

Inclusive Growth: What it means, why it matters and what policy challenges it poses

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Context and background to concept

- Term 'inclusive growth' derives from studies of poverty in the developing world
- In the developed world, there were pre-crisis concerns about ***the scale and impacts of economic inequality***
- The financial crisis and economic recession brought into sharper focus the question: ***Who gains from growth?***
- The labour market is a central mechanism for connecting growth and inclusion – but many policy domains potentially relevant
- Central role of international organizations in progressing the concept of inclusive growth – e.g. European Commission, OECD, World Bank

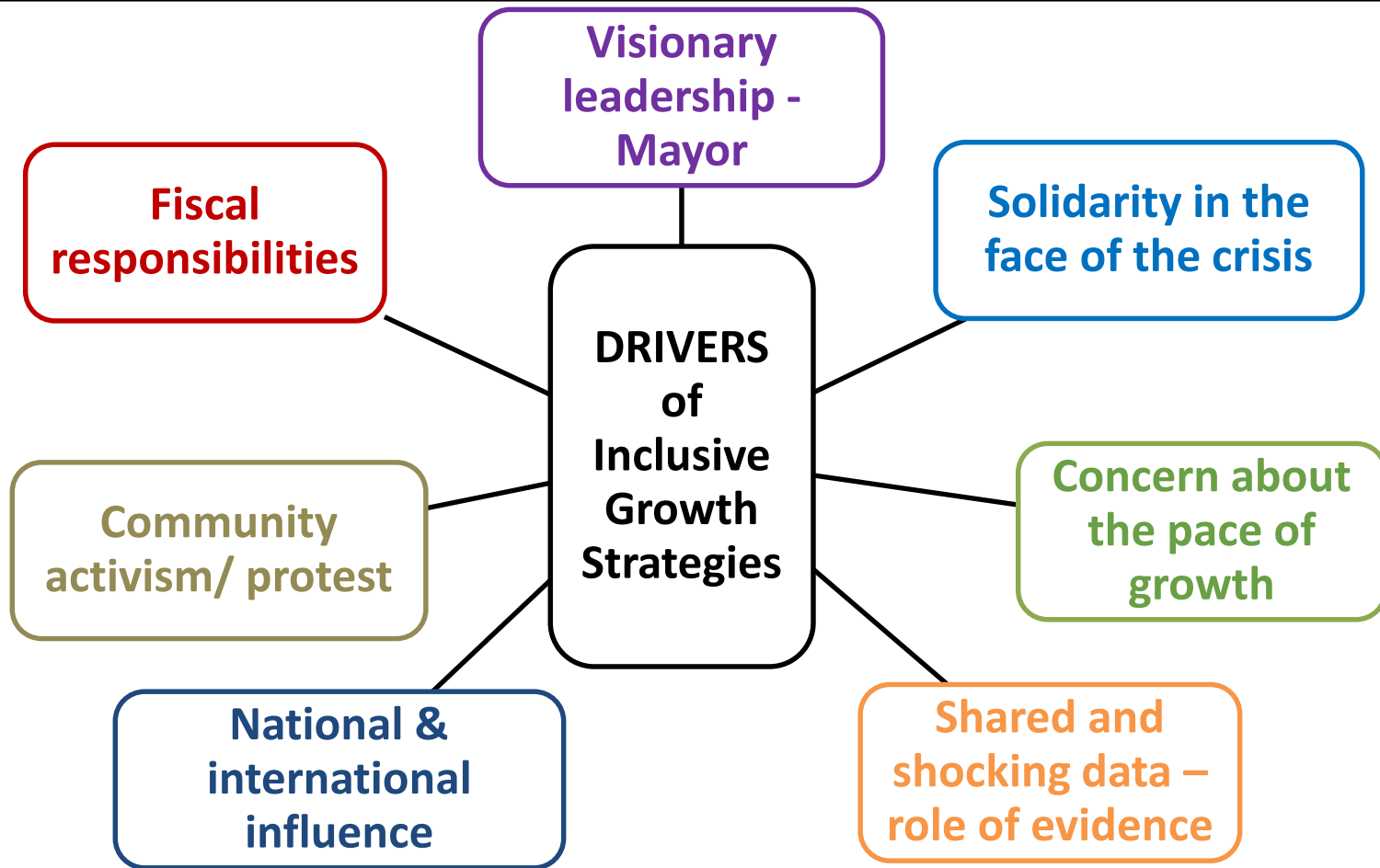
Defining inclusive growth

<i>Organisation</i>	<i>Interpretation</i>
European Commission – Europe 2020 Strategy	Emphasises empowering people through high levels of employment, skills development, investing in skills, modernising labour markets, training and social protection system and building social and territorial cohesion
OECD	Economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society
World Bank	Focuses on productive employment to generate new jobs and income (as opposed to redistribution) and foregrounds the role of productivity growth in raising wages
United Nations Development Programme	Conceptualises inclusive growth as an outcome and a process – implying participation in decision-making and sharing the benefits of growth

Focus – and trade-offs

- Spreading prosperity from the current growth model *or* changing the growth model
- Equality of opportunity *or* equality of outcome
- Raising incomes *or* improving accessibility to services whatever your income
- People *versus* place
- Helping current *or* future generations (i.e. temporal focus)

