

## COSTING LONDON'S GROWTH 07/10/14

DAVID FELL – Speech (key points)

I'm convinced that a radically different kind of economy is required. I'm also convinced it is not going to be worked out by economists.

I think the new economy is going to be created by millions and millions of ordinary people changing how they live their lives; and economics is going to have to catch up.

My main warning is that I think assuming that policy can deliver this new economy is misguided.

I want to explain why I think this by talking about washing powder, beer, drugs, rubbish, sandwiches and hairdressers, which all seem to me to be extremely ordinary everyday activities.

- **Washing powder** – a small number of manufacturers each produce multiple different 'brands' to limit the market share that might be available to a new market entrant. It is elementary corporate behaviour. At the more complex end, there are all sorts of methods by which corporates pursue their own interests at the expense of others. No big corporate will seriously consider a transformation of the economic system that would imply their extinction.
- **Beer** - or, more accurately, prohibition. It didn't work, and it doesn't work. The genie of 'choice' is out of the box. The idea that a great regulatory transformation, some policy-led series of initiatives will suddenly make us all adopt sustainable lifestyles consistent with this new economic paradigm is nonsense.
- **Sandwiches** – we in this room probably all want sustainable sandwiches. But 'big policy' is concerned to ensure that Londoners get fed. So whilst the bottom-up, inclusive, sustainable sandwich bar is great as far as it goes, a food strategy for London that doesn't include Tesco and Sainsbury won't get very far with a serious policy maker.
- **Water butts** – in Tottenham a few years ago I was doing some research trying to find 'influential individuals': not leading opinion makers but ordinary people.

There was a lady who lived in a terraced house, a single parent with three children. And on the estate, talking to people to find out who influenced people, they all gave the same name. She didn't think of herself as influential in any way, shape or form, but she had six months earlier put a new water butt in her garden. And over the course of the six months between her getting that water-butt and us walking up on that estate, everyone had installed a water butt. She wasn't an environmentalist. I don't think she could even spell the words "sustainable lifestyles". And she didn't have economic power. But she was pretty together, every time you went around there for a cup of tea, her home was tidy, and she got her children to school on time. And she was just on top of her life. She was just like the other people on the estate. There is a technical word for this: it's called homophily. She *was just like them, only a bit better*. Every single one of us has got someone or two like that. Just like us; but a bit better. And when they make a choice, that legitimizes it, and influences us.

- **Hairdressers** - Somebody heard me talk about influential individuals about five years who went away to research this more thoroughly, and she told me in an email that she had decided to research hairdressers as influential individuals. Two groups of hairdressers were used in the study, one group primed to talk about environmental issues with their customers. And it had dramatic impact! So much so that I learned from her a couple of weeks ago that she has secured funding to introduce environmental issues into national hairdressing training.

So a group of influential individuals is likely to be chatting about the environment with their customers. I am convinced that this is going to have dramatically more impact – on ordinary people thinking about environmental issues and how to develop ‘sustainable lifestyles’ - than some policy that no one will even notice. I’m not saying that we pay no attention to the ‘economic system’; just that I’d far rather that we thought about how we help ordinary people, in their millions, to make sustainable choices, than persuade a few policy people who might be trying hard but who are locked in by the kind of vested interests I’ve talked about.