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GROWTH – THE GOOD, THE BAD, AND THE UGLY THE LEADERS OF TOMORROW’S PERSPECTIVE

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I. INTRODUCTION

This article summarises the perspectives of a select group of promising young people from all over the world, so-called Leaders of Tomorrow, on the topic of the 46th St. Gallen Symposium: “Growth – the good, the bad, and the ugly”. The participants in this year’s St. Gallen Wings of Excellence Award were asked to discuss one question in their essays:

WHAT ARE ALTERNATIVES TO ECONOMIC GROWTH?

Based on an analysis of the top contributions to the 2016 St. Gallen Wings of Excellence Award for this year’s St. Gallen Symposium, the article organises the focal topics of the essays and identifies interesting ideas and thoughts of the Leaders of Tomorrow. The objective is twofold. First, to report those ideas that the Leaders of Tomorrow most frequently address in their essays. Second, to highlight the cohort’s most promising ideas. This summary considers the top 62 contributions to this year’s St. Gallen Wings of Excellence Award. This choice was made in order to focus on the highest quality contributions. It is important to note, however, that this summary does not assess the quality of the essays, but solely focusses on the content of the contributions.

Even though the participants had to address the same question, there is a remarkable diversity of themes, contexts, frameworks, and theoretical foci among the contributions, including propositions derived from economics, psychology, linguistics, and sociology. Notably, in their

essays the Leaders of Tomorrow referred to diverse geographies, including examples from Africa, China, and Sweden, while other essays focused on developed and developing countries broadly.

The contributions fall into one of two main strands, as illustrated in Figure 1. The first set of essays suggests extending and complementing the concept of economic growth and, thus, builds on a more evolutionary approach. The second set of essays is more revolutionary, and proposes moving away from the economic growth concept. The review proceeds with a summary of the ideas of the essays in each of the two sets.



Figure 1: Organizing the Contributions

II. EXTENDING THE ECONOMIC GROWTH CONCEPT (“EVOLUTION”)

A first strand of the top contributions suggests extending the concept of economic growth. The idea is not to fully discard the existing economic focus and metrics of growth, but rather to complement them by broadening the analytical lens to include social, environmental, and collective dimensions. Such an evolution, however, implies at least a partial revision of growth metrics to overcome the limitations of economic

growth metrics. The contributions within this strand suggest (a) social and environmental perspectives on growth, (b) adopting inclusive, collectivist or cooperative growth models, and (c) introducing accountability for externalities.

(a) SOCIAL AND ENVIRONMENTAL PERSPECTIVES ON GROWTH

Several Leaders of Tomorrow suggest changes in the metrics used to assess growth, in order to account for social and environmental objectives of society. In particular, they propose a variety of extensions to economic indicators. A Leader of Tomorrow suggests refocusing on “the democratic aspiration of society, while accounting for the recent social and environmental developments. A first step towards such an approach would be to extend current economic growth metrics (mainly GDP) to priorities of citizens at the individual stratum such as freedom and reputation.” Another Leader of Tomorrow advocates “the use of happiness level as growth metric, considering thus the utility of individuals and satisfaction as the ultimate goals of economic growth.” By extending the current economic focus to individual wellbeing in macroeconomic policy design, such a change in metrics would progressively introduce an “economy of happiness”. In a similar vein, another essay suggests measuring the education level of societies and individuals “to account for the situation of the society or individuals that comprise the nation-state instead of focusing exclusively on the economic health of a nation-state when a metric such as GDP is used.”

Notably, a Leader of Tomorrow goes a step beyond criticizing the use of economic growth as the only metric and proposes the implementation of a multidimensional measure of societal progress, which includes the assessment of welfare and wellbeing. A further contribution advanced the idea of a novel index called "The Human Potential Index (HPI)". The HPI captures "the ability of most vulnerable people to find positive aspirations for the future thanks to the strengths and robustness of a country's institutions and government". Sharing a similar view, another contribution suggests moving away from economic growth defined in terms of monetary value of goods to focusing on the fulfillment of human spirit, as indicated by the time invested in the development and experience of culture and cultural activities. According to the author, such an approach would measure progress as the precious time spent on experiencing culture.