Drivers of inclusive growth strategies



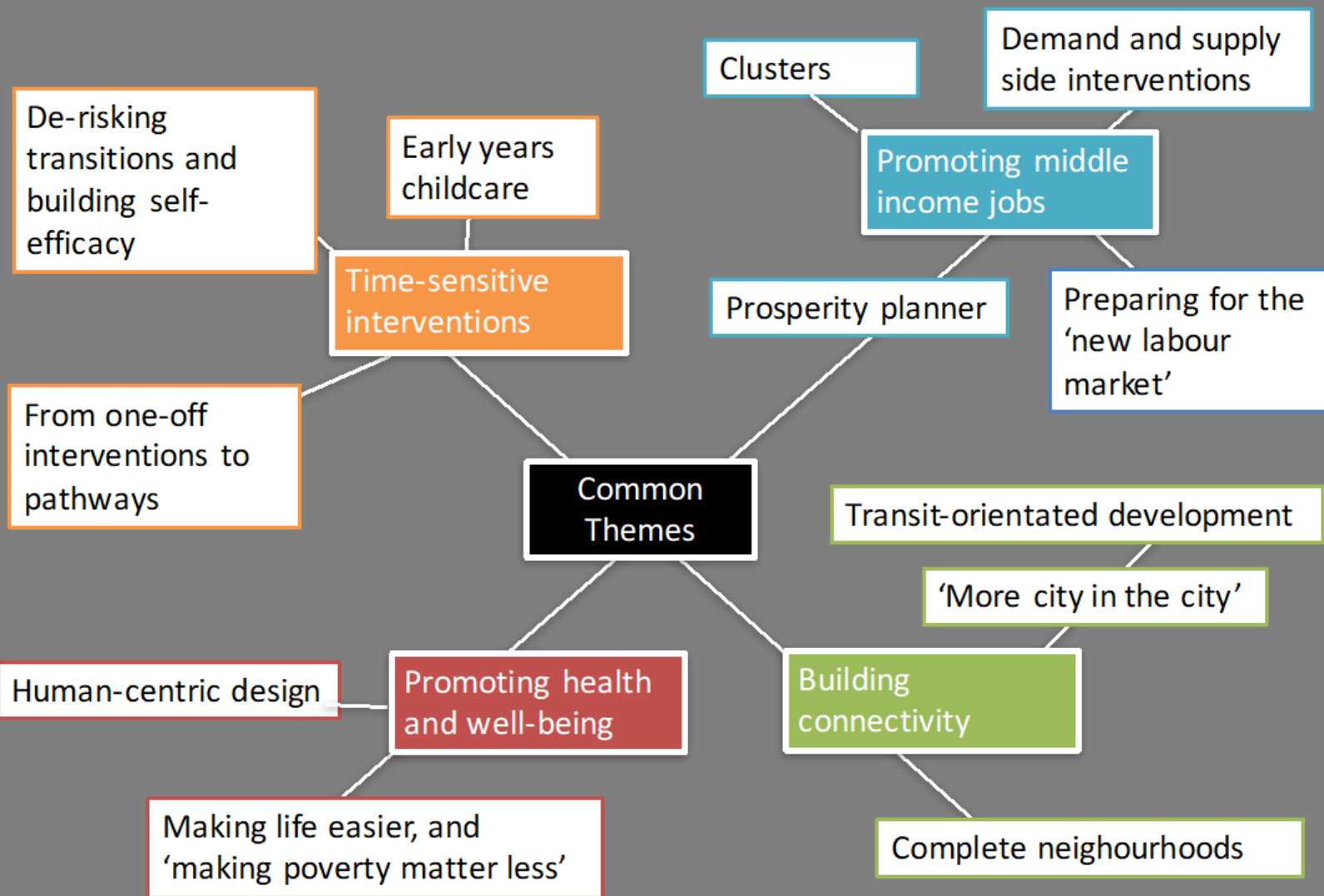
Framing inclusive growth strategies

- Equity – reducing inequalities
- Equality of opportunities – in current growth model
- Looking to create better outcomes
- Self-sufficiency
- Beyond economic growth: citizenship, well-being and human-centric development
- Social sustainability – investing now to prevent future exclusion

Design and governance ...

Implementation and monitoring

- ***Coherence***
 - top-down strategy or experimentation
- ***Who is involved in design and delivery?***
 - central leadership – local/ combined authorities as key players
 - distributed leadership, government-society, open government
- ***Experimentation***
 - ‘under the radar’, incremental change, bringing to scale
- ***Bringing private sector on board***
 - social clauses, CSR, anchor institutions, ‘leading by example’
- ***Monitoring***
 - shared outcome targets, traffic light indicators



Category	Principle
Economic growth as a means to achieve inclusion and shared prosperity	1. See economic growth not as an end in itself but as a means to achieve inclusion and shared prosperity
Grow and shape the labour market – building quality labour demand Linking supply and demand: prioritising connectivity	2. Be prepared to proactively shape the labour market and build quality jobs 3. Prioritise connectivity and expand social networks so that they are less exclusive
Investment in quality services	4. Make poverty matter less in accessing good quality city services
Regarding people as assets and facilitate positive transitions	5. View people as assets and invest in them at the outset and at key points in their lives
	6. De-risk transitions by providing safety nets at key junctures
