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IEA Discussion Paper No. 142

EDI NATION

The growth of Equality, Diversity and Inclusion bureaucracy and its costs

Alex Morton
October 2025

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Institute of
Economic Affairs

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Founded in 1955, the Institute of Economic Affairs is Britain's oldest free market think tank. Its mission is to improve understanding of the fundamental institutions of a free society by analysing and expounding the role of markets in solving economic and social problems.

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Foreword

In the early 2010s, a number of campaign groups made the case for the introduction of what they called a 'living wage', with rates substantially above the statutory national minimum wage. These groups typically argued that the introduction of such a living wage would more than pay for itself: it would not just be a matter of social justice and fairness, but also, simply, a shrewd business strategy. While they acknowledged that there would be a cost to employers, they argued that that cost would be more than outweighed by the resulting productivity improvements. A better-paid workforce, the argument went, would be a more motivated and productive workforce. It would be a workforce with higher staff retention rates, lower rates of absenteeism, fewer workplace disputes, etc.

All of this is undoubtedly often true. But there was nonetheless a major flaw in these campaigners' arguments. If wage increases pay for themselves – why do businesses have to be coerced or pressurised into it? We do not usually have to coerce or pressurise businesses to do things that are profitable and good for them. To the extent that wage increases really do pay for themselves, we can reasonably assume that companies will have figured this out already, and that these effects are already reflected in current wage rates.

Making this assumption does not require us to believe in a strong version of the 'efficient market hypothesis'. It only requires us to believe that businesspeople usually know more about their business than social justice campaigners, who have no connection to the company, and no skin in the game. If you

truly knew how to make companies more profitable, you would become a management consultant, not a social activist. You would sell your expertise to willing buyers, not hector companies on social media.

After being quite prominent for a while, these living wage campaigns then ran out of steam in the second half of the 2010s. But they were quickly replaced by a new set of initiatives that use a rather similar logic. Since the 2010s, Britain has seen explosive growth in the 'Equality, Diversity and Inclusion' (EDI) sector (also sometimes called the 'Diversity, Equity and Inclusion' (DEI) sector). This is true whether we narrowly define that sector as people who literally have the words 'Equality', 'Diversity' and/or 'Inclusion' in their job titles, or whether we define it more broadly and include EDI/DEI-related roles within HR departments.

Like living wage campaigners did before them, proponents of EDI/DEI argue that these initiatives more than pay for themselves. They are presented as not just a matter of social justice and fairness, but also, simply, a wise business strategy. Yes, equality officers and diversity managers need to be paid for. But, the argument goes, they also give rise to productivity improvements which easily outweigh their costs. A more diverse workforce is a more productive workforce, and greater diversity does not just happen on its own: it needs active management. Companies need strategies to actively seek out people from hitherto underrepresented groups, and they need to make an active effort to make themselves more welcoming to them.

As with the living wage campaign, there is undoubtedly some truth in this. Britain has, in lots of respects, become a much more diverse society over the course of this century alone, let alone compared to the previous one, and some social norms have changed radically alongside. It would be strange if workplace

norms, workplace practices and workplace management were completely unaffected by this. To the extent that the growth in the EDI/DEI sector is simply a voluntary phenomenon, i.e. a business strategy that companies adopt to deal with the requirements of a diverse society, it is unproblematic.

But as Alex Morton shows in this Discussion Paper, only a small proportion of the explosion in the EDI sector can be explained by voluntary behaviour like this. In the main, EDI is a sector which owes its existence, directly or indirectly, to government legislation (as well as activist pressure).

At the end of the day, EDI is based on a political ideology: an ideology which one can agree or disagree with. Like proponents of any other political ideology, proponents of EDI should, of course, have every right to promote their ideas. But they should *not* have a right to force that ideology on other people. Like other participants in the marketplace of ideas, they should have to rely on voluntary persuasion.

This paper is not an exercise in 'woke-bashing'. We hope that it will not just appeal to readers who are hostile to EDI from the outset, because they see it as pointless virtue-signalling. We hope that it will also appeal to readers who have some sympathy with the EDI approach, but who accept the case for pluralism and decentralised decision making in this area. Other things equal, of course a company where people from a variety of different backgrounds can constructively work together is going to be more successful than a company where that is, for whatever reason, not the case. But how is this goal best achieved, and how important is this compared to other goals? The answers will differ from organisation to organisation, and there is no reason to believe that legislators or activists are better placed to come up with the right answers than the owners and/or the

management. As so often, an open-ended market discovery process will almost certainly produce better outcomes than a politically imposed agenda.

The views expressed in this discussion paper are, as in all IEA publications, those of the author alone and not those of the Institute (which has no corporate view), its managing trustees, Academic Advisory Council members or senior staff. With some exceptions, such as with the publication of lectures, IEA Discussion Papers are blind peer-reviewed by academics or researchers who are experts in the field.

KRISTIAN NIEMIETZ

Editorial Director, Institute of Economic Affairs

London, September 2025

Introduction

In recent years there has been an increased growth of what might be loosely termed the EDI (Equality, Diversity and Inclusion) sector of the economy, particularly within large corporates and the public sector. To make this more confusing, EDI is also referred to as Equity, Diversity and Inclusion and DEI, Diversity, Equity and Inclusion, particularly in the USA. In practice, both varieties of EDI and DEI are the same set of concepts and ideas slightly repackaged – and this paper will not examine the small differences at play.

Instead, this paper seeks to unpack some of the reasons behind this growth of the EDI/DEI sector (EDI is usually termed as Equality, Diversity and Inclusion for the purposes of this paper as this is the most common UK version of the acronym). The paper is not a comprehensive dissection of this subject, but an attempt to grasp the broad issues at play and why this part of the economy has grown in recent years.

It is important to understand what we mean by the 'EDI sector'. We do not mean attempts at fairness or merit-based hiring by Human Resources (HR) or other functions. A fair or merit-based approach can involve the search for the best talent, no matter where it can be found. It can involve trying to remove barriers for those who come from certain groups, such as a company ensuring paths exist for talented individuals who did not go to university, or come from less privileged backgrounds (e.g. working class or certain ethnic minority households). Likewise, these concepts of merit and fairness can justify policies designed so that those who are parents, particularly women, can stay

with a company where the cost of such policies is less than the benefit of the talent retained. These and similar approaches can be justified within the long-standing concepts of fairness or merit-based hiring. They are simply ways to ensure greater productivity for companies.

By EDI we mean a set-up under which some individuals within corporate bureaucracies have a job or function which leads them to argue for a more diverse workforce or a workforce that employs a certain number of people from specific groups because such an outcome is seen as a good thing in itself, or where a corporate culture the majority are happy with is urged to change because a minority within it might feel uncomfortable and this might reduce the number of that minority employed at that institution or company.

The fundamental issue here is that EDI is not justified at the individual level. It is justified at the group level, so that companies are not seeking the best individuals, but a more 'diverse' workforce (measured by characteristics such as race or sex or class), and justifying that in itself.

