

Pie theory

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Lisa Nandy, the culture secretary, is on the morning media round. She is treating the world to a dose of pie theory. She has actually referred to the need "for a bigger pie."

Pie theory, as I call what she is saying, suggests that all we need to do to solve our economic problems is "grow the pie". That's the standard line. The claim is that if we just focus on economic growth, everything else will fall into place. A bigger economy, we are told, means we can afford better public services, pay people more, and share things more fairly.

This is the fundamental justification for Labour's current economic policy. Growth first. Redistribution later. If we're lucky.

But it's a deeply misleading metaphor, and one that hides more than it reveals.

First, the whole idea assumes that the pie is, in fact, shared. That is not true. Over the last forty years, we've had economic growth. The pie has grown. But the benefits have gone almost entirely to those at the top. The richest 1% have taken most of the additional slices, while the majority have seen their share stay the same or even shrink in real terms.

The metaphor does, then, hide inequality, because it implies that growth benefits everyone equally. It doesn't. It benefits those with the most power, and power, of course, shapes both who receive and who go without.

Second, the pie metaphor ignores the question of who controls the oven. That is, it overlooks the fact that growth is not an abstract force of nature. It results from policy choices, corporate strategies, labour relations, and financial interests. Who decides what is produced, who does the work, and who profits from it?

When GDP goes up because rents rise, who gains? When the stock market grows thanks to layoffs and automation, is that a bigger pie — or a more extractive one?

The "grow the pie" idea suggests neutrality, but economic outcomes are anything but

neutral. They are outcomes of inbuilt structural advantages. They reinforce the status quo. If growth flows to the rich, that is not accidental. It is designed.

Third, the metaphor ignores the limits of the bakery. We live on a finite planet. Environmental boundaries are being breached. Climate breakdown is accelerating. The pursuit of growth, as measured by GDP, often comes at the expense of ecological stability, community cohesion and even human happiness.

Sometimes what we need is not a bigger pie, but a different recipe.

And fourth, the metaphor never asks the most important questions, which is growth of what, for whom, and why?

Is it growth in arms sales?

In fossil fuel production?

In financial speculation?

Or is it growth in care work, education, green infrastructure, and social well-being?

GDP doesn't distinguish between those things. But we should.

Which brings me to the core of the issue. The size of the pie is not the issue. We already produce more than enough to ensure that everyone in the UK could live a decent, secure life. The problem is how the pie is cut. And that is a political question, not an economic one.

So long as politicians refuse to engage with the question of distribution, whether it be of wages, of wealth, of land, of capital, and of political power, the size of the economy is largely irrelevant. A bigger pie can still leave millions hungry.

The truth is simple. Redistribution is now the priority. If we want a fair economy, we have to start by deciding who gets what and why. That means more progressive taxation. That means universal public services. That means tackling rent extraction. That means confronting wealth, including that derived from the control of financial services, and the power it buys.

The pie has grown enough. It's time to talk about how we share it, and Labour will not do that.