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WHEN GROWTH BECOMES A PEACE AND SECURITY RISK

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Abstract

Despite more than fifty years of sustained critique, gross domestic product (GDP) remains the dominant metric by which governments, international institutions, and financial markets assess national performance. This policy brief argues that the persistence of GDP as the organising framework for economic policy is not merely a measurement problem but a governance failure with direct consequences for peace and security. Growth models that reward environmental destruction, deepen inequality within national societies, and misprice systemic risk generate the structural conditions for instability. The Beyond GDP initiative launched under United Nations auspices represents a threshold moment: a recognition that the gap between what is known about GDP's limitations and what is acted upon can no longer be tolerated. The brief examines how GDP-centred economic paradigms undermine conflict prevention, resilience, and early warning capacity, and concludes with policy recommendations centred on the development of a single composite wellbeing measure to be reported alongside GDP, together with targeted proposals for multilateral institutions, national governments, and the peacebuilding community.

1. A long critique, a persistent metric

The idea that economic growth as measured by GDP signals collective advancement has been challenged for decades. The Club of Rome's *Limits to Growth* in 1972 questioned the sustainability of indefinite material expansion on a finite planet.[1] The Brundtland Commission's 1987 report, *Our Common Future*, popularised the concept of sustainable development and called for economic models that would meet present needs without compromising those of future generations.[2] The World Wide Fund for Nature (WWF) published the first Living Planet Report in 1998, introducing the Living Planet Index as an alternative measure of planetary health, co-authored by Jonathan Loh and Jørgen Randers, who was then serving as Deputy Director General of WWF International.[3] In the decades since, ecological economics, natural capital accounting, the United Nations Development Programme's Human Development Index (HDI), the Genuine Progress Indicator, and degrowth scholarship have all offered alternatives or supplements to GDP. The Club of Rome returned to the question on the fiftieth anniversary of *Limits to Growth* with *Earth for All*, which reframed the challenge around wellbeing for the global majority, arguing that material living standards and the immaterial qualities of life, including health, social trust, and sense of agency, must be measured and pursued together.[4] The intellectual case against GDP as a proxy for progress is by now firmly established.

Yet GDP has persisted. National economic planning, international lending conditions, credit ratings, and political narratives of success remain overwhelmingly organised around GDP growth. This persistence is not for lack of awareness. It reflects how deeply GDP is embedded in institutional routines, political incentives, and public expectations. Politicians are rewarded for GDP growth and punished for contraction. International financial institutions condition lending on GDP-linked performance criteria. Media report quarterly GDP figures as the definitive measure of national health. The metric has become self-reinforcing: because decisions are organised around GDP, the data infrastructure, analytical capacity, and policy reflexes all revolve around it, making alternatives appear impractical even when they are intellectually superior.

[1] Donella H. Meadows, Dennis L. Meadows, Jørgen Randers, and William W. Behrens III, *The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind* (New York: Universe Books, 1972).
[2] World Commission on Environment and Development, *Our Common Future* (Oxford: Oxford University Press, 1987).
[3] Jonathan Loh et al., *Living Planet Report 1998* (Gland, Switzerland: WWF International, 1998); BI Norwegian Business School, "Jørgen Randers," faculty biography, accessed 12 February 2026, https://www.bi.no/en/about-bi/employees/department-of-law2/jorgen-randers/.
[4] Sandrine Dixson-Declève, Owen Gaffney, Jayati Ghosh, Jørgen Randers, Johan Rockström, and Per Espen Stoknes, *Earth for All: A Survival Guide for Humanity* (Gabriola Island, BC: New Society Publishers, 2022).

The warning recently issued by UN Secretary-General António Guterres should be understood in this context. His critique of GDP is not a technical appeal for better indicators. It is an acknowledgement that, despite decades of warnings from scholars, commissions, and UN bodies themselves, the prevailing economic paradigm guiding global decision-making continues to reward environmental destruction, misprice systemic risk, and accelerate instability.[5] When deforestation, overfishing, pollution, and post-disaster reconstruction all register as economic gains, growth ceases to function as a meaningful measure of progress. It becomes a destabilising force.

