

Doughnut Economics:

Seven Ways to Think Like a 21st-Century Economist

By Kate Raworth

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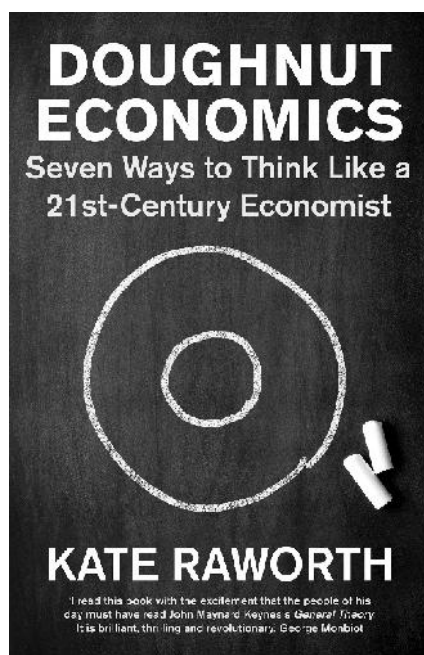
Early in his ministry Jesus went to the synagogue in Nazareth, where he read from the prophet Isaiah. The passage presents a vision of human thriving and restored wellbeing, promised long ago and now fulfilled, Jesus says, in his being amongst them. He announces “good news to the poor”, and proclaims “the year of the Lord’s favour”, an expression for the Year of Jubilee, when debts were to be written off and land returned to its original owners. The land itself would lie fallow, being rested from relentless exploitation. Thriving and wellbeing are expressed in economic terms.

This vision will find its ultimate fulfilment when the Kingdom of God is realised. Lesslie Newbigin encourages us to look forward to “the final goal of all God’s creative and redemptive love” and “until that day, we are called to seek on earth a society which... reflects the glory of the city to which we look forward.”¹ Whilst recognising that political and economic activity cannot of themselves establish that kingdom, we can nonetheless make common cause with people who share a similar vision, especially where they propose actions and policies that show respect for humanity and creation.

Kate Raworth’s *Doughnut Economics* is a good fit here.

She proposes that instead of starting economics with its long-established theories, we begin with ‘humanity’s long-term goals’ (p.10), setting out the vision which the book addresses: “Today we have economies that need to grow, whether or not they make us thrive: what we need are economies that make us thrive, whether or not they grow” (p.30).

The ‘Doughnut’ of the book’s title is formed by two concentric circles, the outer being the ecological ceiling beyond which there is ‘critical planetary degradation’, and the inner being a social foundation, within which lies ‘critical human deprivations such



as hunger and illiteracy’. Between them is the Doughnut, “the space in which we can meet the needs of all within the means of the planet” (p.10).

Raworth is forthright in her rebuttal of twentieth-century neoliberal economics, a story ‘in which we go to the brink of collapse’ (p.68). Her analysis proposes a new story, with a cast of eleven: the earth, society, the economy, households, the market, the commons, the state, finance, business, trade and power. This sets the scene for a wide-ranging analysis of how each of the cast could be ordered so as to contribute to a sustainable and thriving world within the space of the doughnut.

As her analysis develops, she challenges various assumptions which have formed the basis of economic analysis and which, if allowed to continue unchecked, will prevent the transformation of the economy and the world’s systems which we urgently need. She begins by looking at human nature, questioning the notion of the self-interested economic man. Adam Smith introduced this trait and his successors have largely followed this. Bringing in insights from anthropology, she optimistically suggests that this is not the whole story, and that humanity has a greater capacity for altruism, cooperation and reciprocation than much economic analysis assumes. Nurturing the better expressions of human nature offers the possibility of positive outcomes.

Raworth sums up her recipe for ways to thrive while recognising ecological limits in seven key recommendations: Change the Goal; See the Big Picture; Nurture Human Nature; Get Savvy with Systems; Design to Distribute; Create to Regenerate; Be Agnostic about Growth.

Her optimism sets the confident tone for the book: working together, humanity can avert disaster for themselves and for creation. Were it not so, the detailed proposals she sets out would scarcely be worth making. This focus on human motivation sets the book apart from the many volumes which rightly warn of environmental catastrophe but simply propose functional remedies, legislation and targets. If the course of history and the way we use the resources of the ‘living planet that supports us’ (p.74) are to be changed, the starting-point must be with the individual.

