

City-REDI “What is”... Series

What is Inclusive Growth?

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Context

Amidst growing concern that economic growth is not shared more equitably or is necessarily associated with poverty reduction and that social and spatial disparities hold back improvements in productivity and growth, policy-makers at international, national and local scales are trying to identify more socially just forms of economic development. In this context, inclusive growth has emerged as a concept and agenda for reconciling ambitions to reduce inequalities and raise productivity. It has been the subject of extensive critique (Lee, 2019).

Definitions and interpretations

There is no single agreed definition of inclusive growth (Green et al. 2017; RSA Inclusive Growth Commission, 2017). Examples of the many definitions include:

- ‘Inclusive growth is economic growth that is distributed fairly across society and creates opportunities for all’ (OECD)
- ‘Inclusive growth is about enabling more people and places to both contribute to and benefit from economic success’ (RSA, 2017)

Lupton et al. (2019) conclude from a review of definitions and interpretations that inclusive growth is usually understood as *economic growth that creates broad-based opportunities and benefits for all*. They suggest that inclusive growth policy and practice includes working towards economic structures and activities that are more inclusive by design as well as making sure local people are connected to economic opportunities. Green et al. (2017) identify other concerns allied to/ encompassed by inclusive growth concerns include territorial cohesion, social well being, issues of access and participation, and environmental sustainability.

Measuring inclusive growth

Inclusive growth is a multidimensional concept. Researchers have identified themes, dimensions and indicators for measuring different dimensions of inclusive growth (Beatty et al., 2016):

Theme	Dimension	Broad indicator
Economic inclusion	Income	out-of-work benefits, in-work tax credits ,low earnings
	Living costs	housing affordability, housing costs, fuel poverty
	Labour market exclusion	unemployment, economic inactivity, workless households
Prosperity	Output growth	output, private sector businesses, wages/ earnings
	Employment	workplace jobs, people in employment, employment in high-tech sectors
	Human capital	higher level occupations, intermediate and higher level skills, educational attainment

A central role for the labour market in inclusive growth

The labour market is a core focus for policy to connect growth and inclusion. Policies to create good jobs (i.e. the demand-side of the labour market) and supply-side initiatives to connect people to those jobs are equally important (Lupton and Hughes, 2016; Hawking, 2019). Until recently demand-side considerations have been relatively neglected. Pike et al. (2017) argue that to achieve inclusive growth an aspiration and focus on generating more and better jobs needs to be maintained. They highlight that identifying and targeting inclusive growth sectors and fostering demand-led skills development are amongst the key policies required to foster inclusive growth.

Examples of inclusive growth initiatives at city level (see Green et al., 2017)

- **Demand-side:** policies to influence the sectoral structure of employment, promoting strategically important sectors; growing the quality of employment; insertion of clauses regarding quality in procurement contracts/agreements
- **Supply-side:** pre-employment initiatives; policies to facilitate employment entry; policies related to in-work progression and job quality; policies equipping individuals to engage in the new labour market and reap the benefits of growth
- **Policies to build connectivity and create a well-functioning city:** transport policies; investing in housing and jobs; enhancing city functionality– through adoption of design principles and use of open data and smart technology.

Further reading

Beatty C., Crisp R and Gore T (2016) *An Inclusive Growth Monitor for measuring the relationship between growth and poverty*, Joseph Rowntree Foundation, York.

Green A, Froy F, Kispeter E and Sissons P (2017) *How do cities lead an inclusive growth agenda?* Joseph Rowntree Foundation, York.

Hawking M (2019) *How Local Industrial Strategies can deliver inclusive growth*, Joseph Rowntree Foundation, York.

Lee N (2018) ‘Inclusive Growth in Cities: a sympathetic critique’, *Regional Studies* 53(3), 424-434.

Lupton R and Hughes C (2016) *Achieving inclusive growth in Greater Manchester: What can be done?* IGAU, University of Manchester., Manchester.

Lupton R, Hughes C, Macdougall A, Goldwyn-Simpkins H and Hjelmshog A (2019) *Inclusive Growth in Greater Manchester 2020 and beyond*, Inclusive Growth Analysis Unit, University of Manchester.

Pike A, Lee N, MacKinnon D, Kempton L and Iddawela Y. (2017) *Job creation for Inclusive Growth in Cities*. Joseph Rowntree Foundation., York.

RSA Inclusive Growth Commission (2017) *Making Our Economy Work for Everyone*. RSA, London.