

How do you best get growth?

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Capitalism has delivered fantastic growth in choice, incomes, goods and services. People on low incomes today in rich societies enjoy the luxuries of the few of past generations. In my lifetime I have seen cars, tvs, fridges and washing machines become the everyday experience of the many when many families had none of those just sixty years ago. A lot of hard manual labour to do the weekly wash, to keep the coal fire stoked, to put cables into streets, to dig and weed fields has been replaced by domestic machines, better boilers, and diggers. Working hours have been slashed, working at home established on a large scale, paid holidays have become the norm, cheaper clothing made in heavily mechanised factories and great value food from an agrarian revolution have all raised living standards and quality of life. Most of this has been the result of inventors, entrepreneurs, savers investing in companies and people going to work for them. Our ability to produce everything from roofing tiles to drainage pipes, from cheese to sausages, from machine knitted socks to waterproof coats in industrial quantities with machines doing most of the hard work has transformed our lives. Seasons have been abolished by glass houses and imports of food. Distances between peoples have been narrowed by jet travel and on line communication. It took the mythical magic Puck in Shakespeare's time forty minutes to encompass the earth. 40 seconds would now be a long wait on a digital link.

Some say we should no longer want growth as it uses too much of the earth's resources and places too great a strain on our planet. Whilst I have no wish to impose controls on how many babies people have or to lecture on family size, it may be that the lower income countries that are still growing their populations will come to want fewer children in the way the richer countries have decided by individual choices. Most advanced countries now have falling populations with a fertility rate well below the 2 children per woman needed just to maintain numbers. The advanced countries with rising populations still are only gaining people through migration, not live births. This would be the most obvious way of reducing claims on resources. It is also true that many of the resources we need are renewable or are in abundant supply. There is plenty of water, but there is a need for more investment to have enough clean water for everyone's requirements. There can be plenty of wind, solar and hydro energy, though there needs to be cost effective solutions over how to store it and share it between places and times with plenty and places and times with none. There can be enough food adopting latest agricultural techniques, but there needs to be investment and income boosts in lower income countries to tackle under nourishment and their capacity to buy it.

Growth is the way to get people and countries out of poverty. Capitalism is the best way yet developed to move countries from low income to higher income. Overseas aid can alleviate the worst poverty, tackle hunger and sickness but it takes market transformation to make a Taiwan or Singapore

out of a low income emerging market economy. People need to move from low productivity jobs on the land into cities, factories and service sector facilities. It requires leaps forward in education, in training, in company formation, in innovation, in savings and banking.