



## WP7 WELL-BEING

# WELL-BEING IN EUROPE AND THE WORLD TO 2030





## OBJECTIVES

This component of the AUGUR project identifies future Well-Being (WB) trends and clarifies how income and other drivers will affect WB and the quality of life in Europe and the world.



## CONCEPTS

A well-being (WB) approach changes the concept of development, focussing not on monetary wealth, but on a society's ability to provide a context for realizing individual aspirations, human potential and improving the quality of life.

We use an objective definition of social WB paying attention to four main domains:

- 1. Health** - ability to live a long and healthy life
- 2. Education** - development of individual capabilities, quality and inclusiveness are decisive
- 3. Recognition, social inclusion and employment** - employment is not only a source of income but also of social contact and recognition
- 4. Income equality** – income supports families and individuals and gives them security. Equality is a condition for social cohesion and long-term development



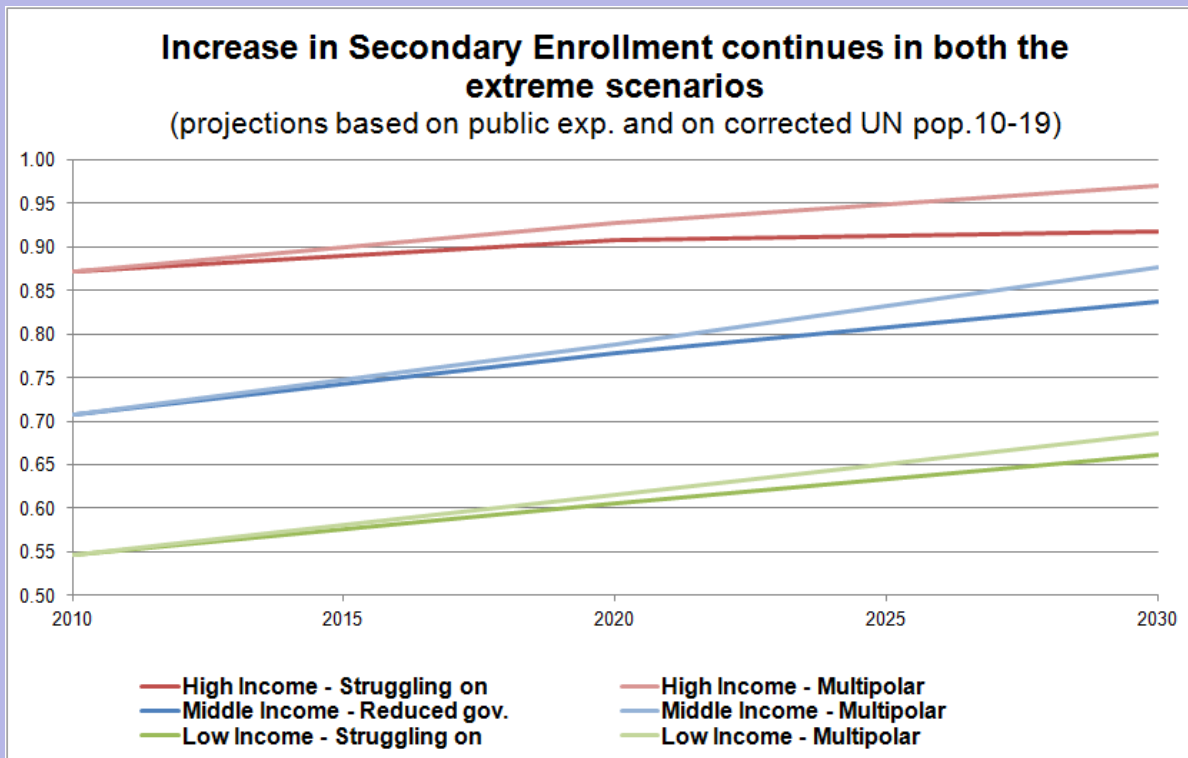
## GLOBAL TRENDS AND CHALLENGES

- **Economic development affects WB differently:** for the majority of the world's population income per capita is still a major determinant of WB, while in high-income countries social organisation and institutions may have more relevance
- **Globalisation in recent decades** produced some convergence in the main WB domains (especially health and education) but has reduced the capacity to determine WB at national level.
- **Income inequality has increased in many countries** but for different reasons - rapid economic growth in low and middle income countries, low growth and structural changes in high income countries. All countries have to consider how to maintain social stability.
- **Demographic changes and social transformations** (urbanisation, family, *marketization* of care) increase pressure on collective services and WB institutions in all countries.



