To be truly inclusive, we must stop prioritising ‘growth’: ***A critique of the RSA’s ‘Inclusive Growth Commission’***

By Jonathan Essex and Rupert Read, on behalf of Green House

The Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA), in a major initiative, has recently launched an ‘Inclusive Growth Commission’ (IGC). Headed up by Stephanie Flanders, the Commission has already released an interim report.

The remit of the IGC is to examine the structural economic changes necessary for ‘inclusive growth’. In the report’s words: ‘The Commission defines Inclusive Growth as broad based growth that enables the widest range of people and places to both contribute to and benefit from economic success. Its purpose is to achieve more prosperity alongside greater equity in opportunities and outcomes.’

The emergence of this Commission is surely to be welcomed, if it helps to re-include regions and classes back into our society and economy that have been woefully left out in recent decades. However, we in Green House have serious concerns with the remit - and with the findings thus far - of the Commission.

Summary of Green House’s concerns:

> **> The objective of ‘inclusion’ is a good one; the objective of ‘growth’ is not. It is in fact *counter-productive* to inclusion, provided that one’s perspective on inclusion is long-termist enough.**
> **> It is extraordinary and unacceptable not to consider environmental (and social) limits to growth at all, especially in the work of a Commission focused on inclusion.**
> **> The dirty secret of growth is that it is often proposed as a substitute for sharing, for redistribution of wealth.[1] The IGC unfortunately fails to see this.**

[1] Even though this backfires once this interfaces with limits to growth: see below for discussion of this point.

Who Benefits – Inclusive for Who?

The goal of inclusion is undoubtedly a worthy one, one that we endorse. The question we want to raise is: is it possible to bolt this goal onto business-as-usual? Is growthism — on a micro scale, the pursuit of size or profit — compatible with true inclusion?

The current blueprint for developing the productive sector of the economy has most recently (and for quite a long time now) been dominated by business school thinking… But the change sought by business is often, first and foremost, that which benefits business, and the wealthy asset owning classes, the most.

So the entrepreneurial solutions that win out, in our economy, don't just need to make money, but make the *most* money, based on a system that loads externalities – air pollution, climate change, inequality, global transport impacts, community outcomes – outside of the decision making process. These 'externalities' typically bite those who we all want to 'include' more than they bite the rich / entrepreneurs. *How can anything like this be genuinely and justly inclusive, without a radical rethink?*

The interim recommendations:

A useful way to explore this point further is to look at some of the best of the recommendations of the interim report of the IGC:

Devolution: The IGC proposes taking (English regional/city) devolution much more seriously than the Government are doing. So far, so good. But the ecological challenge we are facing now is so severe that it is time to consider far more significant transformation. We need to build local resilience to the storms of our children: literal storms, and also metaphorical storms, whether of likely food crises, fuel crises, or what-have-you. And in doing this, we must not constrain our thinking solely to what is best for the next generation of UK citizens, but consider also what impacts are felt by -- and 'trickle down' from and to -- all parts of the world. This requires not just more devolution politically but a real ***relocalisation*** economically.

Improve the measurement of growth: The IGC calls for a 'quality' version of GVA (Gross Value Added), to include for example measures of equality/inequality. So far, so good. But actually one should go further down the road of radically rewriting growth as an objective. One should look at more radical changes to what is measured than that called for by the IGC and include aspects not factored in to current economics, such as those praised by our Green House colleague Victor Anderson in his book on the matter.[2] One should go further: one should question the idea that any *one number* can realistically hope to capture all that is good in an economy/society. And finally, we submit, one should question *the very idea* of economic growth and its bedfellows as desirable objectives.

Intergenerational inequality: The IGC recognises the reality of this as a problem, and makes some helpful reforming suggestions as to how one might tackle it. So far, so good. But the IGC falls far far short of recognising the severity of this problem. There is a very real prospect not just that future generations are going to be poorer than us in general, but that they are going to be catastrophically so with both increasing numbers who experience absolute poverty and an increasing of the scale of inequality, both globally and locally. There is a very real risk of our breaching of even more of the *limits* to growth, resulting in massive setback, or even in collapse not just for local communities but at the scale of economies and society/civilisation as a whole. The IGC, by failing to take ecology even remotely seriously in its work, means that it has failed to ground its findings in reality, which means it will catastrophically fail future generations.

Elephants in the room

It is incredible that the word “climate” does not even appear in the IGC’s interim report, and that even the word “environment” appears only twice, in ‘shopping lists’ of things that the IGC says ought to be taken account of but doesn’t actually spend any time on. (The environment should not be just on the shopping list, but be considered as the key context, framing if you like the adequacy of the recommendations and their overall impacts.)