Equality, Diversity and Inclusion are separate goals that have their own justifications on their own terms. There may be impacts on improved talent or human resources, but as this paper notes, the growth of the EDI sector has gone hand in hand with a shift away from merit-based hiring and fairness towards seeing EDI-based outcomes as virtues in themselves.

The growth of the EDI sector has several costs. The first is the direct cost of the sector itself, that is, paying EDI consultants or experts. The second is the time of other professionals, from the rise of HR to senior management drawn into the EDI orbit more widely. The third and perhaps most important cost is

whether and where EDI damages rather than supports a tolerant, pluralistic and meritocratic society.

This cost might be worthwhile if it brought significant benefits or addressed serious problems that need to be attended to. But this paper notes that the growth of this EDI sector is not due to a rising tide of intolerance. Nor, despite some of the claims of those in the EDI sector, has it necessarily grown because it helps to increase productivity.

Instead, much of the sector's growth has been down to the action of government through a series of legal, cultural and economic levers. Some of these are indirect but powerful nonetheless. Where this government action is the driving force behind the expansion of EDI, the latter is likely to have costs that outweigh the benefits.

Some of the state's actions are important in understanding the growth of EDI. These include the legal creation of the nebulous term 'indirect discrimination', the Public Sector Equality Duty, the use of the purchasing power of the state, and the priority given to fighting discrimination versus other goals (including, for example, keeping people from getting injured at work).

On top of this, the government's failure to defend accepted social norms in areas such as bullying, the acknowledgement of cultural differences, and the rise of cancel culture have exacerbated EDI expansion, as well as dishonesty around the terms EDI proponents often use.

The rise in EDI has increasingly rubbed up against and works against meritocracy or wider notions of higher productivity. Adrian Wooldridge's *The Aristocracy of Talent* notes how meritocracy was originally a revolutionary idea that opened

up paths for marginalised groups, while now many of the most powerful voices cited in the EDI discussion (e.g. noted 'antiracist' Ibram X. Kendi) argue that colour-blind meritocracy, capitalism, ideas such as tests in school and so on are all just a pretence to justify oppression. Similar arguments are made by other groups (e.g. radical feminists) that the merit-based approach is an illusion that needs to be scrapped. The ideologies of diversity above all else and a merit-based society, far from being mutually reinforcing, are ultimately not compatible.

Since the growth of EDI is not down to the free market alone, but often government action, only a turnaround of the latter can reverse the steady increase. The paper discusses some of the ways the state could stop driving forward EDI:

1. Removing indirect discrimination as a legal concept.

2. Ending EDI within the state sector in favour of meritocracy.

3. Abolition of EDI requirements in state procurement.

4. Outlawing of quotas and targets in the public and private sectors.

5. Clarifying that aims to hire more or less of specific groups is direct discrimination.

6. Reform or abolition of the public sector equality duty.

7. More clearly defining discrimination and bullying in legal terms.

Taken together, these would fundamentally limit the growth of EDI. None of these proposals would have an impact on a company merely casting the net as widely as possible in its

search for talent, or policies to support parents, particularly women. They would merely end the power of the state being used to force through or prioritise EDI measures.

Those who argue that EDI is merely an extension of merit-based hiring should have no problem with the solutions proposed here. For none of these proposals stop the search for talent or letting people rise as far as their abilities allow. They are simply removing government fetters and regulations that go far beyond that, and eliminating a current double standard that in practice allows discrimination towards some groups and not others.

The fact that many support such regulations and government action, while claiming they merely support merit-based hiring and private companies and others being free to pursue the search for talent, shows that some proponents of EDI are either confused or disingenuous. Clearly setting out particular policies will force those who are pushing EDI under the guise of meritocracy to be more honest.

This paper is linked to the IEA paper, *Liberalising Discrimination Law: Why the Equality Act is unfit for purpose* (Freeman & Morton 2025), which sets out how the shift of thinking from direct to indirect discrimination has driven major changes in how society operates – as the growth of EDI has been facilitated by this indirect discrimination concept. But this alone has not driven EDI forward.

This paper is not the final word on this topic. There is a clear Public Choice angle to the growth of EDI, which has been underexplored. But firstly, as this paper explains and sets out, it is important for free-marketeers and classical liberals to understand that, far from being simply part of modern life, the rise in EDI has at least in part been driven by government,

so limiting its growth and moving it back to a more sensible place will also require changes in government policy. The cost of not doing this is not just the swelling expense of maintaining an EDI bureaucracy, but the overturning of meritocracy as a fundamental principle.

How large is the EDI sector?

The first key question is about the size of the EDI sector. In terms of media coverage, it certainly feels higher up the agenda. And what data there is tends to support the notion that EDI and related areas have increased steadily. While the HR sector has grown in recent years, the rise of EDI has been even more rapid.

One assessment found that total numbers employed within the HR sector grew by 42% from 2011 to 2021, compared to a 10% increase in the overall workforce.[1] But areas such as EDI have risen even faster. Another assessment found that the number of diversity and inclusion managers globally grew by 71% from 2015 to 2020.[2] Another survey of large employers found that 28% had a distinct diversity and inclusion strategy by 2022, with another 45% saying that they had a diversity and inclusion strategy within their overall HR strategy (CIPD 2022). Given that 20 years ago EDI barely existed in the UK, this shows considerable growth. The rise of HR more widely may also indicate EDI growth, since EDI issues take up increasing amounts of time for those within the HR sector more widely. For example, if a claim of indirect discrimination is made and dealt with, this may not be managed by an EDI-focused staff member, but the wider HR team, even though it is part of the EDI sector.

1 'HR profession grows four times faster than the UK workforce in the past decade', *HR Magazine*, 14 October 2022 (https://tinyurl.com/55bnv868).

2 'Why Head of Diversity is the LinkedIn Job of the moment', LinkedIn, 2020 (https://tinyurl.com/34hh4jwt).

The rising relevance of Equality, Diversity and Inclusion is evidenced by a Google trend analysis, which shows that the term was barely used before the late 2000s, rose steadily from that time to the mid-2010s when it stabilised, until jumping again in the early 2020s to an all-time high.[3]

An assessment in 2022 found that the *direct* cost of EDI was around £557 million to the public sector in terms of staff employed in EDI and direct training (Conservative Way Forward 2022). The assessment argued that indirectly, the state spends £7 billion a year on EDI issues and supports political viewpoints rather than solving problems or providing goods or services (Conservative Way Forward 2022). The methodology of this was somewhat debatable, but given the number of institutions that the research showed had EDI strategies and staff, particularly in the quango sector, as well as core government and charitable bodies funded by the state, it is likely that the total cost to the sector does indeed run into the billions annually. This, however, is likely to be an underestimate, as the report could not and did not quantify time spent on EDI issues by ordinary employees – and given a public sector staffing bill of £233 billion, even 1% of time spent on EDI overall would mean a cost of £2.3 billion in 2021–2 (IFS 2022).