National economies can ... grow, in GDP terms, while the societies they are meant to serve become more fragile, more unequal, and less resilient to shocks

2. Growth, inequality, and fragility

Over the past four decades, the global economy has expanded dramatically. Between nations, this expansion has been a powerful equaliser. Formerly poor countries, particularly in East and South Asia, have grown fastest, and the West's dominant share of global output has declined substantially. Hundreds of millions of people have been lifted out of extreme poverty. This is a significant achievement that GDP does, in part, capture.
Within national societies, however, the picture is markedly different. The same period has seen widening inequality in most countries, declining trust in governing institutions, and intensifying ecological stress.[6] These outcomes are often treated as unintended side effects of otherwise successful growth strategies. Increasingly, they appear as structural features of the growth model itself. GDP measures the aggregate value of market transactions. It does not distinguish between value creation and value depletion. It is indifferent to how income and wealth are distributed, blind to ecological thresholds, and largely silent on social cohesion. National economies can therefore grow, in GDP terms, while the societies they are meant to serve become more fragile, more unequal, and less resilient to shocks.

This fragility is no longer theoretical. The succession of global shocks since 2008, from the financial crisis to the Covid-19 pandemic to escalating climate-related disasters, has exposed how little buffering capacity the current growth model provides. Each shock has been treated as exceptional, followed by efforts to 'return to growth'. In reality, the shocks are increasingly endogenous, arising from the interaction of economic incentives, environmental degradation, and governance failures embedded in the model. From a peacebuilding perspective, this pattern is familiar: structural stress that is ignored or normalised in stable times eventually manifests as crisis. The difference today is not the pattern but the scale. The stresses are global, compounding, and accelerating, and scholars and institutions have been tracking these dynamics since the 1960s and 1970s with insufficient policy response.

[5] António Guterres, "Valuing What Counts: Framework to Progress Beyond Gross Domestic Product," United Nations Our Common Agenda Policy Brief 4 (New York: United Nations, 2023), https://www.un.org/en/beyondGDP. See also Fiona Harvey, "Global Economy Must Move Past GDP to Avoid Planetary Disaster, Warns UN Chief," *The Guardian*, 9 February 2026.
[6] On the divergence between inter-national convergence and intra-national inequality, see Branko Milanovic, *Global Inequality: A New Approach for the Age of Globalization* (Cambridge, MA: Harvard University Press, 2016).

3. GDP as a political organising principle

Economic indicators do not merely describe reality. They shape political behaviour. When national success is defined primarily through relative GDP performance, governments are encouraged to prioritise short-term output over long-term resilience, competition over cooperation, and extraction over sustainability. Some governments have invested heavily in renewable energy and green industrial policy. China's massive deployment of solar panels, electric vehicles, and wind power is a prominent example. But these investments have largely been pursued as growth strategies within the GDP framework, not as departures from it. The underlying metric of success remains unchanged, and green investments coexist with continued expansion of coal capacity and resource-intensive infrastructure.

GDP also shapes the dynamics of international competition. Because relative GDP performance determines geopolitical standing, access to capital markets, and negotiating leverage in multilateral forums, governments face powerful incentives to maximise measured output regardless of its composition or consequences. This creates a classic collective action problem: governments that recognise the limitations of GDP still find it politically costly to adopt alternative metrics unilaterally, because doing so may signal economic weakness to investors, rating agencies, and rivals. The metric thus functions as a lock-in mechanism, reinforcing the very behaviours it is supposed to neutrally describe. Even within the GDP framework, the choice of measurement method shapes perception. GDP expressed in purchasing power parity (PPP) terms rather than nominal exchange rates yields a substantially different picture of relative national standing, one that more accurately reflects what economies actually produce and what populations can afford. That even this adjustment, which remains within the logic of GDP, is not standard practice in most political and media reporting illustrates how resistant the system is to modifications that complicate its narrative.

At the domestic level, GDP privileges activities that generate measurable market transactions and marginalises those that sustain social and ecological foundations. Care work, community resilience, and ecosystem services remain systematically undervalued, while speculation, resource extraction, and short-term profit dominate economic priorities. Societies can be told to celebrate growth even when its benefits accrue to a narrow elite. When official narratives of success diverge sharply from lived experience, public trust erodes. Political polarisation deepens. Hyper-nationalist narratives gain traction as governments seek legitimacy through comparative economic performance rather than shared wellbeing. Persisting with such metrics is not a neutral technical choice. It is a governance choice with distributive and destabilising consequences.

