

Governments should prioritize well-being over economic growth

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Despite its prominence in public discourse, economic growth does not translate into lasting improvements in well-being. To improve people's lives, policymakers should shift their focus from economic growth to well-being. We provide example policies that could foster thriving, sustainable and inclusive societies.

Although richer people and countries are on average happier than poorer ones, the increase of production and consumption over time – that is, economic growth – does not lastingly increase happiness (more precisely, subjective well-being (SWB)). Recent research by the pioneering economist Easterlin indicates that even if there is a long-run impact of growth, it is negligible¹. As shown in Fig. 1, even low-income countries have little – if any – SWB to gain from economic growth.

Why, then, is economic growth at the forefront of public discourse? Even in the richest countries, economic concerns drive people's

electoral decisions and reward parties and coalitions that promise to deliver economic growth. How can we reconcile this behaviour with scientific evidence, and what do we learn for public policymaking? We argue that people's well-being should be the target of public policy, and conclude with some concrete examples.

Well-being and the economy

The focus on economic growth is often motivated by concerns over income and employment. This is somewhat understandable as income increases purchasing power. Indeed, declining purchasing power is quite harmful for SWB, for example, through inflation². First, this is because people experience the pain of loss more intensely than the pleasure of gain. Second, inflation can have compounding effects when it is perceived as affecting groups unequally. Individuals may feel that their purchasing power is slipping relative to others, which causes feelings of inadequacy, stress and additional pressure to 'keep up with the Joneses'. Unequal inflation is also perceived as unfair and can foster social discontent and erode trust in institutions.

Income matters also because it can buy hope against the uncertainty or difficulties of the future. In the presence of growing loneliness, declining trust and weakening public safety nets, individuals can count

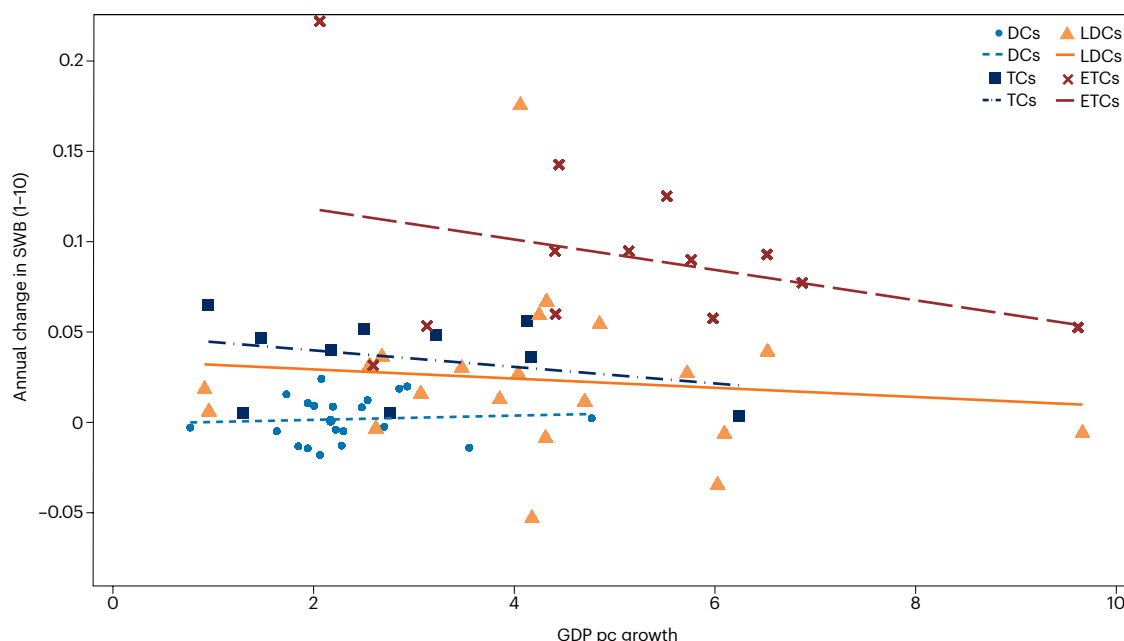


Fig. 1 | Long-run relation between gross domestic product per capita growth and changes in subjective well-being. SWB is life satisfaction from the World Values Survey and European Values Study for the period 1981–2019. Sample is 23 developed countries (DCs); 10 transition countries (from communism) (TCs);

13 expansion-only transition countries (ETCs); and 21 less-developed countries (LDCs). GDP pc, gross domestic product per capita. Adapted from figure 6 of ref. 1, Springer Nature Ltd.

