



EDITORIALS

GDP and the economics of despair

We should switch to a measure that promotes health, not consumption

Harry Burns

University of Strathclyde, Glasgow, UK

In 2015, economists Anne Case and Angus Deaton reported a significant increase in mortality in middle aged, white American men.¹ The increase was in deaths from drug and alcohol misuse and suicide. Deaton has called them “deaths of despair.” More recently, they have suggested that the collapse of jobs for blue collar workers in the latter decades of the 20th century was responsible for an “accumulation of pain, distress, and social dysfunction” in working class white males.²

This observation is consistent with studies of widening health inequality in the west of Scotland, which has been attributed to deindustrialisation, and loss of social cohesion.³ This area experienced widening economic inequality in the last few decades of the 20th century and, as in the US, working age men in the area experienced an increase in mortality from drug and alcohol misuse, suicide, and violence.⁴

The increasing alienation of men is having profound political consequences. In 2016, Donald Trump’s campaign performed best in those counties with the highest levels of economic distress and drug, alcohol, and suicide mortality rates.⁵ In Europe, the rise of populist extremist parties is presenting a real challenge to European democracy. The most successful of these populist movements have gathered support from economically insecure skilled and unskilled workers.⁶ Voters want change but do not trust establishment figures to deliver it.

The suggestion that this pattern of malaise represents a sense of despair at the loss of jobs, status, and security is entirely consistent with theories that wellbeing is created when people feel in control of their lives, have a sense purpose and meaning, and feel part of a cohesive community.⁷ Loss of economic security damages self esteem and a sense of efficacy, and socially determined causes of death emerge.

Failure to tackle the drivers of despair is, itself, damaging to economic progress. The association between economic inequality and declining physical, mental, and social wellbeing is well established.⁸ Children from poorer areas and chaotic families are more likely to fail at school, acquire criminal records, and face a lifetime of unemployment. A study of the economic impact of one year’s worth of child neglect in the US calculated that the lifetime cost to the American economy as a result of additional care needs, imprisonment, and loss of taxes revenue is \$124bn (£89bn; €101bn).⁹

The trouble with GDP

Why, then, are governments slow to implement policies to alleviate poverty and build social cohesion? It may be that gross domestic product (GDP), the principal metric by which a country’s economic policy is judged, measures the wrong things and, as a result, current economic policy damages health and wellbeing.

GDP is a monetary measure of the market value of all the goods and services produced in a country in a given period. The ups and downs of GDP feature regularly in the news. We are led to believe that it is a good thing when GDP goes up and something close to disaster when it goes down. It is the yardstick by which governments are assessed—politicians take it seriously and the finance industry makes money from anticipating its variations.

However, GDP offers nothing as a measure of social progress. It measures production and consumption but reveals nothing about the costs of economic activity to society, the environment, or population health and wellbeing. Purchases of cigarettes, alcohol, and junk food count towards GDP. Use of fossil fuels which pollute the atmosphere contributes to GDP. In 2012 and 2013, Libya and South Sudan were among the world’s fastest growing economies according to GDP. Expenditure on weapons to support civil war in both countries and the repairs involved in reconstruction, inflated their GDP.¹⁰

Activities that support people and build social cohesion do not count. Caring for children or elderly relatives at home, and volunteering in support of distressed people and communities have no economic value, it seems. If we want to create a society that values social cohesion, supports the health and wellbeing of its citizens, and protects the environment in which they live, we need to manage our economy using an alternative to GDP.

Alternatives include the Human Development Index which adds life expectancy at birth, literacy, and school attendance rates to GDP. The Genuine Progress Indicator adjusts for income inequality and assesses value of household work and volunteering, while subtracting the costs of crime and pollution. Other measures include the Happy Planet Index which uses survey data to assess life satisfaction.

Many ways of tracking economic progress while assessing its impact on health and social progress exist.¹¹ GDP measures

accumulation of material possessions and money. It also incentivises consumption and environmental degradation. If we are to improve wellbeing and support the sustainable use of resources, we need a measure which is sensitive to the relation between economic growth and growth in health and wellbeing.

Commissioned, not peer reviewed

Competing interests: I have read and understood BMJ's policy on declaration of interests and declare the following interests: none.

- 1 Case A, Deaton A. Rising morbidity and mortality in midlife among white non-Hispanic Americans in the 21st century. *Proc Natl Acad Sci U S A* 2015;112:15078-83. 10.1073/pnas.1518393112 26575631
- 2 Case A, Deaton A. Mortality and morbidity in the 21st century. *Brookings Pap Econ Act* 2017;2017:397-476. 10.1353/eca.2017.0005 29033460
- 3 Collins C, McCartney G. Is a "political attack" an explanation for the "Scottish Effect" in health outcomes? *Int J Health Serv* 2011;41:501-23. 10.2190/HS.41.3.f 21842575

- 4 Leyland AH, Dundas R, McLoone P, Boddy FA. Cause-specific inequalities in mortality in Scotland: two decades of change. A population-based study. *BMC Public Health* 2007;7:172. 10.1186/1471-2458-7-172 17650304
- 5 Monnat SM, Brown DL. More than a rural revolt: landscapes of despair and the 2016 presidential election. *J Rural Stud* 2017;55:227-36. 10.1016/j.jrurstud.2017.08.010 29269990
- 6 Goodwin M. Right response: understanding and countering populist extremism in Europe (2011). Chatham House Report. www.chathamhouse.org
- 7 Antonovsky A. *Health, Stress, and Coping*. Jossey-Bass, US, 1985.
- 8 Pickett KE, Wilkinson RG. Income inequality and health: a causal review. *Soc Sci Med* 2015;128:316-26. 10.1016/j.socscimed.2014.12.031 25577953
- 9 Fang X, Brown DS, Florence CS, Mercy JA. The economic burden of child maltreatment in the United States and implications for prevention. *Child Abuse Negl* 2012;36:156-65. 10.1016/j.chiabu.2011.10.006 22300910
- 10 Fioramonti L. *The World after GDP*. Polity Press, 2017: 43.
- 11 Fioramonti L. *The World after GDP*. Polity Press, 2017: 75-83.

Published by the BMJ Publishing Group Limited. For permission to use (where not already granted under a licence) please go to <http://group.bmj.com/group/rights-licensing/permissions>