

Inclusive growth is not progressive

Inclusive growth accepts a market liberal framing of our economy

Inclusive growth accepts that the current economic system produces unequal opportunities, so there is a need for policies to tackle that. However, this is broadly about ‘after the fact’ economic development centred around the fruits of growth, so that more people get to enjoy opportunities after they are created. In practice, inclusive growth is less about affecting change to the prevailing market liberal approach to economic growth, but more about what happens once we have growth, no matter how unfairly it was created, or the narrowness of those involved in creating it. This is limited and limiting.

Inclusive growth is not interested in changing the market liberal basis to growth: forged from deregulated/privatised markets, austerity in public services and erosion of employee rights, together with a relaxed approach to wealth extraction through offshoring, distant shareholder dividends and executive pay.

There is no doubt that many advocates for inclusive growth at the city regional and local level reject these aggressive policies of market liberalism. They have genuine social concern. For instance, the RSA Inclusive Growth Commission report (as the marker for inclusive growth in the UK) states that ‘The key shift we need is from an economic model based on growing now and distributing later to one that sees growth and social reform as two sides of the same coin’. However, in practice (and this is what truly matters) advocates are constrained by a national economic frame which offers no support for local policies which advance genuine progressive action or outcomes. Indeed, the terms of the deal making regime (as part of city devolution) are dictated by Whitehall and the Treasury. This is no basis for a genuine progressive local policy flex that can correct a national economic model that creates such social hardship.

We have to face the reality that in practice, inclusive growth could be mere cover for economic stasis, rather than meaningful action on social exclusion and economic injustices. Indeed, it is acknowledged, in much of economic development (though broadly unsaid publicly), that many refreshed economic strategies and plans have merely slotted in the words ‘inclusive growth’ as a substitute for ‘growth’ or ‘economic growth’, with no real practice shift in strategy or policy to deliver inclusion. There is little to suggest progressive change to the underpinning market liberal basis to economic growth with challenges to the vested interests, who support its retention.

Inclusive growth is vague and confused

In a recent ‘sympathetic critique’ academic Neil Lee picks up on a few of CLES’s previous fears about the concept. Lee highlights how inclusive growth is ‘imperfect’ as it is ‘conceptually fuzzy and operationally

problematic', having 'only a limited evidence base'. There are many interpretations of inclusive growth. Indeed, Paloma Duran of the Sustainable Development Goals Fund states that; 'when you ask five economists to define [inclusive growth], you will likely end up with six answers'. The term has little provenance, in contrast to social justice or tackling poverty. This weakness of meaning and lack of genuine substance is somewhat masked by the institutional power of the IMF or the World Bank: big powerful cheerleaders of inclusive growth. Tellingly, even with this global economic backing, many practitioners remain unsure as to what inclusive growth actually means for practical UK economic and social policy. Clearly many have and are seeking to define and create clarity. Nevertheless, as a clear trigger and prompt to specific actions, it is falling well short.

Inclusive growth offers little to places with low or no growth

Inclusive growth has no solutions for places with low or no growth. UK national growth rates currently running at a miserly 1.2%, the lowest in the G78. Research by EY highlights that 'no progress has been made in rebalancing the UK economy geographically over the last three years' and their forecasting model predicts that 'the weaker parts of the economy – smaller cities and towns – will fall further behind the largest cities'. There is scant evidence to suggest we will see return to sustainable growth for many areas (if at all). In this probable scenario, inclusion on the back of growth offers little to address longstanding social injustice in many areas. By relying on inclusion 'after the fact' of growth, inclusive growth is condemning many areas (with no growth) to exclusion and wealth extraction – possibly for a long time to come.

Inclusive growth does not sufficiently consider or address environmental degradation

Aspirations for growth may not even be desirable, given environmental limits. What does Inclusive growth offer a planet which is far outreaching planetary limits, and where existing city region policies of agglomeration result in rising pollution and other environmental and social diseconomies? IPPR's analysis of Local Enterprise Partnership's plans discovered that only a few presented a strong appraisal of natural resource constraints and the potential risks and impact that these could have on the economy. It is a problem that inclusive growth and the plans which are informed by it, offer little in the way of addressing the fundamental challenge of our time.