

REGISTERED OFFICE

Caroline Lucas MP
House of Commons,
London SW1A 0AA
caroline.lucas.mp@parliament.uk

SECRETARIAT

Centre for the Understanding of
Sustainable Prosperity
University of Surrey
Guildford GU2 7XH
Email: appg@cusps.ac.uk

Rt Hon Rishi Sunak
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

7th July 2020

Dear Chancellor,

We are writing to congratulate you on the economic and fiscal measures set in motion during the early days of the Covid-19 pandemic in order to protect people's livelihoods and incomes. The speed of these interventions – and in particular of the world-leading 'furlough' scheme – prevented unnecessary hardship amongst those who could not work because of the lockdown. It also undoubtedly saved numerous lives by enabling people more easily to follow the Government's advice to stay at home and self-isolate when necessary.

We in the All Party Parliamentary Group on the Limits to Growth were particularly impressed at these policies for the simple reason that, under extremely difficult circumstances, they demonstrated a key principle with which we have been concerned since we established the APPG in 2015: namely, that the single-minded pursuit of growth in the Gross Domestic Product (GDP) does not always coincide with the best interests of society.ⁱ

As the country emerges from lockdown and begins the slow process of economic recovery, we would encourage you to retain this principle at the forefront of your deliberations. The wellbeing of current and future generations is the legitimate goal of government and of economic policy in particular. But as the corona virus crisis has taught us, this goal does not always coincide with the pursuit of economic growth, narrowly defined by the GDP.

The reality is that a return to GDP growth may be difficult for all sorts of reasons. Even before the pandemic, rates of economic growth across the world were weak at best. Less well known, but equally telling, is that the trend rate of economic growth in advanced economies had been declining across advanced economies for several

decades before the financial crisis and has continued to decline since then, a phenomenon referred to by leading economists as ‘secular stagnation’.ⁱⁱ

Taken in conjunction with the very specific demand and supply constraints imposed by the pandemic, the global economy may not ‘return to growth’ in the way that many economists and most politicians would like it to for some time to comeⁱⁱⁱ. But the need for economic policy to serve societal wellbeing now and to protect the resources on which future wellbeing depends will only increase in urgency.

These are precisely the conditions that prompted us to establish the APPG on the Limits to Growth as a platform for cross-party dialogue and collaboration on shared and lasting prosperity in a world of environmental, social and economic limits. Our aims in establishing the Group were to create the space for cross-party exploration on environmental, social and economic limits to growth; to assess the evidence for such limits, identify the risks and build support for appropriate responses; and to contribute to the international debate on ‘redefining prosperity’.

The reality of living in a ‘post growth’ environment is one for which most governments are ill-prepared. Over the last five years, we have been working to improve that preparedness. It is for these reasons that we are writing to make a number of suggestions as you embark on the difficult journey of returning the country to a ‘new economic normal’.

In particular, we would draw your attention to our recent briefing paper on the ‘wellbeing economy’. This briefing holds key lessons for the situation we find ourselves in now, including proposals to change the way we measure success; to building a consistent policy framework for a ‘wellbeing economy’; and to address the ‘growth dependency’ of the economy.^{iv}

Under the current circumstances, and on the basis of the understandings that we have developed over the last four years, our recommendations would include:

- the adoption of new measures of societal wellbeing to replace the inappropriate reliance on the GDP as a measure of social progress;
- a commitment to join the Wellbeing Economy Governments (WEGo) partnership;
- the full integration of wellbeing measures into central and local government decision-making processes, and in particular into the Treasury Green Book;
- the development of a Wellbeing Budget which aligns Government spending with the needs of a sustainable and inclusive Wellbeing Economy;
- the establishment of a formal inquiry into ways in which it may be possible to reduce the ‘growth dependency’ of the UK economy;
- a commitment to explore ways and means to extend the Government’s ability to finance social investment through deficit spending or direct money creation;
- the urgent development of a precautionary ‘post growth’ strategy for the UK.

We stand ready to help you in these tasks as you seek to guide economic and fiscal policy towards a sustainable and inclusive wellbeing economy in the post-pandemic environment.

We look forward to hearing from you.

Yours sincerely

Caroline Lucas MP (Green), Chair
Clive Lewis MP (Labour), Vice Chair
Sir Peter Bottomley MP (Conservative), Officer
Baroness Claire Tyler (Liberal Democrat), Officer
Deidre Brock MP (SNP)
Liz Saville Roberts MP (Plaid Cymru)
Claire Hanna MP (SDLP)

Notes

- i <https://limits2growth.org.uk/about/>.
- ii Understanding the New Normal: the challenge of secular stagnation. APPG Briefing. Online at: https://limits2growth.org.uk/publication/aetw_no1/.
- iii Using critical slowing down indicators to understand economic growth rate variability and secular stagnation. *Nature Scientific Reports* (June, 2020): <https://www.nature.com/articles/s41598-020-66996-6>
- iv Wellbeing matters: tackling growth dependency. APPG Briefing. Online at: <https://limits2growth.org.uk/publication/wellbeing-matters-tackling-growth-dependency-briefing-paper/>.