

Input ESEE 2015:

Contribution for the Special Session “Beyond GDP: increasing the policy value of alternative measures of economic welfare“:

The National and Regional Welfare Index: Methodology, Results and Political Impacts in Germany

This input tries to make a contribution to the question of how alternative welfare measures can be brought further into the focus of political decision making and of the public at large. It starts from the observation that there is a growing consensus in the political and even the public sphere that GDP is not well suited for the measurement of national welfare, and that alternatives are necessary to complement or even replace GDP as a welfare measure. Very often, however, this consensus seems to have no ramifications at all: after such a statement, politicians, the media and even scientists return to the usual daily routine and carry on to use GDP as the central reference point of their arguments. On the other hand, a short analysis of the public discussion on welfare measurement in Germany clearly indicates that this debate will not just run dry. The contribution argues that some permanent changes of the official statistical monitoring of the development of welfare will very probably emerge from the “follow-up” to the dissatisfying final report of the German “Enquête Commission on Growth, Welfare and Quality of Life”.

In its second part, the contribution will describe the political and scientific setting in which, starting from the methodology of the Index for Sustainable Welfare (ISEW), the National Welfare Index (NWI) has been developed to improve sustainability and welfare accounting. Compared to the ISEW, it proposes several new or considerably adjusted components in its current version. In the meanwhile, calculations for Germany are available from 1991 up to the year 2012. But the NWI is not only suitable for the national level, it can serve also the regional level. Until now, such regional indices (RWIs) have been calculated for six German Länder – Schleswig-Holstein, Bavaria, Rhineland-Palatinate, Thuringia, Saxonia and Hamburg¹ –, answering a demand by political actors from green parties as well as from ministries. It is very likely that more German Länder will join in 2015. Furthermore, the German Council for Sustainable Development just published a recommendation addressed to the statistical office that it should provide the data needed to calculate the NWI in better quality. The methodology of the NWI/RWI calculations will be shortly presented, the statistical difficulties of the data discussed, and the results of these calculations compared.

On this basis, the reception of the NWI/RWI in the political sphere within the last years will be analyzed in a third part of the contribution. According to some studies, the NWI and its regional adaptations in the German Länder is one of the alternative indicators most often

¹ There is an english publication on the first version of the NWI: Diefenbacher, Hans/Rodenhäuser, Dorothee/Zieschank, Roland (2010): Measuring Welfare in Germany – A suggestion for a new welfare index. Berlin: Umweltbundesamt, URL: <http://www.umweltbundesamt.de/publikationen/measuring-welfare-in-germany> – all the other publication on the NWI and RWI are in german language and accessible via URL: <http://fest-heidelberg.de/index.php/arbeitsbereiche-und-querschnittsprojekte/frieden-und-nachhaltige-entwicklung/nwirwi>

discussed² – if alternative indicators are discussed at all. The question will be examined whether the NWI/RWI had a tangible political impact on welfare measurement in Germany. Furthermore, we will discuss the question whether the way forward to improve the political impact of alternative welfare measurement lies in further sophisticated ameliorations of calculation methods or in a quest for simplicity and standardization. It can be shown that in many cases the willingness of politicians and, even more, of the media to deal with elaborated statistical methods and to assess their accuracy is silently replaced by an assessment whether or not to trust the people that present the new index or indicator system. In many cases, it also seems important whether the supposed results of the calculations match the own political strategy or convictions. The question whether a political impact can already be traced or not will be discussed with an emphasis on the regional indices available for the German Länder.

The contribution will end with some thesis on conditions and constraints that may favour or, respectively, impede the adoption of alternative welfare measures by the political and the public sphere.

Abstract

The National and Regional Welfare Index: Methodology, Results and Political Impacts in Germany

This input tries to make a contribution to the question of how alternative welfare measures can be brought further into the focus of political decision making and to the public at large. Starting from the methodology of the Index for Sustainable Welfare (ISEW), the National Welfare Index (NWI) has been developed to improve sustainability and welfare accounting. Compared to ISEW, it proposes in its current version several new or considerably adjusted components. In addition to calculations for the national level in Germany (from 1991 up to the year 2012), regional indices (RWIs) have been calculated for six German Länder until now, answering a demand by political actors from green parties as well as from ministries. We will present the methodology, difficulties and compare the results of these calculations. On this basis, we will discuss the question whether there is a tangible political impact of welfare measurement. Furthermore, we will conclude on the question whether the way forward to improve the political impact of alternative welfare measurement lies in further sophisticated improvements of calculation methods or in a quest for simplicity.

² e.g. see Whitby, Alistair (2013): Barriers and Opportunities: Use and Impact of the German National Welfare Index (NWI), London: World Future Council. URL: <http://www.brainpoolproject.eu/wp-content/uploads/2013/12/BRAINPOOL-NWI-case-study-report.pdf>