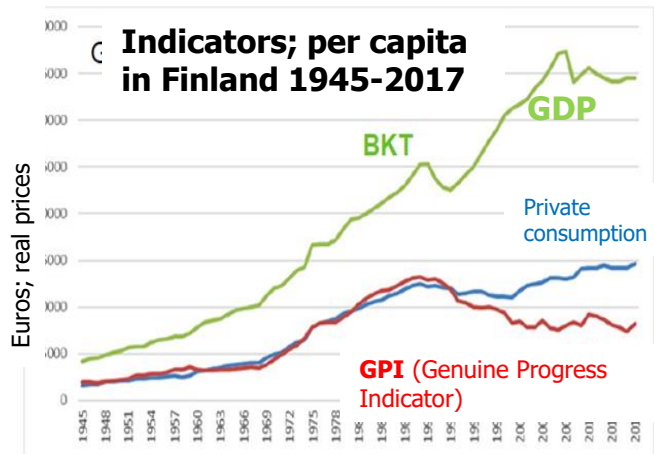
Global examples show that economic **inequality** increases social **unrest** and is a **threat to democracy**

Finland is part of these global developments, not detached from it.

Riihelä & Tuomala, 2020. Tulo- ja varallisuuserot. Teoksessa Mattila, M. Eriarvoisuuden tila Suomessa.

Sustainable growth

- Sustainable growth adds wellbeing and regenerates the environment (climate, biodiversity etc.)
- Finland is committed to advance sustainable growth, but does not seriously measure it.
- A country should measure and communicate what it aims at



Economy, wellbeing, inequality, the state of the environment

- Over 60 indicators are used in steering the national economy of Finland, but GDP seems to override others in guiding decisions & action
- GDP tells nothing about the quality of growth (military expenses, health care expenditure and remediation of natural catastrophes shows equal in GDP)
- **GDP does not measure sustainable growth.** It needs to be **coupled with another indicator.** Otherwise the GDP indicator wags the dog.



GDP

Key buy-in arguments

- Message: Bring other indicator(s) alongside GDP
- GDP is historical, old indicator from times when there was neither the capability nor the capability for more sophisticated measuring
- Growth of GDP cannot be decoupled from detrimental environmental impacts
- In the current system GDP growth benefits the wealthiest the most; “wealth trickles up”

Next steps toward a sustainable economy

- 1. Monipuolisempaa kestävän talouden ymmärrystä** - Hallituksen päätöksenteon avuksi instituutiot
 - a) Kestävän Kehityksen Arviointineuvosto tai
 - b) Kestävän kehityksen Asiantuntijapaneeli (vrt. Ilmastopaneeli)
- 2. BKT:n mittaamisen lisäksi** ryhdytään käyttämään kansalaisten **hyvinvoinnin ja ympäristösuoriutumisen mittareita** päätöksenteon ohjauksessa ja viestinnässä
- 3. Taloutta ohjaavan ajattelun uudistaminen:**
 1. Miten talouden pääomia ja virtoja ohjataan myös **ekologisen ja sosiaalisen pääoman** ylläpitämiseksi ja kasvattamiseksi?
 2. Kestävyyden näkökulmasta monet **kulut ovat sijoituksia**. Miten tätä voidaan ohjauksella muuttaa?

More information

- Professori Minna Halme, minna.halme@aalto.fi
- Sustainability in Business Research Group sub.aalto.fi
- Creative Sustainability Master Programme <http://acs.aalto.fi/>
- Sustainable Textile Systems FINIX finix.aalto.fi
- Co-creating frugal innovations for poverty alleviation newglobal.aalto.fi/
- Expert panel for Sustainable Development <https://www.kestavyyspaneeli.fi/en/>
- https://people.aalto.fi/index.html?language=english#minna_halme