Even if we limit ourselves to the *direct* EDI cost (staff and training time) of £557 million that the study found, this would mean that, if this was replicated across the economy, the cost of EDI would be over £3 billion, given that over 80% of all workers are in the private sector (ONS 2023). If the higher figure of £7 billion was replicated, the total direct cost of EDI to the economy would be £35 billion – not including any time that non-EDI staff

3 Google trends. Accessed October 2023 (https://trends.google.com/trends/explore?date=all&geo=GB&q=equality%20diversity%20and%20inclusion&hl=en).

have to spend considering EDI matters away from their core tasks. In reality, as we will see later, the public sector seems to be particularly focused on EDI, so this may be an overestimate, but the point is that the cost of EDI is substantial across the economy, and it seems to be rising.

Is EDI a response to increased prejudice or market forces?

One possible explanation for the steady growth of the EDI sector would be that this is simply a response to increased prejudices among the workforce. If minorities and women were being exposed to more unfair attitudes, this could explain a need for greater EDI spend. But if general prejudice is declining, this cannot be the reason. And here it seems hard to square the growth of the EDI sector with the data available. There is clearly a modern tendency for the mainstream media to push and promote stories that display racism or sexism. But this is not matched by the statistics or general social trends which show that the UK is neither particularly sexist nor racist, and is certainly not becoming more intolerant than before.

For example, on issues of racial, ethnic and religious prejudice, the UK scores very low compared to most countries in the World Values Survey in terms of the shares of people who said they would have a problem living next to immigrants (just 5%), people of a different race (just 2%) or different religion (just 1%) (Kings College London 2023). The same survey also showed that in general the UK population was very tolerant of most minority groups (e.g. gay people), and certainly much more so than most other countries.

Other, harder data on race is also hard to reconcile with the perception of surging racism. The Commission on Ethnic and

Racial Disparities (2021) noted that '*as of 2019, the ethnicity pay gap – taking the median hourly earnings of all ethnic minority groups and the White group – is down to just 2.3% and the White Irish, Chinese and Indian ethnic groups are on average earning notably more than the White British average*'. This is a very small difference indeed, and while it is larger for some groups, it would be dubious to imply that White British should automatically be the *worst* performing group, or else, racism exists. This would in itself be a form of racism toward White British people.

Meanwhile in terms of other racial data, a detailed analysis showed that already in 2011, 6% of the under-fives had mixed racial heritage, compared to just 1% of those over 50.[4] Between the 2011 and 2021 census, mixed race households were the fastest-growing group, going from 1.2 to 1.7 million households (ONS 2022a). None of this suggests a racist society, and it certainly does not suggest growing racism.

Likewise, our society clearly appears to be much less sexist if the proxy of employment is used. The female employment rate of 72.3% is very close to the male employment rate of 79% (House of Commons 2023). In 1995, the female employment rate was 53%.[5] Globally, the female employment rate has actually fallen slightly to 47% in recent years, showing that the UK is well ahead of other countries in terms of opportunities for women.[6]

4 'Britain's mixed race population blurs the line of identity politics', *The Economist*, 3 October 2020 (https://www.economist.com/britain/2020/10/03/britains-mixed-race-population-blurs-the-lines-of-identity-politics).

5 *Labour force participation (female) UK*, World Bank database. Accessed October 2023 (https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?locations=GB).

6 *Labour force participation (female) ILO modelled data*, World Bank database. Accessed October 2023 (https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS).

The gender pay gap – a very crude indicator that takes no account of individual decisions such as career choice, time off for parental leave, and so on – is historically relatively narrow and has fallen substantially in recent years. The total gender pay gap has fallen from 27.5% in 1997 to 14.9% in 2022 and, for full-time workers, from 17.4% to 8.3%. Indeed, for part-time workers, women earn slightly more than men now (around 2.8%) (ONS 2022b). For younger workers, where childcare is usually not an issue (those aged between 22 and 29), the gender pay gap was just 2.1% in 2022.

Of course, we might want to discuss how we as a society ensure that those who are looking after children, disproportionately women, are treated fairly. But this is a general issue around undervaluing parents, rather than a question of sexism (aimed solely at women) per se. Further, men and women as individuals may make different choices, which may create contrasting group-level averages. But for the purposes of this paper the hard data implies there is much less sexism or racism in the workplace than in the past, so this cannot explain the growth of EDI within corporates or the public sector.

Data shows other forms of prejudice to be much lower than they were – for example, in terms of homophobia, just 14% oppose gay marriage, while roughly eight in ten support it, up from less than half of the public in 2012 (and gay marriage as a concept did not even exist a few decades ago).[7] Around eight in ten people, including a similar proportion among LGBT people, describe Britain as a tolerant society. This is perhaps why some activist groups have moved on to the more nebulous issue of transgenderism. Even here, few people dispute the freedom of

7 'Record number of Britons support same-sex marriage 10 years after vote', *YouGov*, 3 July 2023 (https://tinyurl.com/n7nazd7e).

people to act, dress and behave freely as they wish. It is only when trans rights are perceived to clash with other rights (e.g. those of biological women, same-sex attracted people, issues around restrictions on surgical or hormonal procedures for children and teenagers) that difficulties arise. Meanwhile the employment rate for disabled people rose from 43.5% in 2013 to 52.6% in 2022, an increase of more than nine percentage points (DWP 2023).

Overall, it is quite clear that the rise of EDI cannot be explained by a growth in racism, sexism, homophobia, hostility to the disabled or other forms of discrimination leading to a need for more extensive EDI policies and awareness. It is sometimes argued that prejudice is still as present as ever, albeit more hidden. The problem with this argument is that it is unfalsifiable. According to this logic, even a decline in visible prejudice just shows the need for more EDI policies, since prejudice has obviously just gone underground. This is almost like the 17th-century arguments that the absence of visible evidence of witchcraft shows how difficult it is to detect witchcraft given that witches can use magic. You end up with a modern Salem-style point where even disputing the existence of witchcraft is the sign of the witch.

It could also be that the growth of EDI is down to a market response – that EDI has such strong benefits that those companies and others who engage in it are more competitive than others. There have been various academic studies, and even more studies by companies that offer HR consulting (including, of course, EDI), which show that greater diversity is a benefit. For example a Boston Consulting Group study found overall revenue was higher in companies with greater diversity, and lower in

those with less diversity than average.[8] Likewise McKinsey found that companies with higher diversity tended to have greater earnings than others (McKinsey 2018). Some academic studies have replicated this – and the case for this has been made for some time (for a good, if somewhat dated, overview, see the paper 'Does diversity pay?', which notes many of the studies which show diversity benefits the bottom line (Herring 2009)).

However, the case for diversity is weaker than is made out. Firstly, as noted earlier, there is a difference between diversity that arises from greater merit and fairness-based hiring policies and the version of EDI that promotes diversity *as a good in itself*. Companies that seek to find the best talent may end up with a more diverse workforce, but this is not necessarily the result of EDI or a self-conscious focus on diversity, as opposed to a genuinely merit-led approach. So even if it were true that greater diversity improves outcomes, it is more likely that a meritocratic approach pays off, and that this brings increased diversity. A company that hires people because of their group identities is less likely to be a success than one that seeks out talent from as wide a pool as possible.