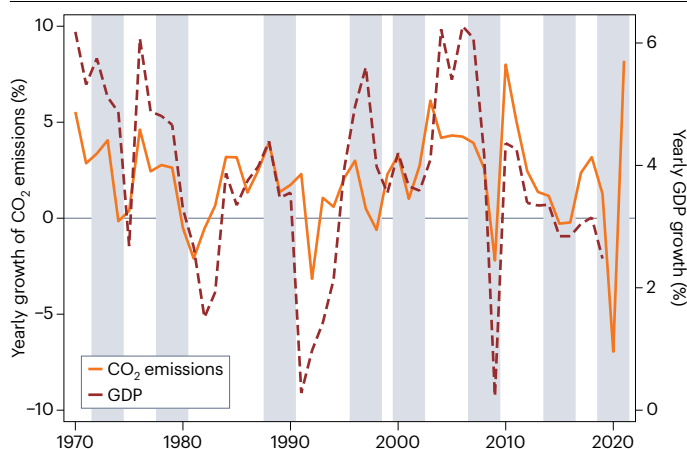


Fig. 2 | Average growth of CO₂ emissions track gross domestic product per capita worldwide. Solid line refers to CO₂ emissions; dashed line refers to real gross domestic product (GDP) per capita (2017 US dollars). Grey bars indicate periods of economic recessions. Based on data from Our World in Data.

only on their own resources if they are in need of help or anxious about their future. Money, in this case, is a sort of private insurance that buys hope. This is why the association between income and SWB decreases once hope is accounted for, and the SWB difference between rich and poor reduces considerably³.

Employment provides income and satisfies social and psychological needs, and for this reason is one of the most important contributors to SWB. Employment gives structure to daily life, is a source of social interaction and participation in society, and fosters a sense of belonging². People often define themselves through their jobs, and find meaning and purpose in contributing to the larger welfare of society. Employment also supports social cohesion, as it connects people to collective goals and encourages the development of interpersonal skills.

These are some of the reasons why the economy is important to people. Unfortunately, however, economic growth may not address these concerns. This partially explains why economic growth can have negligible benefits on SWB over time. Another explanation is social comparison – that is, individuals' tendencies to compare their achievements to those of others. Increasing individual income could benefit SWB, but as incomes rise throughout the country – owing to economic growth – the incomes of one's comparison group also rise and thus undermine the benefits of economic growth¹.

Another reason is that economic growth can have substantial negative social and environmental consequences that hamper people's well-being. For instance, unequal economic growth tends to reduce social trust, which is bad per se and can have downstream negative consequences (for example, increasing crime or reducing compliance with public policy)⁴. Also, global CO₂ emissions track economic growth. Major recessions are the only times in recent history when CO₂ emissions have decreased (Fig. 2).

Additional explanations and criticisms of the finding that growth has negligible long-run effects on SWB are discussed by Easterlin and O'Connor¹. In an earlier article, Mikucka et al. assess the conditions under which economic growth is correlated with increasing SWB⁵. In this Comment, we take the view that policymakers should target well-being directly, rather than focus on economic growth in the hope that it will eventually deliver better lives.

Well-being beyond economic growth

The current paradigm of progress (based on the expansion of economic output) does not necessarily improve lives, and its prominent alternatives (green growth and degrowth) are showing their limits. Green growth requires massive investment to make technological innovation viable. Full material recycling is uncertain and absolute decoupling of economic activity and emissions happens temporarily at best. Continuous effort is needed to achieve emission reductions, and to date these are still inadequate to meet the climate and equity commitments of the Paris Agreement⁶. Degrowth faces another set of difficult challenges. Proposing to reduce consumption for the sake of future well-being, degrowth is often perceived as penalizing – especially when abundance is considered necessary for better lives. Moreover, fixing or shrinking the economy risks creating a zero-sum society, in which one group's gains are another's losses. Rising inequality and risk aversion is the likely outcome of such a society (as reviewed in ref. 7). These reasons may explain why degrowth has thus far received limited traction among the public and might have even contributed to renewed emphasis on economic over environmental concerns. Moreover, the widespread decline of trust in institutions and the proliferation of conspiracy theories and fake news are major obstacles for green growth and degrowth. Both require substantial national and international cooperation to mobilize resources and change individual behaviour and business activities. Unfortunately, such levels of cooperation seem politically infeasible at present.