Innovation, leadership and citizen engagement	7. Be prepared to innovate and create opportunities for shared leadership
	8. See citizen engagement as a way to generate knowledge from the bottom up
Economic development fundamentals - across spatial scales and policy domains	9. Get the fundamentals right (at national & local levels)
	10. Focus on small incremental changes as well as large 'flagship' schemes



Key challenges for UK cities

- Current and future policy levers (and geographical disparities)
 - Since 2010 there has been a gradual (and uneven) transfer of powers towards more localised control of some areas of economic development and skills policy
 - Changes in emphasis in the light of Brexit?
- Scale of investment under austerity – demise of local services supporting disadvantaged residents/ local areas
- Disincentives for putting together long-term approaches
- Underlying ‘fundamentals’ (costs of education, land ownership, rent controls, benefits regimes) and the role of national policy

Inclusive Growth: WMCA approach

Organisational structure

- In 2018 established an **Inclusive Growth Unit** as a collaboration between the WMCA and a range of organisations to ensure policy and decision-making tackles issues such as poverty and unemployment
- It is embedded within the WMCA - hard-wiring inclusive growth into mainstream investment, economic growth and local industrial strategy

Initial activities

- Inclusive Growth Audit - a regular publication focusing on jobs, skills and growth outcomes
- Citizen engagement programme
- Population Hub - data dashboard of population health plus social and economic analysis to underpin preventative investment
- Inclusive Growth as a 'golden thread' in Local Industrial Strategy
- Supporting West Midlands Leadership Commission