# GLOBAL SCENARIOS

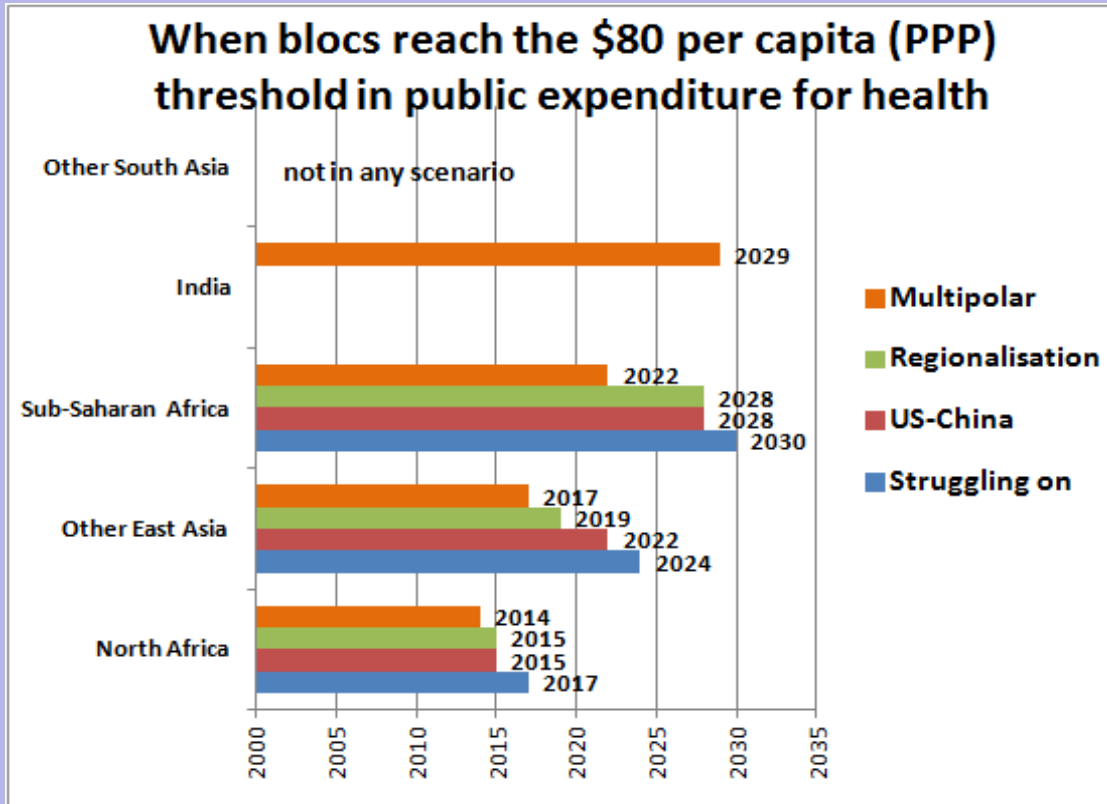
Global scenarios imply convergence in health and education for high, middle and low income countries.