In addition, particularly in the past, various studies showed the opposite effect in terms of diversity. A major review by Katherine Williams of Columbia and Charles O'Reilly of Stanford from 1998 went back over four decades and found that '*the preponderance of the empirical evidence suggests that diversity is most likely to impede group functioning*' (1998). They also noted that in studies where diversity made a positive difference, this was usually due more to a mix of skills rather than race or gender diversity. This would point to the meritocratic argument that if

8 'How diverse leadership teams boost innovation', BCG, 23 January 2018 (https://tinyurl.com/bdcpmbz7).

greater diversity in areas like gender or race was a side effect of genuine meritocracy alongside more diversity around skills and personality, it was a boost, and where it was the result of self-conscious diversity it was a negative, since this would necessarily downplay meritocratic hiring.

This has been repeated by other findings – a 2005 paper by Elizabeth Mannix of Cornell and Margaret Neale of Stanford found that overall diversity was a cost, and that '*[t]he preponderance of the evidence favours a more pessimistic view: that diversity creates social divisions, which in turn create negative performance outcomes*' (2005).

Even some of those who push EDI admit the literature is at best limited. A consultation by the Financial Conduct Authority (FCA) recently noted only '*some generally positive correlations between increased diversity and elements of firm performance … we acknowledge that the current literature is limited*'. But the consultation still proposed moving ahead with EDI in any case with firms being asked to monitor, publish and create appropriate diversity targets, on top of existing goals set earlier for 'targets' that should be met or failure explained for ethnic minorities and women (FCA 2023). (We will return to the FCA, as it is an interesting case study of state-sponsored EDI growth).

However, it is worth noting that more recent papers *tend* to show EDI is a positive or neutral. But this is perhaps due to reasons other than genuine evidence. The growth of EDI itself makes it now difficult to make a career showing that diversity is a negative. As we will see later on, the academic sector has itself signed up to prioritising the ideas of EDI over meritocracy, which would make challenging the EDI sector a risky proposition for most.

A point which seems to undermine the growth of EDI being linked to higher productivity in the marketplace is the fact that EDI seems to be most extensive in areas like government or quangos which are least affected by market pressures. One study found that the private sector only had a standalone Inclusivity and Diversion strategy 12% of the time, and did not have any strategy for it in 53% of cases, while the public sector and voluntary sector had a standalone Inclusion and Diversity plan 24% of the time, and only 20% and 30% respectively did not have a formal plan at all (CIPD 2022). Thus the more competitive the sector, the less focus on EDI per se. It is this which is then leading to quangos such as the FCA starting to impose EDI on firms, since the market is clearly not delivering sufficient EDI according to their own preferences.

In relation to the argument that EDI is caused by the market: for liberals, it is clear that where EDI is being pushed not by private agents, but by the state itself, this is unlikely to be related to productivity. And it is to this state sponsorship of the EDI sector we now turn, since it turns out that far from being a spontaneous market action, the state has driven forward EDI in various ways.

Government's key role in driving EDI

The rise of the EDI sector has been at least partly down to the growth of legislation that makes EDI more important within the government and corporate world. Companies have been forced to expand EDI by government fiat rather than choosing to do this to boost productivity or as part of a meritocratic strategy. We will see this when we go through just some of the ways that companies have been pushed towards EDI below – and this is not a complete list but just a good starting point.

A. *The Public Sector Equality Duty and its interpretation*

B. *The use of state procurement policy and purchasing power to push EDI*

C. *The growth of indirect discrimination as a legal concept*

D. *The prioritisation of anti-discrimination (even versus deadly negligence)*

E. *Government allowing activists to rewrite legal norms*

F. *Not forcing clearer definitions that allow EDI practitioners to be deliberately vague*

G. *Changing the 'norm' for private actors via reaching a tipping point*

A. The Public Sector Equality Duty and its interpretation

The Public Sector Equality Duty (PSED) requires that any public authority, including councils, quangos, government departments and so on, as well as any person/corporate person '*who exercises public functions*' (e.g. any private firm brought in to deliver or share delivery of a government service) must '*have due regard to the need to … advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it*' and '*foster good relations between persons who share a relevant protected characteristic and persons who do not share it*'.

Within this the PSED requires the corporate body to '*take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it*' and '*encourage persons who share a relevant protected characteristic to participate in public life or any other activity in which participation by such persons is disproportionately low*'. Finally, it notes that all public bodies which are in scope of the Equality Act 2010 must have '*due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to a) tackle prejudice, and b) promote understanding*', but that while '*compliance with the duties in this section may involve treating some persons more favourably than others; … that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act*' (*Equality Act 2010*, s. 149).

This PSED can be used to justify a growth in EDI policies and regulation by almost any state body, but it is particularly important within what might be termed the 'quango state' –

those bodies which regulate the private and public sector. A good example of this is the Financial Conduct Authority, which has taken a very proactive view in terms of EDI. The FCA argues that companies which fall within its purview should aim for at least 40% of their Board directors to be women, and to have at least one ethnic minority member, or have to explain themselves to the regulatory body (FCA 2022). Its 2018 *Approach to Supervision* document noted that:

> *We place the application of our Public Sector Equality Duty and Diversity & Inclusion at the heart of our activity. Firms that have a healthy regard for these factors tend to perform better. We bear this in mind as we engage with firms, their Boards, management and employees (FCA 2019)*

This effectively puts corporates on notice to take these issues very seriously and that they will be put on the back foot when dealing with the FCA if they do not.

It has been argued that the FCA is acting in a way that exceeds its powers. To quote one expert, '*the proposals are part of an activist agenda by the FCA, loosely cloaked in weak academic evidence purporting that greater diversity supports financial stability*' (Hewson 2022). But in reality, the rationale for this activism is given by the PSED. As the Adviser to the FCA on the PSED noted around its guidance:

> *As a public body, we are subject to the requirements of the Public Sector Equality Duty, which means we must look for ways to eliminate discrimination, advance equality of opportunity and foster good relations between people who share protected characteristics and those who do not.*[9]

9 'Why does the FCA care about diversity and inclusion?', FCA speech, 28 January 2021 (https://www.fca.org.uk/news/speeches/diversity-inclusion-why-does-fca-care).

It may be that the FCA sometimes goes a little too far in specific proposed actions, but most action across this entire area can at least have some justification in the PSED.

Thus, literally every firm dealing with the FCA will have to take EDI seriously. Indeed, the FCA effectively pushes for corporate quotas (regardless of whether or not it calls its approach that: setting shares of your workforce that should belong to particular groups is essentially a quota, and makes a mockery of the Equality Act's clear requirements to not treat people in a discriminatory way). Without government opposing this, and with the only way to fight back an expensive (and risky) legal challenge, the action of the FCA and any other quango that chooses to interpret the Equality Act in a similar (and frankly plausible) way drives EDI growth.