Centring on well-being represents a new paradigm of progress that prioritizes policies that are focused on improving people's lives. This approach could gain widespread support as a positive narrative that shifts the focus from unpalatable narratives of austerity. For instance, investing in the conditions that support social capital (including trust) could improve not only SWB, but also cooperation⁸. Another potential avenue is to reduce advertising (especially to young people), which could reduce social comparison and materialistic consumption and thereby support well-being and the environment.

A well-being paradigm would shift public debate from economic activity towards the more holistic concept of well-being, which includes: economic concerns; whether people have access to education, quality health services, food and housing; sufficient time for personal interests; meaningful social interactions; work–life balance; access to green and blue spaces; reasonable commuting times; and whatever else people deem important (which may vary across countries and over time). Such a shift would make policy discussions more relatable, align them with the priorities and experiences that truly matter to individuals, and, ultimately, make individuals the true authority on societal progress⁹.

Unlike complex economic or environmental indicators, people can judge their own conditions and assess how well their lives are going. Admittedly, SWB indicators have some limitations – for example, they are culturally sensitive and typically measured on a bounded scale – but they still contain meaningful information, and are especially useful to assess changes over time within groups. Moreover, important work has been done to validate their use and improve and harmonize measurement around the world (for example, by researchers, the Organization for Economic Cooperation and Development (OECD) and the United Nations). Presently, each European Union member state has official statistics on SWB, and more than 160 countries have consistent measurement (more details are available from ref. 10).

Multiple approaches exist to using well-being indicators in policymaking, from the organization of government departments to the prioritization of policy alternatives. To facilitate further well-being

applications in government, the OECD recently created the Knowledge Exchange Platform, which collects best practices such as New Zealand's well-being budgets and the UK's treasury guidance on how to do cost-benefit analysis with SWB.

Progress could then be measured not by a country's economic output, but by its ability to improve the lives of its residents. SWB indicators make this approach both accessible and actionable, as they are easy to measure, understand and use. Additionally, well-being research has already provided a wealth of information on possible areas of intervention, as well as methods for evaluating policy interventions and comparing alternatives.

Where do we start

Numerous interventions could contribute to the new well-being paradigm of progress, such as investing in infrastructure to strengthen communities and social relations, promoting urban greening to foster environmental and personal well-being, improving job quality to enhance workplace well-being and productivity, and limiting income inequality.

Urban greening initiatives, such as reforestation, green corridors and the development of urban parks, are an example of high-benefit, low-cost interventions. Philadelphia's lot-greening programme, with an average cost of US \$1,500 per site and about \$200 per year for maintenance, yielded a notable 41.5% reduction in depression and nearly 63% decrease in poor mental health among nearby residents, alongside a 29% drop in gun violence and a 22% decrease in burglaries¹¹. Increasing urban forests by 20% in New York decreased prematurity and low birth weight among mothers by 2.1 and 0.24 percentage points, respectively. This effect size on birth weight is equivalent to a mother quitting smoking during pregnancy, who previously smoked two cigarettes a day¹².

Community-based activities have also shown substantial and cost-effective benefits. The UK's National Health Service social prescribing programme led to a 28% reduction in doctor appointments and a 24% reduction in emergency room visits (reviewed in ref. 13). Other examples, such as Copenhagen's Superkilen Park and Medellín's revitalized public libraries and recreational spaces, highlight how relatively modest public funding can reduce crime, nurture social connections, and reinforce trust and belonging.

These initiatives illustrate how policymakers can improve the well-being of their constituents in a cost-effective manner, while delivering measurable benefits across social, economic and environmental domains.

Promoting well-being can also kick-start a self-reinforcing virtuous cycle, in which greater well-being leads to social and environmentally sustainable societies⁸. Happier people live longer and healthier lives, which improves public health budgets – especially in ageing societies. Productivity gains from increased SWB could be used to reduce working time, support public pension systems, or finance policies for well-being and social cohesion, all while maintaining economic output. Shifting the focus from economic output to the aspects that matter most to people could create societies that are wealthier, healthier, happier, resilient and environmentally sustainable.

The well-being frontier

Although economic concerns are important to people, prioritizing growth does not necessarily deliver on these concerns nor on non-economic issues, such as social and psychological needs – which are no less important to people.

Societies fit for the future need new tools to measure progress and promote quality of life. Some propose to use SWB as a single measure; others argue for a dashboard of indicators and synthetic indexes; and yet another group suggests measures of individual flourishing and well-being efficiency. Either way, it is clear that economic growth is not the right target.

Prioritizing policies that strengthen social relations, provide safety nets, reduce inequality, and promote environmental sustainability are promising avenues to foster inclusive and lasting well-being.

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