

## Two “growth” dilemmas

1. It is clearly necessary to achieve numerical GDP growth, not least for public finance related reasons but is growth this growth in itself sufficient to produce political backing for reforms that need to be implemented. It is noticeable that despite good economic numbers under the Biden administration, this did not feed back into public contentment with his administration. Tim Harford in the FT asks [Can economic growth still make us happy?](#) and concludes that actually most “happiness” increasing measures are in practice correlated to growth. However, the latest [Randstad report on the Future of Work](#) summarised in [this guardian article](#) indicates otherwise. It is a major problem in achieving numerical GDP growth if large numbers of working people are not seeking to maximise their cash income. Political support for growth measures requires that people see the growth being achieved as the kind of growth that they want. This can create dilemmas, for example, the introduction of a congestion charge in New York City might improve the quality of life but if it leads to people giving up their cars and using public transit, this will reduce numerical GDP. If I cycle to work, I improve my health and the environment but largely remove myself from the cash measured economy.
2. A particular example of such a dilemma is the issue of the movement of (skilled) labour, which is increasingly necessary for reasons of simple demography. At a recent industry group meeting in Berlin the PUS equivalent in the German Ministry of Health said, “my biggest problem is not shortage of money, but shortage of people”. Germany has a variety of schemes aiming to attract skilled migrants many run at local level and even by individual companies but at the same time there a toxic debate about migration fuelled by recent security incidents, being amplified in the current Federal Election. This makes it difficult to get an overview of what is really happening and what the requirement really is. [The Bertelsmann Foundation](#) has been doing a lot of work in this area and I attended a conference that they organised last spring which explored some of the issues: and was also noticeable for not being attended by anyone from the Interior or Foreign Ministries. The Labour Agency representative complained that the key priority of the Foreign Ministry’s “Migration Coordinator” was to use the possibility of labour migration agreements with Germany as a sweetener to get readmission agreements for migrants being expelled from Germany. These were not the same countries that the Labour Agency was targeting on the basis of available skills. In Tajikistan, I looked into the possibility of using the UK Seasonal Workers Scheme to build a relationship in which a relatively stable community would return for six months each year bringing back skills and capital to support rural development but this foundered on the refusal of the Home Office to concede that the scheme had any lifetime beyond its current year. The debate on H1B visas in the nascent Trump administration could be another example.