B. The use of state procurement policy and purchasing power to push EDI

Another example of how the state has pushed the EDI sector forward is in how it has used its (substantial) purchasing power to drive EDI directly. For example, the West Midlands Combined Authority document asks that those who contract with it '*promote equality and opportunity*', and sets out that it will '*assess equalities at different stages of the procurement process … Equalities can form part of the tendering process with a standard prequalification questionnaire…*' and finally all contractors must '*have an up to date equal opportunities/equality policy*' (West Midlands Combined Authority 2016: 5). This will obviously drive EDI across firms in the private sector.

EDI elements can pop up in area after area, even ones which might seem only tangentially related to EDI issues. For example, in design quality management for architectural and renewal schemes, Greater London Authority scores 5% towards those companies which can show a commitment to EDI, as evidenced by '*an up to date practice diversity statement/policy*' and '*statement of intent/action plan specific to each project*' (Mayor of London n.d.). While the cost of preparing such an EDI policy and constant action plans may be substantial, this cost has to be weighed against the risk of missing out on substantial funding for government-related projects by not taking EDI sufficiently seriously. Losing 5% of your score could mean the difference between gaining lucrative contracts or not.

Another example would be UK Research and Innovation (UKRI), which manages £9.5 billion in terms of research and innovation for the UK government (UKRI 2023). This body notes that those who engage will find they are already expected to focus on EDI as set out in their grant document:

> *RGC 3.4: You are expected to ensure that equality, diversity and inclusion is considered and supported at all stages throughout the performance of the Project, in alignment with Our policies and principles. Your approach to supporting equality, diversity and inclusion is expected to exceed all relevant legal obligations, including but not limited to those of the Equality Act 2010. (UKRI 2021)*

It notes in its policies and principles that it '*actively investigates the diversity of all applicants and grant holders in its portfolio, as well*

as the effectiveness and impact of our actions via communication and engagement with our community and advisory bodies'.[10]

This then ensures that anyone who engages with UKRI will have to focus on EDI – universities, government research agencies, and private sector bodies receiving funding. These in turn are likely to pressure their own partners to have EDI policies and prioritise this in order to show UKRI they are taking these requirements seriously.

Forcing a version of EDI into universities risks undermining the primary purpose of university, which is to search for truth unafraid of power. In this case, UKRI seems to be arguing that supporting its agenda rather than any version of academic freedom is the priority – a major shift in the prioritisation of truth and knowledge within academia.

This is alarming when you think of what this means for academic freedom. We noted that there seems to have been a slowdown in academic evidence against EDI. Nevertheless, seeing that the process we outline above is possibly even further entrenched in the USA, given the academic bureaucracies' endorsement of EDI, it is perhaps unsurprising academics in many of the USA's leading universities and increasingly the UK are becoming less and less keen on disputing the benefits of EDI.

10 'Expectations for equality, diversity and inclusion', UKRI. Accessed October 2023 (https://tinyurl.com/yckx8xy7).

C. The growth of indirect discrimination as a legal concept

The rise of EDI is also in part due to the growth of indirect discrimination as a concept, which is explored in the related IEA paper, *Liberalising Discrimination Law: Why the Equality Act is unfit for purpose* (Freeman & Morton 2025). Originally, discrimination laws simply required that someone in the public sphere not be directly discriminated against because of their sex or race, which most people might agree is important in a tolerant society or one with equality for all citizens before the law. But over time this definition has widened substantially to the more nebulous notion of indirect discrimination. For example, the 2010 Equality Act bans indirect discrimination. Any provision, criterion or practice which could disadvantage an individual on the basis of one of nine 'protected characteristics' – age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation – and is not '*a proportionate means of achieving a legitimate aim*' is *indirect* discrimination and illegal.

Who judges this, of course, is the state, via the judiciary, and the state is increasingly inclined to lean towards indirect discrimination and structural discrimination as an explanation (as the above-mentioned paper discusses). An example would be a recent case whereby a refusal to allow flexible working was deemed 'indirect discrimination' as it meant that women, who tend to be carers, would be disadvantaged, and the complainant was awarded £184,961 in compensation (and obviously the firm was involved in a costly legal dispute on top).[11] You might agree

11 'Two real cases of indirect discrimination at work and how things turned out', Valla, January 2023 (https://valla.uk/real-examples/two-real-cases-of-indirect-sex-discrimination-at-work-and-how-things-turned-out).

that this refusal was bad company policy (since lots of staff would move from the firm), but most bad decisions in business are not illegal.

This move away from clearly identified direct discrimination to more nebulous indirect discrimination obviously increases the power of HR and, within it, EDI teams who can raise the fear that a company will be found guilty of discrimination by practice A or practice B. EDI specialists may even reduce productivity (e.g. by reducing team morale or output) by imposing practices which purport to ensure that indirect discrimination is not occurring and the company or body is being 'inclusive'. One example would be the 2014 memo sent around the then Department for Energy and Climate Change urging people to wish each other 'Season's Greetings' rather than 'Merry Christmas' in order to avoid offending those who were not Christian.[12] When challenged, EDI teams and practitioners can claim they are merely making people think or ensuring others do not feel uncomfortable, but over time the effect of this is to boost the corporate power of the EDI team, since the risks of legal challenge are ever present.

D. The prioritisation of anti-discrimination (even versus deadly negligence)

This growth of indirect discrimination as a concept is particularly important as government has also created a non-level playing field which prioritises EDI issues over other areas. A good example is that there is, in theory, uncapped liability from day one if an employer loses a discrimination case in employment.

12 'Don't say "Merry Xmas", it might offend someone, says Whitehall guidance', *Daily Telegraph*, 18 December 2014 (https://tinyurl.com/r7am5nvs).

This is unusual, because for most cases where one can take one's employer to court, claims are capped. For example, unfair dismissal, the most common major complaint, can only take place after someone has been employed for two years, and their possible compensation is capped at £105,707.[13] Discrimination claims, however, are not capped, and can apply from the moment the employer engages with the employee (discrimination could be alleged even in the appointment process).[14]

While in practice most discrimination claims are well under the compensation cap, this is not always the case. Unrepresentative high-profile cases and exceptions drive awareness that makes employers extremely nervous about being sued for discrimination as opposed to other claims of unfair dismissal. In 2021 David Barrow secured a £2.5 million payout due to discrimination. Balbinder Chagger received £2.8 million in 2007 and Eva Michalak in 2011 was awarded £4.5 million due to discrimination.[15] These payments compare for example with the recent £650,000 payout when BP was found liable for an employee falling through an open grill to then die from injuries sustained in the fall.[16] In other words, in the view of the modern state, discriminating against someone, possibly indirectly, can be more of an issue for a company than allowing deadly negligence.

These high levels of payment for discrimination cases are also not just one-offs, as in general discrimination leaves people

13 'April 2023 statutory pay rates and unfair dismissal compensation increase', Myerson Solicitors, 17 March 2023 (https://tinyurl.com/3mksxps3).

14 'The 4 types of discrimination: what every employer needs to know', HR Solutions, 2 April 2020 (https://tinyurl.com/2p8ew95f).