As one Leader of Tomorrow points out, the greatest challenges for aligning the growth metrics to the global social and economic context is "the need for awakening people and policy-makers' awareness to current economic growth standards' inaccuracy, need for metrics inadequacy acknowledgment, and need for growth metrics change enactment". Another author highlights that "transforming the GDP metric into sustainability parameters implies deep transformations, and most likely, gradual change in economic policies while building on existing realities". Two Leaders of Tomorrow develop specific propositions to change the current system. First, the "current social-political system's better alignment to social issues through a better and broader understanding of economic growth as a means for development". Second, the suggestion of "organising a global meeting,

comparable to Bretton Woods, to gain world leaders and policy makers' commitment on these changes and reduce reflexive rejection". A further Leader of Tomorrow notes that while alternatives to economic growth exist, "their full acceptance and feasibility rests on the development of a new growth discourse."

(b) INCLUSIVE AND COLLECTIVIST/ CO-OPERATIVE GROWTH MODELS

A relatively large strand of essays suggests solutions of inclusive or collectivist/cooperative growth. The involvement of multiple stakeholders and communities in defining policies to address growth issues would, according to a Leader of Tomorrow, "restore faith in growth as a societal goal" while accounting for "the crucial role individuals play in societies". Solutions referring to inclusive or collectivist growth, such as co-ownership, sharing, and collaborative economies are considered as "mitigating future uncertainties" and "shedding light on new channels for economic growth". A direct implication is seen in "the need for growth metrics and measurement methodologies accounting for individuals' opinions and prosperity". A Leader of Tomorrow concludes that "inclusive growth is a viable alternative to economic growth, favouring the balance of income distribution across the entire population. Taxes on expenditures and consumption would be a tool to redistribute revenues to lower income people in the form of social benefits." Another Leader of Tomorrow suggests a somewhat different solution: "an evolution of the GDP metric of growth into Gross Value Creation (GVC), oriented towards "an inclusive, fair and holistic approach of social development". The new set of metrics would emphasise the importance of Health, Education, Environment and Economy. A further essay offers a noteworthy set of

alternatives to economic growth based on the Swedish model of social policies. The requirement for implementing these alternatives is "to shift the current consumerlike thinking of individuals towards a more cognitive thinking", a pre-requisite for alternative growth concepts that the Leaders of Tomorrow frequently note in their essays. Another author suggests establishing a new business paradigm where virtuous values constitute a new way forward, labeled "The Mean State Economy". Such values would include "self-governance, people trust and ability to make prudent decisions, sharing of resources and information, and reestablish[ing] Church and family's vital roles", and are considered to include individuals while encouraging responsible behavior. A further Leader of Tomorrow observes that "the contemporary focus on produced goods and services is not a sustainable approach to growth" but that a "Human Centered Approach to Economics" is needed.

To achieve inclusive growth concepts, a Leader of Tomorrow suggests "a double helix development model which separates economic and ecologic growth in the first instance, before recombining them gradually afterwards". A notable feature of the proposition relies on the suggestion of "setting a maximal limit of speed for both types of growth to ensure their stability and sustainability in the long run". Another Leader of Tomorrow investigated the drivers of economic growth in order to work out a proposition on how to further pursue economic growth based on Ricardo Hausman's works on economic complexity. Analysing the growth construct from a sociological perspective, another contribution highlights the essential role of micro, small, and medium-sized enterprises (MSMEs) in "reconceptualising growth as an inclusive concept favoring free market

relations instead of the current cycle of exploitative relations by world oligarchy". In a similar vein, a Leader of Tomorrow proposes cooperative company structures as a means to reach the goal of "best growth for all". The contribution shows the limits of capitalist firms in working towards a fair continued growth and prosperity and proposes the values of cooperative models of business to reduce inequalities, improve social stability and reshape currently prevailing assumptions on making good towards doing good. Interestingly, another essay suggests accounting for companies' impact on society, assessed by their "Universal Impact (UI)" score, which is based on the FELPP framework (Finance, Environment, Labour, Product Configuration, and Philanthropy), which would offer a holistic picture of a firm's performance in pursuing sustainable and inclusive growth.