This omission leaves an air of unreality hanging over the entire report. How can one aspire to include the left out and the vulnerable, if one is doing nothing to include those who will be badly impacted by the coming environmental crashes? And this inclusion requires not just a targeting of those excluded, but a restructuring of the political and economic institutional architecture such that our economy *tends inherently towards* increased inclusivity, not the reverse.

In fact, what the IGC proposes risks being worse than nothing: because, of course, of its unthinking prioritisation of ‘growth’. The continued dash for growth is an inexcusable objective at this point in history: because, inasmuch as one pursues growth, one takes the Earth ever further from one-planet-living, from climate-stability, from a future in which we do not bring about the worst ever extinction crisis, and so forth.

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[2] Switching from GDP to some better ‘measure’ of the economy and of society, such as ISEW or GPI, should also include the point that any privatization of assets that are either gifted for free or are public assets is not able to be mislabeled as a social good. For privatization necessarily excludes, and so reduces inclusiveness.

International context

One of the concerns with the inclusive growth framing stems from its originators and promoters. These include the IMF, World Bank and World Economic Forum.

The IMF used to commission structural adjustment programmes (SAP). This approach was widely criticised. These were replaced by poverty reduction strategies. This led to some good donor alignment on poverty reduction, and international commitments such as the Millennium Development Goals, and more recently the Sustainable Development Goals. Some (e.g. the New Economics Foundation) criticised the IMF that this still relied too much on growth trickling down to deliver the poverty outcomes, an approach requiring $166 of growth to deliver each $1 of poverty reduction. We think that this criticism was wholly justified: and that the unbelievable inefficiency of growth as a means of delivering poverty reduction is an example, in a broad sense, of exactly why inclusion as an objective is not well aligned to growth.

The poverty reduction strategies were then displaced by Poverty Reduction and Growth Strategies (in fact this could be viewed as making explicit what was implicit from the outset). Inclusive growth and poverty reduction, or more latterly inclusive growth appears to be the next iteration. Which means, that in some ways Inclusive Growth is the newest incarnation of SAP. We are not saying that *necessarily* makes it wrong. But it comes, it's fair to say, with quite a bit of baggage, and a history that is - to say the least - unpromising.

There are serious problems with this dominant approach, which has been propelled by 'World Business Leaders' and their various organisations. This agenda has not made the world more equal or environmentally sustainable. While there has been some (often lamentably slow) progress in absolute poverty reduction, the reduction that has come through growth has come *at the expense of wealth redistributive policies which have the potential to eliminate poverty*. Moreover, the rapid rise in growth-fuelled inequality that has been spiralling out of control (a recent Oxfam report notes that 8 men now own as much wealth as the poorest 50% of the world's population) produces social harms of its own.[3]

Decades of conferences on poverty reduction (for which now read 'inclusive growth' amongst other buzz-phrases) and on anthropogenic climate change have provided cover for business-as-usual (as briefly outlined above) rather than leading to mainstreaming the radical alternative transformations that are required in all economies across the world.

[3] For an exposition of these harms, see the work of Richard Wilkinson and Kate Pickett in their book *The Spirit Level* (2009). Inequality is a profound ill that has been *worsened* by growth-oriented programmes.

So we argue that a different starting point is called for. Not one that starts by defining growth as basically good and that could be made better such as by focusing on *inclusive* growth, or *green* growth. But rather: 'our' economy [particularly that connected to and within 'developed' countries] is already too big and needs to be right-sized. This should not be through permanent austerity which worsens inequality but instead by challenging inequality as global over-heating kicks in.

Need for a Green *and* Inclusive Framing

Consider further the problems with the IGC's framing - and how one might deal with them:

Firstly, it excludes environmental or climate considerations from the *overall* narrative or framing, instead arguing that inclusive growth is a good way to deliver environmental sustainability, and being far more concerned with 'socio-economic inclusion', which allegedly will come from inclusive growth. We would suggest that if you aim for inclusive growth and aim for green growth then the only way you can achieve both together is to prioritise the objectives to be inclusive and green *over* the objective of growth. For we need to face the reality that our current globalization and urbanisation is actively reducing the inclusiveness of our economy: expelling both people and the environment from decision-making.

Secondly, the framing of 'inclusive growth' allies poverty reduction with growth. In doing so, as already implied above, it often assumes the trickle-down effect, and the market as the best mechanism to effect change. But this does not work once environmental limits are considered, as the total consumption impact needs then to be minimised. The scale of the challenge of environmental limits will require some *redistribution* (or increased sharing) alongside technological change. (And one of our central claims is that growthism is really an excuse for not being willing to talk about such redistribution.) This must also be part of the process of change to avoid locking in additional inequality or environmental impact, as reflected in the next point.