15 'Largest awards at the employment tribunal', Didlaw, 20 April 2023 (https://tinyurl.com/35dhz6w9).

16 'BP fined 650,000 after offshore worker's death', BBC News, 19 July 2023 (https://www.bbc.co.uk/news/uk-scotland-north-east-orkney-shetland-66224159).

open to higher awards than the general maximum. For example, Table 1 below shows the highest payouts for race, sex and disability discrimination cases in 2022.[17] These awards were all substantially over the cap for unfair dismissal and other capped employment compensation for that year, which was set at just £93,878.

Table 1: The highest claims for 2021/22 in different cases

Type of case	Unfair dismissal (general)	Race discrimination	Sex discrimination	Disability discrimination
Highest payout	£93,878	£228,117	£184,961	£225,893

This clear setting of discrimination as being above and beyond other types of employment failure (such as bullying or unfair dismissal without a discriminatory element) helps drive a growth in EDI where it acts as an 'insurance policy' for companies which are sued – as they can argue they had taken all reasonable steps to stop discrimination. It means again that supporters of EDI can pressure the senior management in the corporate world to listen to what they are arguing, even when it goes beyond existing legal requirements. This is because the 'risk' to the corporate that does not take EDI seriously enough is much higher than other issues – even death through negligence.

17 'Employment tribunals statistics published', DAC Beachcroft, 10 January 2023 (https://www.dacbeachcroft.com/en/gb/articles/2023/january/employment-tribunals-statistics-published/).

E. Government allowing activists to rewrite legal norms

A key failure in boosting EDI has been the government failing to prevent activists rewriting legal norms. It is important to distinguish here between cultural norms and legal norms. The cultural norms of a free society are always up for discussion. However, once a legal sanction has been introduced without clear definition – as in the case for indirect discrimination – this can allow activists to bypass free debate, and instead, simply introduce their preferred approach through legal sanctions, appealing to judges to change legal definitions.

In such a case, government has a role to play in rejecting what is in effect the rewriting of the law without democratic or wider consent to a new definition that was not meant by the original definition of the terms.

The expansion of what is seen as 'racist' or 'sexist' or 'homophobic' for example links back to legal penalties for 'indirect' racism or sexism or homophobia. A good example is the term 'racist' and discussions of cultural norms. The idea that cultural norms and behavioural patterns might cause difficulties for particular ethnic minorities was historically distinct from claims of racial superiority, seen as biological claims that the main fact about someone was their race. However, cultural judgements are increasingly classed by many progressives as racism per se. Given racism is a charge which carries heavy economic, social and legal penalties (when directed at minorities rather than the white majority), this shift in definition has a fundamental effect by effectively rewriting the law.

For example, Ibrahim X. Kendi's *How to Be an Antiracist,* the seminal text on modern 'antiracism', sets out that a '*cultural*

racist [is] one who is creating a cultural standard and imposing a cultural hierarchy among racial groups' (2019: 81). This expands the notion of racism quite substantially as it means that if someone is able to argue that a cultural norm is not being taken account of, then this is racist. Given the high legal, social and wider cost of being called racist or acting in a way that is racist, including the penalties we have seen for indirect discrimination, this is a major change.

Redefining cultural factors as racist will force corporates and others to focus more on having EDI policies in place to address different cultural norms, and will increase the time and effort spent on this in order to avoid legal and other penalties. The democratic government's original legislative idea of banning people from being judged on their skin colour and ethnicity will have been overturned and replaced without a wider debate, as most people do not consider cultural criticism to be the same as biological racism.

The growth of EDI is linked to many such shifts. Another example is the redefinition of bullying in legal terms. Making bullying so much wider than what most people would consider it to be (as a minimum, the persistent targeting and belittling of specific other employees, particularly those junior to you) has wider knock-on effects. For example, the recent high-profile case of Dominic Raab is a good case study. The Raab case used a previous case definition of bullying from 2021, which is defined as:

> *(1) Offensive, intimidating, malicious or insulting behaviour; or (2) Abuse or misuse of power in ways that undermine, humiliate, denigrate or injure the recipient. Thirdly, it was expressly stated that conduct may fall within the first limb of the definition, and so constitute bullying within the meaning of paragraph 1.2 of the Ministerial Code, whether or not the perpetrator is aware or*

> *intends that the conduct is offensive, intimidating, malicious or insulting. (Tolley 2023)*

In this case, these definitions completely ignore and remove the concepts of persistent or targeted behaviour, which most see as part of bullying. In addition, while bullying may well be inadvertent, in this case the definition at least partly relies on how the complainant feels, rather than on a reasonable person test.

Raab was found guilty due to two single examples – the first where he swiftly moved an official exceeding their remit during the Brexit negotiations, and the second where he was alleged to have referred to the civil service code that requires officials to be neutral, in order to get officials to comply with his requests in order to get policy through.[18] Neither of these would count as bullying in the sense of persistent or targeted behaviour, and it is questionable whether a reasonable person would see them as offensive, intimidating, malicious or insulting, or as constituting an abuse or misuse of power.

This widening of the definition of bullying, compared to what the public might generally consider as such, has second order effects. In cases such as this, the creation of EDI and similar policies may have an impact in terms of *corporate* liability. If Raab had been employed by a corporate employer and those making the claim belonged to one of the (many) marginalised groups, then those alleging bullying could have sued their employer as well as pursuing a grievance case against Raab himself. The creation of EDI policies would act as a useful corporate shield,

18 See Tolley (2023) and Raab's response, 'Bullying report sets "dangerous precedent", warns Dominic Raab as he resigns', *Daily Telegraph*, 21 April 2023 (https://tinyurl.com/yvwx5nt6).

especially since anything with discrimination involved, as we have discussed, has potentially higher payouts, and is likely to generate worse publicity.

Another example is so-called 'cancel culture'. A company where accusations of bullying and/or discrimination are made runs the risk of being rapidly punished by a social media backlash leading to a consumer backlash. Twenty years ago or so, social media was in its infancy, with Twitter (now X) yet to be founded and most people reading a newspaper or listening to a broadcast once or twice a day.

In such a heated situation, a corporate body being able to point to EDI and other policies is a useful insurance policy. While it will clearly not stop any such backlash, ***not*** having any EDI policies will probably make things worse for senior management. If a company can point to its EDI policies (or its relationships with external EDI providers) this may help both legal issues and also public relations (which links directly to sales and corporate relationships). This is despite the fact the allegations may have no truth – social media will quickly have moved on by the time the facts are established. Those who whipped up the backlash will not face any sanctions for their behaviour.

Moreover, after a scandal or a general news story with an element of discrimination, for a corporate, calling on EDI specialists is a useful way to protect its brand, while activists within the organisation can push for action with vague claims of indirect discrimination and unspecified threats or claims of 'poor culture'. For example, in the aftermath of the Black Lives Matter protests in response to police brutality in the USA, a survey of the UK found that: '*The number of employers implementing new diversity and inclusion drives has almost trebled since the end of*

the Black Lives Matter protests.'[19] Employers who pointed out that police brutality in the USA did not relate to UK hiring practices risked claims of racism and the risk of online smears – made at no cost to those making these allegations against them.