Notably, three contributions at least partly warn against the use of too-inclusive or universal growth concepts. Specifically, they recommend accounting for specific contexts, such as for African countries, "each country's development stage, as developing and developed countries may need different solutions."

(c) ACCOUNTING FOR FUTURE GENERATIONS AND EXTERNALITIES

A third substrand of contributions highlights present policies' impact on future generations. While some essays propose a change in the metrics used in order to account for such intergenerational effects, others propose solutions based on the identification of current shortcomings or policy flaws. A Leader of Tomorrow explains that "some causes of current inaction on dropping unsustainable behaviours, productions, practices and policies in favour of long-term sustainable policies based on untapped potentials, are psychological

shortcomings". Using the example of transition from fossil fuels to renewable energies, the author suggests policies "formulated on the basis of the status quo, enabling thus an immediate implementation, and reducing the complexity of potential underlying issues or mechanisms". Another Leader of Tomorrow analyses the mechanisms underpinning economic growth and finds that "growth is elusive in nature and driven by technological change in advanced economies. Since technological change is becoming capital-augmenting, calling for progressive capital income taxation, a solution for sustainable growth would be intergenerational and inter-personal risk sharing to reduce the variable and unpredictable nature of technological change". Also linking behaviour to responsibility and accountability, a further essay suggests that "sustainable economic growth should be pursued by the introduction of accountability for negative externalities, social costs of economic activities, and spoils of fiscal paradises". Such a solution is believed to "strengthen states' legitimacy and enable stronger institutions on a transnational level thanks to better social systems." A further Leader of Tomorrow suggests "enriching current economic growth metrics (GDP) to reflect the development of countries, intergenerational effects, especially ecological and socioeconomic conditions bequeathed to future generations."

III. MOVING AWAY FROM THE ECONOMIC GROWTH CONCEPT ("REVOLUTION")

The second thematic cluster of essays goes a step further than the first cluster summarised above. The Leaders of Tomorrow suggest shifting the growth paradigm from an economic and capitalistic model towards socially-oriented models on the individual and collective

levels, favouring local solutions of development, promoting wealth, happiness, satisfaction, fulfillment and quality of life to ensure sustainable and balanced growth for everyone. In this perspective, human-centered approaches for incentive and reward systems at the individual, collective and policy-maker or governmental levels are highlighted. The contributions within this strand refer to (a) social growth by redefining incentive systems, (b) human-centered solutions, and (c) development as the ultimate social goal.

(a) SOCIAL GROWTH BY REDEFINING INCENTIVE SYSTEMS

A first substrand of essays specifically proposes redefining incentive and reward systems as a lever to progressively reorient people's mind-set towards a socially oriented economy. A Leader of Tomorrow suggests replacing economic growth with growth of a good-based economy. Arguing that "growth is a natural tendency for almost all things", the author proposes to work towards an "economy that delivers positive impact". A precondition to such an aim is to admit and correct the "flaw in our economic thinking" by clearly "distinguishing the goods and bads in the economy to ensure accountability for negative externalities". Another Leader of Tomorrow proposes a "paradigmatic reconfiguration" in order to account for the specifics and local needs of developing countries. Observing that no "one size fits all" policy for growth has succeeded until now, the essay advocates "reconceptualis[ing] current growth paradigms into localised models of growth", in which "incentive systems would encourage local trade, institutions and networks in order to serve growth within local populations". A further contribution suggests the introduction of a new economic architecture that shifts allegedly ideology-driven economics to-

wards evidence-based decision-making by using the so-called PIPE framework (participative, incentive-driven, people-oriented and engagement-focused).