There is a parallel with a Christian understanding here. The image of the Creator in humanity may have been disfigured as a result of a choice – and continuing choices – which put self at the centre, but it has not been destroyed. Humanity is redeemable and retains the capacity to act in ways that demonstrate a concern for shared thriving and wellbeing both now and in the future. The Good News invites us to become part of God’s project in his world.

The book moves on to examine the systems which operate in the global economy. At the centre of all Raworth’s proposals is the difference that people can make if they are motivated to do so, with her concluding exhortation, quoting Gandhi, “Be the change you want to see in the world” (p.293). An amusing pair of pictures makes the point that we should “bid farewell to the market as mechanism and discard the engineer’s hard hat: it’s time to don a pair of gardening gloves instead.” In this she is urging small-scale interventions and novel initiatives, sometimes as experiments, to find the places in complex systems where “a small change in one thing can lead to a big change in everything” (p.159).

Given the importance of human motivation throughout a book which embraces economics, ecology and sociology, Raworth emphasises that her foundational discipline, economics, needs a clearly formulated code of ethics at its core. It needs to catch up with, for example, medicine, and she proposes an ‘Economist’s Oath’, which would include a commitment to “act in service to human prosperity in a flourishing web of life... respect autonomy in the communities you serve... be prudential in policymaking...

[and] work with humility.” This should “guide every economics student’s training and every policymaker’s practice” (p.162).

She gives considerable attention to GDP as a measure of economic growth. With the help of the simple – but obvious – ‘S Curve’ diagram, she shows how economic growth must eventually reach a limit, the upper bound being defined by the carrying capacity of the earth. This is something which early economists, such as J S Mill, acknowledged. Some, like Malthus, were unduly pessimistic, and the pace of scientific innovation has meant that mainstream economics has largely been able to ignore these early warnings. The result is that “today’s high income economies, and others following in their path, are locked into and addicted to pursuing GDP growth” (p.272).

It is essential to develop ways of measuring “the many sources of wealth – human, social, ecological, cultural and physical – from which all value flows” (p.240). The book provides examples of alternative metrics that have been employed, albeit on a small scale.

The analysis is wide-ranging, covering such areas as taxation, maximum and minimum wages, guaranteed basic income, people’s Quantitative Easing, complementary currencies, renewable energy and alternative forms of enterprise. Cogent proposals show how each can make a contribution towards an economic model which will be sustainable in the 21st century.

Doughnut Economics’ optimistic and hopeful tone nonetheless allows space for trends which work against Raworth’s thesis. These include

increasing inequality, which goes “hand in hand with increased ecological degradation” (p.172), and the growing power of global financialisation. To counter the latter, she identifies the need to make money a medium of exchange rather than a commodity, and suggests demurrage² as a way of achieving this. Here, I feel, the book doesn’t sufficiently acknowledge the parasitic nature of major parts of global finance and rent-seeking, with their inherent greed and exploitation. This is one of the major obstacles to the realignment of the economy which she proposes. It is human nature and human actions which have led us to this point. We live in a world with vast inequalities and injustices, a world where the powerful gain their wealth at the expense of others, a world where we are driving ourselves to collapse.

The book is based on a simple and vivid drawing. Raworth acknowledges that *Doughnut Economics* is, in another sense, a sketch, as the many proposals she makes could be set out in more detail and developed before being introduced experimentally.

As Christians, we are called to respect God’s creation and to work for human thriving and wellbeing within it. *Doughnut Economics* offers positive and well-reasoned proposals which would advance those causes. It is based on optimism that humanity can take the necessary steps. Many people will. But the Gospel message is both optimistic and realistic: greed and exploitation must be named as the sins that they are if redemption, in both its individual and material facets, is to truly move forward. 📺

1 *Lesslie Newbigin Missionary Theologian: A Reader*, ed. Paul Watson (London, SPCK 2006), p 264
2 A small fee charged for holding money, so that it loses value the longer it is held.



Revd. Bill Mash is Team Leader of the Black Country Urban Industrial Mission and Lichfield Diocesan Officer for Mission in the Economy. He spent 20 years in parish ministry after 12 years working with London Transport.