Government has allowed these shifts to take place without taking action to limit them or to ensure that those making exaggerated claims are culpable and liable for any harm done. In so doing, it has essentially conceded to activists the power to force the majority to move in their direction.

F. Not forcing clearer definitions that allow EDI practitioners to be deliberately vague

A final element that cannot be entirely discounted is that parts of the EDI world use widely supported language to mean something different. For example, the term 'antiracist' would mean to most people trying to treat individuals equally regardless of their race. But for Kendi and other progressives, antiracism means strongly taking account of someone's race, to the point of discriminating against some individuals because of their race. As he puts it: '*The defining question is whether the discrimination is creating equity or inequity. If discrimination is creating equity, then it is antiracist. If discrimination is creating inequity, then it is racist…*' (2019: 19).

This matters because a company might want an 'antiracism' strategy, which for the company means trying to treat people in a 'colour-blind' way. But if it engages with EDI practitioners who offer to prepare an 'antiracist' strategy in the way Kendi means

19 'Workplace inclusion drives have almost trebled since BLM protests survey shows', *The Guardian*, 17 April 2022 (https://tinyurl.com/yeyk47ev).

above, the company would end up with a different approach. At this point, it could be hard for it to reject the 'antiracist' strategy prepared for it, without claims of condoning racism, not least from the hired EDI practitioners themselves.

Indeed, EDI language has a term for this rejection of EDI's rewriting of terms along lines progressive activists prefer – 'white fragility', as coined by antiracist academic Robin DiAngelo (2018). In this, any attempt to push back on claims of 'systemic racism' (the belief, pushed by activists, that all differences in group outcomes are down to hidden racism encoded in everyday life) are defined as simply defending racial privilege in a 'heads I win, tails you lose' style argument. The deliberate misuse of language that has important legal connotations as set out above, has to be halted and reversed by government in the legal sphere. This is because not only does it lead to a shift in the legal culture, but it allows ideas that are not popular nor desirable to cloak themselves in popular and more widely accepted terms. By the government not ensuring clarity in the legal sphere, this also leaves the path open for deliberate obfuscation more widely.

G. Changing the 'norm' for private actors via reaching a tipping point

These above are not the only ways that EDI has spread, but they are some of the most important ones. On top of these individual actions, these changes act together to create a cultural driver for EDI policies. As the state coerces corporates to embed EDI more widely, this then pressures those firms which are not keen on adopting EDI.

Once a majority of firms in a sector have an EDI policy, other managers may decide their companies look strange for not having one, and so acquiesce, even when in a completely free market they would not have put resources into one. This is not just a case of social pressure, however – again the managers may worry that if their companies are involved in legal issues, the lack of an EDI strategy or plan may be held against them more seriously *if the majority in their sector* have one in place. Thus the pressures above cannot be seen as just as acting one-by-one to force change – they also add up together to more than the sum of their parts.

The cost of EDI against meritocracy and society and the benefits for those within it

As noted earlier, EDI has a direct cost. But a major, and perhaps the biggest cost of the current growth in EDI is hard to quantify, yet crucial nevertheless. This is the fact that EDI, where it goes beyond meritocracy, is a direct threat to it. Where EDI policies deliberately directly contradict or try to replace the old idea of merit, or employment positions through talent, they are undermining a key foundation of a liberal society. Adrian Wooldridge's excellent work *The Aristocracy of Talent* discusses the rise of the meritocracy as a dominant principle in the Western world and its spread to other parts of the world. He notes that the world before meritocracy was one in which '*jobs were allocated on the basis of patronage, nepotism, inheritance and purchase*' (2023: 18). The rise of meritocracy was one of the fundamental drivers of the modern world and the economic growth that it has delivered.

Some parts of EDI began as an offshoot of meritocratic ideas, with arguments being that companies and others should ensure that they were seeking talent in the widest possible pool, and that they should avoid having pointless barriers to employment that stopped talented people from staying with them. Indeed, as Wooldridge reminds us, '*before it took over the world, meritocracy was the rallying cry of the oppressed and marginalized everywhere*' (2023: 27). The liberal revolution of the last few centuries was about removing the barriers that women

and ethnic, religious and sexual minorities, etc. faced in the workforce and elsewhere. That everyone should be treated as an individual was fundamental to overturning barriers for many.

But increasingly EDI argues against the old ideals of meritocracy. A good example would be Kendi's attitude towards standardised tests – that '*the use of standardized tests to measure aptitude and performance is one of the most effective racist policies ever devised*' (2019: 101). His opposition goes wider to the entire system of capitalism, since '*capitalism is essentially racist; racism is essentially capitalist*' (2019: 163). The EDI industry signing up to 'antiracism' is essentially signing up to an ideology which believes that diversity, in the sense of each workplace looking exactly the same as the population as a whole, trumps meritocracy and liberal capitalism.

The belief that specific groups must have specific outcomes is the end result of an ideology growing for decades, particularly in the USA, which, as Wooldridge notes, '*questioned the logic of the pure meritocratic calculus as applied to people who had been subjected to slavery and discrimination and argued that collective wrongs, imposed on people because of their sex, race or sexuality, required collective solutions*' (2023: 350).

In this sense, advocates of EDI seek to build a decentralised version of social justice into government, corporations and elsewhere. Wooldridge notes that a major driver of a backlash against meritocracy has been '*worries that women were being held back by structural constraints on their opportunities*' (2023: 276), and this is a major driver of EDI: that meritocracy treats some unfairly, whether minorities (ethnic or sexual) or women. But this view is ultimately seeking to replace meritocracy, which it sees as a male, heterosexual, white ideal. As Wooldridge notes, in this view, in racial terms, '*meritocracy is nothing more than*

an illusion designed to justify and perpetuate white power' (2023: 347). Similar claims are made by radical feminists around the idea that meritocracy is merely a front for the patriarchy (hence the call from radical feminists, racial activists and occasionally LGBT activists for quotas and targets).

The ideologies behind diversity on its own terms via EDI and improved meritocracy are ultimately incompatible because they are different worldviews. The former is a specific criticism that meritocracy should be replaced by a greater focus on group identities, and its proponents seek not to amend meritocracy to make it fairer, but to replace it entirely. To do this would overturn one of the pillars of Western society over the past two centuries, an idea that has at least been paid lip service to, and towards which reform has groped. It would remove one of the bastions of the modern world and capitalism – which, of course, is why many would like to do it.

How should EDI be reformed?

As noted right at the start of this paper, there is a difference between EDI and a merit-based system. There is nothing wrong with focusing on improving meritocratic processes. Individuals from particular groups sometimes find it harder to gain entry to systems, including jobs, and a sensible company might want to find new ways to both find the best talent and retain it. Trying to seek within more underrepresented groups for the best talent, and trying to devise policies that retain it (e.g. through good parental leave policies), are sensible measures that liberals should have no problem with.

