

Opinion: Mental health plays a big role in advancing the economy—why we need a measure beyond GDP

April 10 2023, by Raphael Gunawan Hasudungan, Andrea Natalie Natsky and Jo-An Occhipinti



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Indonesia is performing comparatively well in its economic growth amid [the current global economic slowdown](#).

The country recorded [a 5.3% increase in gross domestic product \(GDP\) in 2022](#), compared to 3.7% the year before. GDP is a basic measure of the overall size of a country's economy, based on the values of goods and services produced and sold within a given period of time.

This is a remarkable achievement for Indonesia, considering [almost all its G20 peers are experiencing slower economic growth](#) than their past years' performance.

But Indonesia's strong economic growth is not an ideal indicator of its national prosperity and people's well-being.

Indonesia ranked 87 out of 146 countries on [the Happiness Index in the 2022 World Happiness Report](#) (based on a survey of life satisfaction). This is lower than other ASEAN countries, including Singapore (27), the Philippines (60), Thailand (61), Malaysia (70) and Vietnam (77). Positive emotions such as happiness and well-being play an important role in many aspects of life, including [mental health](#) as well as [being productive at work](#).

While Indonesia's economic prospects seems promising, an essential factor of [productivity](#) needed to sustain growth is often overlooked: mental health.

How mental health affects the economy

People with moderate to high distress levels typically demonstrate reduced productivity and need higher levels of healthcare. This [increases the societal economic burden](#).

The World Health Organization (WHO) found [a 25% increase in the prevalence of anxiety and depression worldwide in 2020](#), the first year of the pandemic.

This figure is staggering, as [mental health issues](#) can cause people to stay away from work and school ([absenteeism](#)) and not fully function at work ([presenteeism](#))—leading to a loss of productivity.

In 2012, the European Union (EU) reported [more than US\\$430 billion in lost productivity](#). Meanwhile, Australia [lost up to US\\$27 billion](#) due to presenteeism and absenteeism in 2019.

In Indonesia, the Health Ministry estimated that in 2021, [20% of the country's population](#) had a risk of suffering from mental health issues. In 2022, the Indonesia National Adolescent Mental Health Survey (I-NAMHS) reported [one in three teenagers have a mental health condition, while one in 20 teenagers had a mental health issue in the past 12 months](#).

There is no estimate of how much Indonesia has lost in terms of productivity.

But the cost is likely to be similarly high. The productivity loss due to mental health issues will also likely counteract [productivity gains from the country's young population](#).

The fact that only 9% of Indonesians battling depression had access to appropriate treatment, according to [a study in 2020](#), should be a national concern.

A measure beyond GDP

Despite the substantial economic and social burden of mental disorders, the WHO estimated that [only 2% of Indonesia's health budget is allocated to mental health](#).

It is, therefore, important to promote investments and policies to address

mental health problems as a part of sound economic management.

Several nations have committed to working towards a [well-being economy](#). They recognize the importance of people's well-being as a driving force in achieving economic prosperity and therefore aims to fulfill their basic needs.

Fostering a well-being economy will depend on coordinated policies across health, social, and economic sectors. It will also require an appropriate measure of progress—of which GDP alone is inadequate.

The Organizations for Economic Cooperation and Development (OECD) has developed [a well-being framework](#) that covers various indicators.

These indicators include—but are not limited to—civil engagement, social connections, environmental quality, safety, subjective well-being, health and work-life balance.

Similarly, [countries such as New Zealand, Wales, Scotland, Finland, Iceland, and Canada](#) have already developed and paired their national spending and budgetary report with health, culture, education, environment and quality of life measures.

In trying to take a [holistic approach](#), for instance, the Scottish government has adopted [81 indicators to measure progress toward their well-being economy](#).

Despite these comprehensive measures, GDP remains the dominant indicator of prosperity. This is because it provides a single, overarching measure against which governments can track their performance in managing the economy.

To address this challenge, The University of Sydney's Mental Wealth Initiative has developed a single, overarching measure of the strength of a well-being economy. This new measure is called "[Mental Wealth](#)" because it recognizes the importance of mental health and well-being in driving both economic and social prosperity.

Unlike other measures that exclude GDP, Mental Wealth also incorporates the traditional indicator into the metric.

Indonesia should consider transitioning to a well-being economy to systematically improve its well-being, productivity and prosperity, and thus maintain a stable [economic growth](#). Measuring and monitoring Indonesia's Mental Wealth would help track progress and inform policies to support the transition.

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Citation: Opinion: Mental health plays a big role in advancing the economy—why we need a measure beyond GDP (2023, April 10) retrieved 19 April 2024 from <https://medicalxpress.com/news/2023-04-opinion-mental-health-plays-big.html>

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