

I don't believe in growth

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I don't believe in growth as an economic panacea. There, I've said it, and most economist will be horrified.

Why say so now? Because Rachael Reeves, referred to growth 58 times in [her Mais lecture](#) this week.

She, admittedly, said it was not the solution to all problems. But, you could be mistaken in thinking that she did not really believe that, given how often she referred to it, and how everything that she offered was premised upon the possibility of its delivery.

So why don't I believe in growth?

Firstly, that is because the way we record growth does not in any way indicate the value of economic activity . As I used to say to students when I was talking about this subject, one of the easiest ways to deliver growth would be for everyone in a society to get divorced. The expenditure on legal fees and splitting up of households would significantly boost GDP, but the sum of human happiness would undoubtedly reduce.

Then there is the matter of distribution . Most measures of growth are not even related to GDP per head. Worse still, very few provide any indication as to who has enjoyed the benefits of that growth. The best example of the resulting nonsense is found in Ireland. Approximately one quarter of its GDP is made up of the profits of multinational corporations recorded in that country, none of which are attributable to any person living there. In that case, GDP growth in Ireland might bring no benefit whatsoever to its population as a whole, let alone any one Irish person in particular. More commonly, elsewhere, when we know that most GDP growth goes to those already wealthy, it is a particularly poor target for any society.

Then there is the sustainability issue. As a simple matter of fact, we cannot consume ever more physical resources on a finite planet without destroying its capacity to sustain us.

But most of all, I do not believe in growth, because I do not think that it is nearly as important as the goal of meeting needs.

We all know what needs are. We require clean air and water. Good food is essential for a good life. So too is warm shelter. And we need education so that we can integrate in our communities, and help advance their understanding.

Much of healthcare is about community provision, by necessity. And when the events that require a personal healthcare intervention also very largely arise as a result of randomised risk, it is always the case that the community as a whole is the agency best able to carry that risk, and so meet it. The same is true for so many other needs that have to be addressed if we are all to have access to a reasonable quality of life.

Nothing about this denies the existence of wants. Meeting needs does not say that wants should not be fulfilled. But there is an order of priority here. The meeting of wants is not nearly as important as the meeting of needs.

Implicitly, GDP does not recognise that fact. The pursuit of growth does not, therefore, do so either. For that precise reason, I think that both are morally suspect, at best, and profoundly ethically biased at worst.

Nor do, I think that either can be amended to address those deficiencies. Growth is the wrong goal. Meeting need is what we must do, for everyone. Only then

can we consider meeting wants, and then only within sustainable limits.

For those who think that this suggests that we will have a miserable existence, think about what it is that have created all the most valuable memories and experiences in your life. I can almost guarantee that none of them related to material consumption that satisfied a want. Almost all of them will relate to an occasion when you shared an experience with others, whether that was an intimate moment, or a family event, or a concert, or some similar experience, such as the celebration of an achievement. What all these things have in common is that each also relates to the meeting of the need, whether that be for emotional, intellectual, or spiritual well-being.

Meeting those higher order needs is harder, however, if our material needs are not met. It is very hard to be joyful when you are hungry, cold, destitute, or are living in fear. Meeting need is, then, the precondition of happiness. Supplying the wants of some, at cost to meeting the needs of others must always, in that case, be a sub-optimal objective. GDP growth is, in that case, always the wrong goal in economics.

That economics has moved far from its roots in moral philosophy is evident from its focus on growth. It needs to go back to its roots and talk about what is right. Meeting everyone's needs is the right goal for economics. It is what any government should do. And that is why I will criticise any government that fails to achieve that, most especially if it does not even try to do so.