However, EDI instead has ended up being driven by an ideology that sees diversity and equal group outcomes as *a good in itself*. This is a very different proposition. And the growth of EDI in recent years has not been caused by the need to combat increasing prejudice, nor entirely free choices within a market economy. Instead, it has been driven by a major set of legal and structural changes with government and legislation at its heart.

To strip EDI back to where it belongs, it is not enough to rail against the modern world. Such an approach may well be counterproductive. Instead, a positive case has to be made around restoring a merit-based and fair system. This would take us in the direction of a new set of policies, away from the EDI approach that sees diversity as a good in itself.

Such a new set of policies would encompass an approach very different from the existing one. It is well beyond the scope of this paper to set out such a broad pushback in detail. However, to give an overview of such an approach, some possible key ideas are set out below:

1. Removing the legal concept of indirect discrimination.

As we have seen in this paper, the concept of indirect discrimination is a key driver of EDI. Penalties around discrimination should remain in place, but only for direct discrimination. Removing indirect discrimination from the legal system would move us back towards the original anti-discrimination legislation and its goals.

This would help by limiting the scope of anti-discrimination claims and by making clear that discrimination is something done by an individual to another individual due to direct characteristics. This would fundamentally change the penalties and calculations around the power of HR and EDI within many corporates.

2. Ending EDI within the state sector in favour of meritocracy

Another aspect is the reduction of EDI within the state apparatus. EDI needs to be ended within the state sector in favour of approaches that are compatible with meritocracy. The state should clearly require that EDI should be abolished and merit-based approaches taken to disadvantaged groups. In the case of the identity politics argument that 'service providers should look like their users', greater accountability to the end user of public services as a patient, pupil or other user should be the aim and mechanism for better outcomes, not some version of EDI imposed by national government.

Where quangos or other state bodies go beyond this, they should be penalised. Such bodies otherwise risk being neither accountable to the marketplace nor to the public. As many of the examples in this paper set out, EDI seems to particularly flourish in bodies where officials are not accountable to democratically elected government. Government must be able to strike down EDI policies set out by quangos more easily.

3. Abolishing EDI requirements in state procurement

EDI requirements in state procurement, across all bodies which procure goods or services, from departments to quangos, should be abolished (ideally by statute, with penalties for those who ignore this and seek to use the power of the state to push their own agendas).

There should be no requirement for companies to pursue EDI strategies one way or the other, and it should not be communicated to them that this is preferable, nor should procurement frameworks take account of this. It is likely that, given how long these measures have been pushed for, and how widespread they have become, it will take time to roll back EDI. But it will eventually be squeezed out if a consistent approach on value for money is applied.

If a private organisation is pursuing 'good' EDI in the sense compatible with a meritocratic and efficient company, it will be able to win procurement by offering the best value for money to the state. By removing the idea that anything other than value for money is the core of what the state procures, this will focus on this essential issue – particularly at a time when public sector productivity and value for money are seen as essential.

4. Outlawing quotas and targets in private and public sector

In addition to the measures above, quotas and the related notion of 'targets' (which largely function as the same as quotas) should be outlawed. These essentially encourage direct discrimination towards particular groups. To say that when you are hiring you are aiming at a level of X among group Y, and that is your preference, is very different to arguing that you are opening up positions to as wide a pool of talent as possible, and trying to design a system that genuinely focuses on how to make the most of the talent available.

In addition, because the latter approach creates a different mindset compared to quotas or targets, it is less likely to merely benefit relatively privileged individuals within underrepresented groups (e.g. affluent ethnic minorities/ women/ LGBT individuals). It is easier for a company to have a 'target' that they fill by hiring affluent university graduates who are women or from ethnic minorities or LGBT than actually consider how they can make the best use of the talents of women, ethnic minorities, LGBT people or even just less affluent white straight men available in society.

5. Clarifying that aims to hire more or less of specific groups is direct discrimination

There should be clarification that aims to hire more or fewer people from particular groups, whether minority or majority, have the same legal effect as direct discrimination. In other words, it should not be possible to claim that there ***should*** be an increase in group X or group Y, or that there should be fewer hires of group A or group B.

Such language invariably promotes the EDI view of the world. It tends to promote the idea of diversity over and above meritocratic and talent-based hiring. All too often within the EDI world, the argument can be made that there should be more or fewer hires of particular groups. This is not an argument based on meritocracy or trying to find talent, but a crude categorisation based on immutable identity, and is essentially a form of direct discrimination against members of that group defined as privileged.

6. *Clarifying what charged topics such as racism, bullying and so on consist of*

A final element is that the state needs to be more aware of what critical legal terms, such as racism and bullying, are, and where activists or judges depart from the typical understanding of what most people think they are or the lawmakers set out, they should be corrected.

For example, it is clear that the definition of racism that was legislated for does not include criticism of other cultures. There *are* elements around direct discrimination that relate to religion, but these should be treated separately (and usually, though not always, do not prevent criticism of religion itself). The laws on discrimination were clearly designed to prevent biological racism, and should refer only to direct discrimination.

Likewise, the recent Raab case made it very clear that the law on bullying has departed from what most people would consider bullying. This has major knock-on impacts in other areas, such as EDI, where a relatively expansive and all-encompassing definition of indirect discrimination meets a relatively expensive and all-encompassing definition of bullying. Re-examining

this to bring it back to what most people would see as genuine bullying would be useful in weakening the power of EDI.

7. The reform or abolition of the Public Sector Equality Duty

The Public Sector Equality Duty is clearly not working towards a more meritocratic society, but focusing the public sector on diversity as a good in itself. It is also clearly being used by much of the public sector to cascade a particular ideological and anti-meritocratic agenda down into the private sector and all activities undertaken that touch on the public sector that prioritises EDI above productivity and delivering better services for its users.

There is therefore a clear case to abolish it, or at the very least to reform it, so that it is brought into line with the wider arguments being made in this paper, if possible. Without this, the state will continue to push forward policies that are about imposing a particular ideological worldview rather than better services for all.

Conclusion

This paper is not a comprehensive or exhaustive examination of the issues around the growth of the EDI sector. But it is an attempt to look into some of the assumptions used to defend EDI growth and to see whether it is compatible with a liberal market approach. As we have shown, far from being a benign market-driven process, EDI has been driven by the state. The current version of it is in contradiction with meritocracy and its growth owes less perhaps to market choices and more to government action than is commonly grasped.

To simply rail against its excesses is not appealing, nor does it deal with these underlying issues. This paper traces some of the more statist problems driving EDI and makes suggestions around ways that could begin to roll this state-sponsored action back. To do so will require a positive narrative around meritocracy and fairness.

None of the solutions are definitive, but they are the types of measures that need to be discussed within a pro-meritocratic framework and market-led approach if we are to ensure a genuinely liberal approach to EDI. Such an approach should not halt attempts to create genuine meritocracy but remove the engines driving state-sponsored EDI as an alternative ideology that focuses on diversity over meritocracy and imposes collective equality or equity over treating individuals fairly.

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