(b) HUMAN-CENTERED SOLUTIONS

A second, relatively large substrand of essays suggests alternative growth models that can be summarised as human-centered solutions in which individuals, their happiness, satisfaction and well-being represent the focus of economic systems. A Leader of Tomorrow notes that “the pursuit of economic growth has led society to transgress environmental as well as human boundaries.” We need to refocus on “a reason for being known as *ikigai* in Japanese” rather than blindly contributing to ecosystem collapse due to overuse of resources and people, known as *Karshi*. Another contribution calls for “a radical redefinition of the concept of growth in favour of a personal, inwardly-defined growth as opposed to external, outwardly-defined growth.” Here, the focus would be on “how individuals may best pursue personal growth and self-actualisation. Governments and businesses would work towards fulfilling human capability, an objective believed to be in tension with economic needs.” In a similar direction, several essays propose metrics to assess the achievement of the new growth paradigm, while others show how new metrics may help achieve the shift. A Leader of Tomorrow suggests “focusing on happiness as a driver of development policies”. Another Leader of Tomorrow argues that we should “stop measuring our happiness from what we consume and start measuring it from what we give back to the planet, we cannot march into the future as one sustainable society”.

Several other contributions mention the need to shift the new paradigm towards “sustainability and equality” to remedy current disparities of modern

societies, which progressively crowd out resources, and work towards welfare increase for everyone. Another Leader of Tomorrow finds that “we require great amounts of joint efforts to overcome economical and physical lock-ins” and suggests developing into a “conservation society – one with a systemic thinking of human nature relations – which operates within planetary boundaries”. As a further essay posits, “the aim is to move from an economic growth centred approach towards a human satisfaction and growth of humanity perspective.” Concerning the implementation of a new growth paradigm, one contribution suggests avoiding “a large-scale hypothetical solution” and rather focus on “small targets with high chances of successful implementation”.

More fundamentally, a Leader of Tomorrow proposes we “reconsider the societal reward system by rethinking holistically the concept of human progress.” As another contributor states, “for a number of years we have focussed on economic indicators to drive the decisions we make, increasing productivity without increasing quality of live.” The author suggests moving from “a growth-based society towards a right-based society, in which to “prioritise societal objectives such as health and happiness.” A further Leader of Tomorrow finds that growth per se is a “purely quantitative concept, blind to its externalities” and instead of wanting “more” we should be seeking “better”. Better is then meant to be happiness, “the ultimate goal of societal and individual endeavours.” Economic growth is seen as “a necessary but not sufficient condition to the greater end – happiness”. This vision is shared by several contributors advancing the idea of pursuing “a holistic goal of happiness”. Advocating an even broader objective, wellbeing, a further Leader of Tomorrow

proposes moving from a knowledge economy that views citizens as assets towards a wellbeing society focused on individuals. Similarly, another essay suggests that “the alternative to economic growth doesn’t lie in economics but in human behaviour” and offers a solution in “changing the current mindset focused on consumption into an individual, personal and well-being oriented solution. The latter would be driven by the change of daily habits, its reach is meant to be large scale and its effects intended for a structural change”.

Concerning the change in metrics needed to implement the human-centered solutions, several essays propose ways to measure the social dimensions. A Leader of Tomorrow observes that “a unit of economic growth does not reveal the associated cost to people and the environment, nor does it capture the fact that economic growth is not constant in terms of its tangible benefit to the society to which it pertains”. To remedy these shortcomings, improvements to economic growth metrics should include “environmental costs and social inequality measures to economic growth”. Another contribution offers the concept of the “Freedom Sentiment Index (FSI), a metric to measure society’s growth – defined as the ability to people feel free, take decisions autonomously to lead a life they value”. A further contribution suggests a new multidimensional framework, SEED (Social, Economic, Ecological and Development). The author proposes the development of a metric that encompasses measures for all the four dimensions but oriented towards “outcomes” instead of “outputs”. Another essay proposes a “measure of success of the modern collective human endeavour”. Drawing upon technology strategy and systems theory, a Leader of Tomorrow promotes human well-being that doesn’t depend on economic

growth. The author suggests “combining platforms, modularity and circular economy to create value without transactions, while stimulating innovation at low cost, and injecting sustainability as a design feature of the economy.” In such a system, “the economic activity would be more sustainable and make innovation available to people with low income.” In a similar vein, another Leader of Tomorrow suggests “adopting circular economy as a way out and reorientation mechanism towards sustainable development”. And a further Leader of Tomorrow considers “human growth, the individual’s capacity to be more self-aware of his own subconscious psychological processes, drivers and insecurities” as being the lever to change the current paradigm.