4. The climate-security blind spot

The accelerating climate-nature crisis brings these weaknesses into sharper focus. Extreme heat, floods, droughts, and ecosystem collapse do not merely reduce economic output. They undermine food systems, displace populations, strain state capacity, and amplify existing grievances. Yet most widely used economic and financial models remain poorly equipped to capture these dynamics. Many continue to link climate damage primarily to gradual changes in average temperature, assuming continuity with historical patterns. They systematically underweight extremes, cascading failures, and tipping points.[7] GDP can increase in the aftermath of disasters due to reconstruction spending, even as human suffering, ecological loss, and social disruption deepen.

[7] Steve Keen, "The Appallingly Bad Neoclassical Economics of Climate Change," *Globalizations* 18, no. 7 (2021): 1149–1177.

For peace and security institutions, this represents a critical blind spot. Early warning systems are only as effective as the indicators they rely upon. When economic assessments systematically downplay structural fragility, they undermine the capacity to anticipate and prevent conflict. Climate stress becomes a threat multiplier not because it is unforeseen, but because it is persistently mismeasured. The compounding nature of this mismeasurement is critical. Each year that ecological degradation is recorded as growth rather than loss, the gap between reported economic health and underlying systemic resilience widens. By the time the consequences become visible in conventional economic data, the window for preventive action has often closed.

Recent research synthesising findings from climate scientists, financial analysts, and actuarial institutions suggests that the economic consequences of cascading climate shocks could far exceed those of the 2008 financial crisis.[8] The Financial Stability Board has warned that climate-related risks could trigger cascading losses throughout the financial system, with knock-on effects to the real economy that amplify rather than absorb the initial shock.[9] Unlike financial assets, ecosystems cannot be recapitalised. Once critical thresholds are crossed, recovery may be partial or impossible.

Moving beyond GDP is not an argument against economic activity, but against growth that erodes the foundations of stability

5. Beyond GDP: A governance threshold

The Beyond GDP initiative advanced under United Nations auspices since the Secretary-General's 2021 *Our Common Agenda* report, formalised through his 2023 policy brief "Valuing What Counts" and the 2024 *Pact for the Future*, represents a threshold moment. It reflects not merely recognition of GDP's shortcomings, which have been articulated for over half a century, but a realisation that the gap between what is known and what is acted upon can no longer be sustained. The 2024 *Pact for the Future* committed Member States to a two-phased approach, including the development of 10 to 20 headline Beyond GDP indicators.[10] In May 2025, the Secretary-General appointed an independent High-Level Expert Group to develop recommendations for complementary metrics.[11] The objective is not to abolish GDP but to situate it within a broader framework that accounts for human wellbeing, equity, and ecological sustainability. This should be understood as a governance reform with direct implications for how states, international institutions, and multilateral bodies set priorities, allocate resources, and assess risk.

Moving beyond GDP is not an argument against economic activity, but against growth that erodes the foundations of stability. Economic activity that improves wellbeing, strengthens resilience, and preserves ecological systems remains essential. But if economic systems continue to reward behaviour that accelerates ecological breakdown and social inequality, they will continue to generate the conditions for instability. Decades of peacebuilding experience confirm that addressing conflict after the fact is far more costly and less effective than prevention. Prevention, however, is inherently difficult to measure. It is hard to quantify something that did not happen. Yet the costs of failure are visible enough, and mounting fast enough, to make the case for changing the metrics that guide policy.

[8] Adrien Bilal and Diego Känzig, "The Macroeconomic Impact of Climate Change: Global vs. Local Temperature," NBER Working Paper No. 32450 (Cambridge, MA: National Bureau of Economic Research, 2024). Bilal and Känzig find that a 1°C global temperature shock leads to a decline in world GDP of approximately 12 to 18 per cent over six years, effects comparable to those of severe financial crises.
[9] Financial Stability Board, "The Implications of Climate Change for Financial Stability" (Basel: FSB, 2020), https://www.fsb.org/uploads/P231120.pdf.
[10] United Nations General Assembly, *Pact for the Future* (New York: United Nations, 2024).
[11] "UN Secretary-General Appoints High-Level Expert Group on Beyond GDP," United Nations, 28 May 2025, https://www.un.org/sustainabledevelopment/blog/2025/05/unsg-hl-expert-beyondgdp/.