Thirdly, if development is to be inclusive in its outcomes, we would argue that it would need to be *substantially* different. For example, honesty is needed that it should be broadly planned, and work with people, not (just) be directed by the 'invisible hand of the market'. This means changes brought about would be more structural than simply reliant on (and therefore measurable in terms of) growth in the scale of the market. This is critical as changes to institutional structures are required to address structural inequality and exclusion from assets, and direct which sectors of the economy can still grow and which will be transformed or reduced in scale to deliver a more equitable (and therefore sufficiently sustainable) economy in the long-term. It would also result not so much in the economy continuing to process in the same direction (i.e. globalization that is different) but in ways that increase co-location (and hence transport), reduce overall energy use and the overall scale of consumption. This will mean investment is likely to be more local, shared, and vary much more from place to place. Planning should be bottom-up as well as / instead of top-down, and it should be participatory in its approach – as well as its outcomes.

Fourthly, it is worth reflecting on the starting point for the proposed 'inclusive growth'. Many current targets for delivering inclusiveness have simply not been met. And timescales for delivering social improvements that are reflected in the aspiration for 'inclusive growth' must align with our targets for limiting environmental degradation (e.g. over fishing and deforestation) and our climate emissions budgets (and be sufficiently adaptive to respond to changes already set in motion). This means that inclusiveness as an aspiration must have an end date. For example, it is not reasonable to anticipate growth trickling-down in 300 years time, while environmental impacts become irreversible much sooner. Change needs to be planned to happen soon enough, for change to be inclusive. Trickle-down is simply not a reliable mechanism to yield this.

Need for a new way forward

So the RSA, or any organisation planning to help entrepreneur a more sustainable future in the UK or further afield, should consider:

a) Climate and wider environment (resources, biodiversity, intrinsic value) as part of overall framing, which will shift from inclusive growth to inclusive sustainability.
b) Different mechanisms not just market based ones. So, more focus on financial/other incentives/regulations and wider institutional support
c) A participatory approach that stretches from vision to specific action plans.
d) Timescales are critical. Change needs to be sustainable enough, soon enough.
e) Plans should deal with exclusions and exploitations (social and environmental) that curtail sustainability as well as backing winners.

Envoi

The 'growth' frame remains hegemonic, because of the widespread assumption that it is impossible to achieve social justice by means of redistribution or through sharing better. 'Growth' is considered as acceptable to all, because it means a bigger cake so that all can have more - provided all are 'included'.

But the limits to growth reverse the polarity of this assumption. The cake can't keep getting bigger. There is a cake tin (environmental limits). The replenishable ingredients are running out and unsustainable ingredients are threatening the ability of these to be sustained. So there is no alternative but to share wealth, things and work out better, to better plan how we can bring about such a transformative change so that we work and live within the frame of the one fragile planet that we have (Britons are currently living as if we have about four planets).

The dirty secret of growthism is that it was invented as a *replacement* for social justice, for a more equal society, for sharing – but now it cannot serve as a replacement as both globally and locally our whole existence has reached the carrying capacity of our climate and environment. In this context 'Inclusive growth' is therefore nothing more than a band-aid stuck onto a festering wound.

In contrast, a 'steady-state' economy *has* to be more equal - because there can be no more promises of making the cake endlessly bigger. So the only way, ultimately, to alleviate poverty is to make society more equal. And we need to accomplish this as part of the process

A process that prioritised inclusion, equality, and sustainability in Britain would be a post-growth process of development.

In the EU referendum, a decisive moment was when Nigel Farage bit on the bullet of the possibility that Brexit might lead to lower economic growth. He accepted the risk, and said it was more important for us to govern ourselves. Perhaps the hegemony of growthism is closer to ending, therefore, than most people have yet realised, certainly than the IGC has yet realised.

A blueprint for Brexit Britain needs to be a greenprint, one that recognises the limits on the scale of our economy and how a process of localisation is needed to right-size our economy such that our society operates within the renewable resource limits of our environment, a circular economy even. In that 'greenprint', *inclusion* must have a central place, and thanks are owed to the IGC and the RSA for pushing it up the agenda.

But *growth* however will not have a central place in any such greenprint. And a good thing too.[4]

[4] Many thanks to our Green House colleagues Anne Chapman and Atus Mariqueo-Russell for comments that have improved this pamphlet.