Even more specifically, a Leader of Tomorrow proposes “design thinking” as a way to find solutions and shape a world with sustainable processes and policies supporting “upward change”. Observing that “collective intelligence may serve society’s effectiveness”, another author advocates we “reorient current processes and objectives towards the present, focus on sufficiency, and have plateau-shaped measurements of performance”. Such a reorientation would lead to “a society rich in satisfaction without necessarily being materially rich”. Finally, a contribution introduces the idea of pursuing “economic maturation” instead of economic growth. The former concept distinguishes from the latter by encompassing a society’s ability to consider “crucial environmental, societal, and psychological aspects of development”.

(c) DEVELOPMENT AS ULTIMATE SOCIAL GOAL

A third subset of essays suggests to set development as ultimate social goal to which growth contributes. A Leader of Tomorrow notes that development as defined by Amartya Sen in 1999 “a process

of expanding the real freedoms that people enjoy” should be the new social purpose. A further contribution suggests “subordinating economic growth to the development of human capabilities of the population and its progress.” Such a hierarchy should then translate into “changes of system of government, market system, financial sector, protective security for vulnerable members of society and progress measurement.” Sharing a similar view, another Leader of Tomorrow proposes an instrumental conception of growth “to reduce poverty and advance a country’s development”. Taking Equatorial Guinea as a case study, the author proposes that: “(1) governments should explicitly tie economic growth to poverty alleviation; (2) international lending institutions should consider growth a tool, not a goal; and (3) policymakers need to measure development differently.”

Another Leader of Tomorrow argues that “even though growth is to be considered an indispensable condition for the development of human kind, there might be an artful way of sustaining the economic and social construction even in times of a stagnating growth rate.” This artful way should be to “introduce a reevaluation of the standards of leadership and social justice within the general framework of capitalism.” Adding to this, a further Leader of Tomorrow claims that the idea “economic growth can occur without development vice versa isn’t true.” In order to reach the ultimate goals of sustainability and welfare “a balance between the horizontal development and vertical growth” needs to be achieved. Finally, a Leader of Tomorrow finds that several development indicators have been neglected in the past years, such as life expectancy, literacy or living standards, due to an overemphasis on economic growth. To remedy this shortcoming, the author proposes

“promot[ing] regional independence”, an economic structure that “would limit negative externalities associated with economic growth and increase sustainability, stability and satisfaction among its citizens.”

IV. IMPLICATIONS AND CONCLUSIONS

This review summarised the top contributions to the 2016 St. Gallen Wings of Excellence Award of this year’s St. Gallen Symposium. The participants were asked to propose alternatives to economic growth. In sum, the essays approach this year’s topic from two different angles:

The first set of contributions proposes extending the concept of economic growth and, thus, builds on a more evolutionary approach. Noting that economic growth is rooted in the neo-classical view of the economy, the Leaders of Tomorrow propose to account for more recent developments when extending the concept of economic growth, which should also include environmental, intergenerational, and collective dimensions. In addition, this should also involve changing the metrics to measure growth. Specifically, the quantitative measures should be aligned to the new perspectives on growth in order to ensure consistency between the goals pursued, the incentives, and the measurement.

The second set of contributions suggests moving away from the concept of economic growth and, thus, advocates a more revolutionary paradigm shift. Here, the overall idea is to develop the focus from economic growth towards a growth concept that is focused on human wellbeing and human development. From this perspective, economic growth would be at best a necessary but not sufficient condition to development or more like an instrumental tool to greater human centered ends such as happiness,

satisfaction or wellbeing. This will require changing the mindsets of people and the models and processes of society to align them with the new paradigmatic goals, as well as new measurement and incentive systems.

To conclude, because of the vast amount of highly interesting ideas of the Leaders of Tomorrow, many aspects had to be neglected and this summary may sometimes appear reductionist. Being aware of this limitation, however, it may stimulate debates during the 46th St. Gallen Symposium, both among the Leaders of Tomorrow and with the Leaders of Today. In addition, it may encourage participants to reflect on and critically discuss the symposium's topic "Growth – the good, the bad, and the ugly".

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