

# Growth Narratives - Investor Roundtable

**“When a system is far from equilibrium, small islands of coherence have the capacity to shift the entire system.”<sup>1</sup>**

More than 40 asset managers and charity investors took part in a roundtable discussion of [Growth Narratives — An inquiry and provocation by charitable investors](#), a report published in March 2021 by members of the Charities Responsible Investment Network ('CRIN').<sup>2</sup>

The roundtable was hosted online by CRIN and Lankelly Chase, and facilitated by Penny Walker. Its purpose was to explore reactions to the report, which considers what sustainable approaches to economic growth - respecting ecologies and social justice - might mean and call for from investors. Participants reflected on contemporary investment practices in light of the analysis set out in the report, and discussed the potential to act collectively on the next steps it proposes.

This public summary draws out key themes from the roundtable and assumes familiarity with the 'Growth Narratives' report. It also serves as an invitation for those who wish to be part of this ongoing inquiry to stay or get in touch.

## Summary

- Participants were excited to be having this ambitious, necessary conversation together, and criticism of the GDP-centric economic paradigm seemed uncontroversial. We agreed that **frameworks such as the Planetary Boundaries and “safe and just operating space” prompt fundamental, systemic questions about the role of investment in shaping a just and sustainable future**. The view that current “ESG” practices fail to provide convincing answers to these questions was shared by many.

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1 A quote shared by a roundtable participant, variations of which have been attributed to Barbara Marx Hubbard and Ilya Prigogine.

2 <https://shareaction.org/esg-investment-still-founded-on-the-growth-delusion/>

- As our conversation honed in on specifics of how to talk about and act on the flaws of the growth paradigm, approaches appeared to diverge. **Some investment manager participants pushed back on the need for and merits of “post” or “de-growth” pathways, in favour of the possibility of limitless “good” or “green growth”.** We noticed how ‘slippery’ this conversation can be, particularly given a lack of consensus about how to use different terms. To fully unpack these positions in light of the analysis referenced in the report would have required much more time than we had available. However, there was at least common recognition that downscaling is needed in certain activities and geographies, alongside growth in others, in order to equitably address social needs and indeed environmental crises. As with all economic activity, this will have both positive and negative impacts which are unevenly distributed across time, place, and people.
- There was tacit coalescence around the idea that “Goals for more growth should specify more growth of what and for what,” (as Simon Kuznets - who designed the GDP measure - cautioned in 1962), and it was noted that this calls for more clearly defined pathways - or “directionality” - for pursuing societal sustainability goals. **Sustainable investment decisions - whether we seek to grow or downscale specific activities, by how much and when - should be assessed with reference to how well they achieve these goals, and manage necessary trade-offs.**
- **Such “directionality” emerges through the interactions between investment and science, politics, industrial and corporate strategy, as well as culture and values.** While a couple of participants have started to explore the interplay between planetary boundaries and social foundations in their investment research, we were reminded that markets and economies are complex adaptive systems which typically elude calculated, system-level direction by individual actors (a distinction was also drawn here between the real-world impact of primary and secondary capital). It was suggested that the EU Taxonomy for sustainable finance - referenced for its potential to help signpost shared pathways - is being compromised through lobbying by powerful investors, leading to flawed assessments of sustainable activities.
- Indeed, **contrary to the ESG mantra of “doing well by doing good”, some participants held the view that pathways to and within the “safe and just operating space” will need to confront investors’ vested (short-term) interests.** Some participants saw financial markets, and growth, as essential for supporting the social foundations, including ‘income and work’. Others argued that the investment management business model inherently conflicts with this goal, on the basis that it creates extreme wealth concentration and the enrichment of insiders through extractive processes. Some questioned whether those who benefit from the system as it is can really be motivated to transform it, with investment managers pointing out that many clients do not currently share the positions set out by the asset owners participating in this Growth Narratives inquiry.

## Next steps

- We need to broaden the scope of this Inquiry to others in the investment system, and beyond it, but also **identify whether there are practical steps we can start to take in our existing investment mandates to exemplify the changes needed.** Answering a concern that we might find ourselves in an “echo-chamber”, one participant shared the quotation from the beginning of this paper to remind us of the transformative potential of shared inquiry. CRIN members will seek to explore, develop and test investment practices which help realise the “safe and just operating space” and reflect sustainable approaches to growth.
- The role of regulation in shaping behaviours and incentives was a common thread in the discussion. The EU Sustainable Finance Directive was praised for shifting attention to investment’s real-world impact, but frameworks such as the Planetary Boundaries and “safe and just operating space” are insufficiently acknowledged by, or even in tension with, the regulatory backdrop for investment. **We will engage with regulators and policy-makers, including those identified in the Growth Narratives report, and identify opportunities for influence.**

## Contact

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