**Quality of service, inclusiveness and institution-building** will be the key challenges.

# GLOBAL SCENARIOS

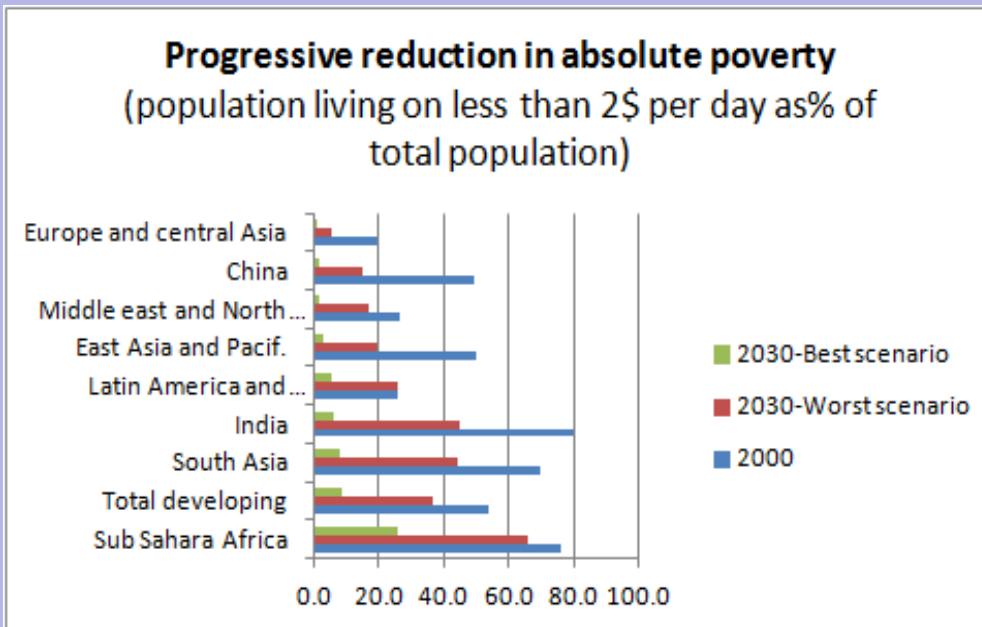
The stage reached and pace of advance is different in each part of the world and may depend on political, economic and financial circumstances.



**“Social China”** may represent an important change in global welfare systems and a potential new model for some emerging countries.

## RESULTS OF GLOBAL SCENARIOS

**Poverty** remains a crucial problem in Africa and South Asia. Only focused policies in the most favourable scenarios reduce poverty substantially.



**Inequality within countries** increases or remains high in less favourable scenarios due to low employment, wage and profit disparities and insufficient or reduced collective welfare provision.

Sources: IFs Version 5.47 scenarios (from "Reducing Global Poverty. Patterns of Potential Human Progress, vol.1". 2009).



## GLOBAL POLICY IMPLICATIONS

1. The WB perspective is becoming more crucial as social and structural changes in all countries require new forms of social security. **Social protection and equality become global issues.**
2. Isolated and competitive solutions may become a “zero sum” game. **Regional and global cooperation is necessary to address WB needs.**
3. **Public expenditure and institution-building** will remain important drivers of WB.
4. International development policies will have to move **from anti-poverty to anti-inequality**, supporting sustainable and inclusive growth, employment and social provision.