6. Policy recommendations

One overarching proposal deserves priority. Decades of experience with the beyond GDP agenda suggest that dashboards and indicator suites, however well designed, do not displace incumbent metrics. GDP's political power derives in part from its simplicity: it is a single number that tells a clear, if misleading, story. The HDI demonstrated both the value and the limits of composite alternatives: it proved that a single number could reframe how countries are compared, but without institutional embedding in the places where GDP operates (national statistical releases, IMF consultations, credit assessments) it remained marginal to economic governance.

To break the lock-in described above, the UN High-Level Expert Group on Beyond GDP should prioritise the development of one authoritative composite measure of human wellbeing, designed to be reported alongside GDP in every national statistical release, every IMF Article IV consultation, and every World Bank country assessment. Such a measure would need to integrate material living standards (measured as real consumption per person, not GDP per person) with the conditions that sustain those standards over time: employment, equity, ecological integrity, and climate stability.

Any composite measure involves contested weighting choices. But GDP involves comparable choices and merely benefits from incumbency. The goal is not to produce a theoretically perfect alternative but to create a politically viable competitor: a single figure that media can report, politicians can be held accountable against, and publics can understand. Without such a measure, the recommendations that follow risk the same fate as their predecessors.

The following recommendations target specific actors whose decisions shape whether the Beyond GDP agenda advances from aspiration to institutional practice.

FOR THE UNITED NATIONS SYSTEM AND MULTILATERAL INSTITUTIONS

- Integrate wellbeing, equity, and ecological sustainability indicators into early warning and conflict prevention frameworks. Current systems that rely on GDP-linked assessments of state capacity systematically underweight structural fragility.
- Require multilateral development banks and international financial institutions to supplement GDP-based lending criteria with composite indicators that capture inequality, ecological resilience, and social cohesion.
- Commission independent assessment of how existing climate-economic models used in UN policy processes account for cascading risks, tipping points, and non-linear dynamics, and publish the findings.

FOR NATIONAL GOVERNMENTS AND STATISTICAL AGENCIES

- Develop and publish national wellbeing dashboards alongside GDP reporting, incorporating measures of inequality, ecological health, institutional trust, and care economy contributions.
- Embed natural capital accounting in national budgetary processes so that depletion of ecological assets is recorded as a cost rather than a contribution to growth.

FOR THE PEACEBUILDING AND CONFLICT PREVENTION COMMUNITY

- Map the connections between GDP-driven policy incentives and conflict risk factors, including inequality, ecological degradation, and institutional erosion, to build an evidence base for integrating economic measurement reform into prevention strategies.
- Advocate for the inclusion of Beyond GDP metrics in post-conflict recovery frameworks, ensuring that reconstruction is measured by improvements in wellbeing and resilience rather than by aggregate spending.

FOR CIVIL SOCIETY AND RESEARCH INSTITUTIONS

- Invest in public communication that makes the case for Beyond GDP in accessible terms, countering the perception that economic measurement reform is a technical or academic concern.
- Establish cross-disciplinary research programmes that connect climate science, economic modelling, and peace and conflict analysis to improve understanding of how growth-related dynamics generate instability.

Conclusion

Peace and security communities have long emphasised prevention, resilience, and systems thinking. The prevailing economic paradigm works against all three, obscuring structural stress until it erupts into crisis and then recording reconstruction spending as success if GDP rises. Reframing economic success to reflect wellbeing, equity, and ecological sustainability will not by itself resolve the climate–nature crisis or eliminate the risk of violent conflict. Without reforming the metrics that guide policy, governments and multilateral institutions will continue to misread systemic fragility as progress. In an era of cascading shocks, measurement is no longer a technical matter but a matter of governance and ultimately of stability.

THE TODA PEACE INSTITUTE

The Toda Peace Institute is an independent, nonpartisan institute committed to advancing a more just and peaceful world through policy-oriented peace research and practice. The Institute commissions evidence-based research, convenes multi-track and multi-disciplinary problem-solving workshops and seminars, and promotes dialogue across ethnic, cultural, religious and political divides. It catalyses practical, policy-oriented conversations between theoretical experts, practitioners, policymakers and civil society leaders in order to discern innovative and creative solutions to the major problems confronting the world in the twenty-first century (see www.toda.org for more information).

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