

# “Grow and Thrive: An Integrated Approach to Quality Economic Growth”

By Teresa Kay-Aba Kennedy, Ph.D., MBA

Not all growth is good. Cancer cells grow and divide at an unregulated, fast pace. They become malignant when other cells fail to recognize and/or destroy them. Similarly, our GDP-obsessed development model is likely to destroy us without timely intervention. This unhealthy behavior pattern is spreading from industrial nations to developing countries causing depletion of resources, environmental degradation and underinvestment in our most precious human resources. In other words, our collective immune system is being severely compromised. If this were cancer, we would be in Stage Four. It begs the question asked in the PBS e<sup>2</sup> TV series, “How did progress take priority over humankind?”

Just as optimal healing often comes from an integrative approach, **the current “grow or die” model needs to be replaced with a “grow and thrive” model which takes into account downstream implications on human and natural/environmental capital.** Bigger and faster is not necessarily better. For example, a World Health Organization study indicates that environmental risk factors, such as contaminated water, and indoor and outdoor air pollution, play a role in more than 80% of the diseases it regularly reports. (WHO, 2006)

**Quality growth encompasses a new combination of principles which include: Efficiency, Environment and Equity.** Let’s work smarter, redefining the nature of “productivity.” The goal is to, as an IEG-World Bank report stated, achieve a “type of economic growth that reduces extreme poverty, narrows structural inequalities, protects the environment, and sustains the growth process itself.” (Thomas et al. 2008) One way to get there is a combination of fiscal policy, disruptive innovation and citizen – particularly youth - engagement.

1. **Fiscal policy** - Studies have shown that fiscal policy can affect both the quantity and quality of growth through incentives created by tax policies and resources allocated through expenditure policies. Government spending on public goods, in particular, has been shown to be associated with higher and better growth. Public goods, in this instance, refer to expenditures for things like basic education, health, public infrastructure, as well as expenditures which mitigate the negative consequences of market failures. The restructuring of government spending, including a move away from private subsidies that can distort markets (e.g. energy and agricultural subsidies), will require political courage and leadership.
2. **Disruptive innovation** - Cell phones disrupted fixed line telephony and created new avenues for communication, banking, health, etc. The rise of social technology – from Google to Twitter – has changed the media landscape and even helped to overthrow nations. Disruptive innovation, particularly in science and technology, has the potential to transform the way we produce and consume.
3. **Citizen engagement** – Action can be taken at every level. Just as national and world leaders need to embrace quality growth, organizations can reevaluate their strategies, communities can agree on a new vision, and individuals can define when “enough is enough” helping to curb consumption patterns. Through an active conversation with civic society, particularly young people, we can articulate new shared values and begin to align our consumption with them. Just as we have had a swell of citizen giving for recent natural disasters, citizen engagement – through a global competition or call-to-action for solutions - may yield the disruptive innovation we need and affect the demand side of the equation.

As we convene for the Annual Meeting of the New Champions in Dalian, we get to witness the start of a new era. In the 12<sup>th</sup> Five Year Plan, China lowered its annual GDP growth target between 2011 and 2015 to 7% in order to raise the quality of growth and improve living standards. At the same time, the populous nation has pledged to reduce energy consumption per unit of GDP. This is a good sign and should be inspiration for other nations. If this giant can slow the pace, then others can too. However, as the old American saying goes, “the proof is in the pudding.” In other words, time will tell if execution matches the plan. At least the intention has been set and that is the first step to change. The reality of our interconnected 21<sup>st</sup> century world is that sustainability is more important than speed if we are going to create an environment for future generations to not only survive but thrive.

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*OpEd for World Economic Forum, July 2011.*