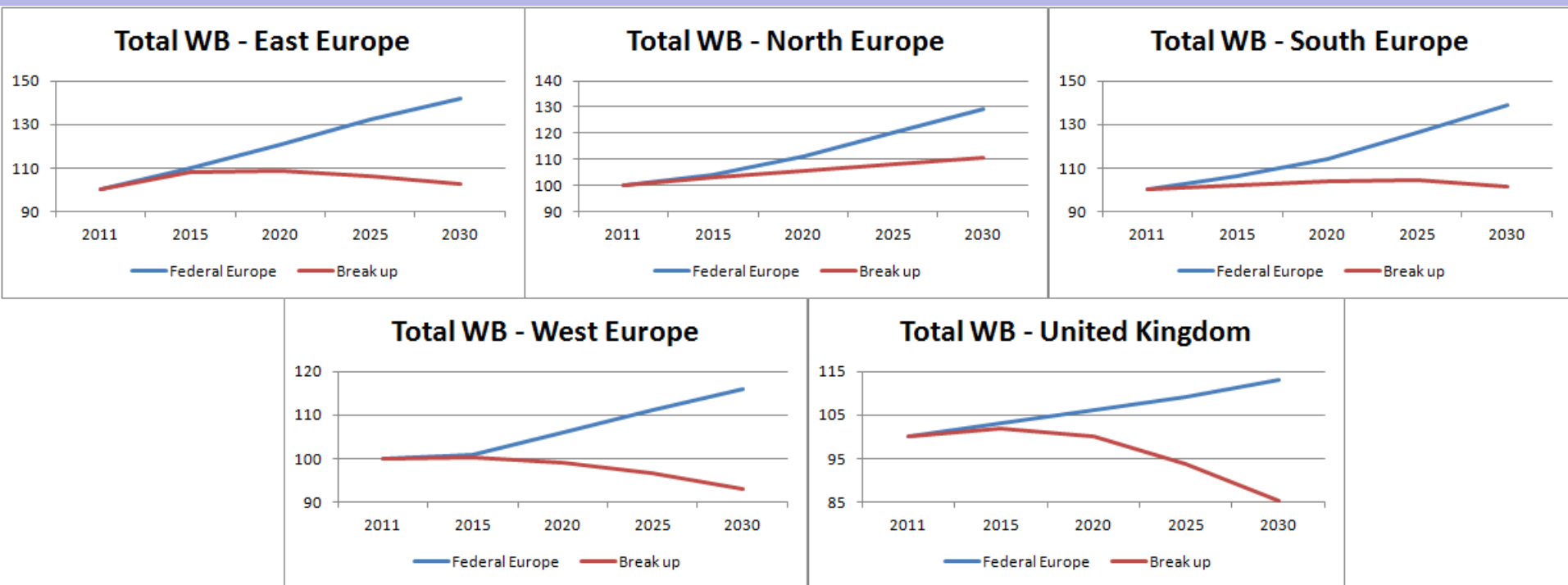
## WB IN EUROPE: MAIN TRENDS

- **Health is strictly associated with ageing:** average life expectancy will continue to increase and healthy ageing will become a high priority. Financing health systems will become more challenging
- **Educational disparities** within Europe are decreasing at the level of compulsory schooling but persist with regard to tertiary and adult education; differences in achievement and adequacy of education are still important
- **Employment rates** differ widely among countries and segments of population. They are often insufficient to promote social inclusiveness. Qualitative elements of work (stability, safety, working time, career opportunities) are also important and unevenly distributed.
- **Inequality** varies across Europe with differing economic trends and impacts redistributive policies.



# TOTAL WELL-BEING: EXTREME SCENARIOS

The two most extreme scenarios considered in this project - EU break-up and Federal Europe - certainly have different WB implications for coming decades.





## WB IN EUROPE: POLICY IMPLICATIONS

- **Divergence of WB trends within Europe** may accompany convergence in global WB.
- Pressures on welfare expenditure will tend to **reduce the supply of public services**, especially in the weakest blocs and in 'reduced government' scenarios
- **Universal welfare schemes and WB based on solidarity and public redistribution may be at stake.** Structural corrections may be essential for financial reasons but will affect social cohesion and democratic systems in the EU.
- **A second best strategy** should be pursued to defend levels of well being within any 'reduced government' scenario. This implies social and organizational innovation within each WB dimension, independent of GDP growth.



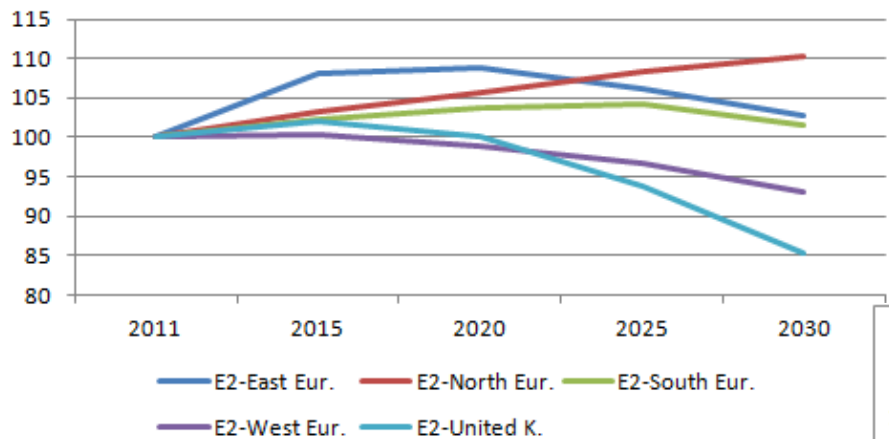
## WB IN EUROPE: POLICY IMPLICATIONS (continued)

- In more positive economic and financial scenarios higher levels of employment and rates of GDP growth **will make maintenance and improvement of WB levels easier.**
- But the **necessity of reforming welfare systems in different parts of European blocs, according to their specificities and weaknesses,** will persist even in the most favourable scenarios.



# TOTAL WB IN THE TWO EXTREME SCENARIOS (simple average of indicators in main domains)

### Total WB - Break up



### Total WB - Federal Europe

