

“Not growing but thriving”: The Beginning of a Paradigm Shift

Article by Kate Raworth

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What if we understood the economy not as some abstract construct at once shaping society but separated from the living planet that we all call home? What if the European Union transformed itself to meet the people’s needs without pushing beyond planetary boundaries? The Green European Journal sat down with Kate Raworth, the renegade thinker and author of *Doughnut Economics*, to talk prosperity beyond growth.

***Green European Journal:* How would you define prosperity?**

Kate Raworth: When Tim Jackson wrote *Prosperity Without Growth*, he pointed out that prosperity means *prospero* or that for which we hope. Each person will have a different interpretation of what prosperity looks like in their life. But what I think we can aim for collectively is to create the conditions that enable prosperity to come about. For me, that’s what the doughnut aims to do.

The doughnut envisions a world in which every person has the resources to meet their essential needs and that we do that within the means of this living planet. Prosperity emerges out of every person having the means to lead a life of dignity, community, and opportunity, while we hold the integrity of this delicately balanced living planet. That, to me, is the very 21st-century vision for prosperity that we should be striving for.

Does Europe’s pursuit of economic growth undermine the conditions for prosperity?

Let’s step back. The nations within the European Union are among the richest countries ever. They have more wealth and resources than has occurred for any human society ever before us. Each one has around 30 times more income per person than, say, Malawi, Tanzania, or Mozambique.

I challenge anyone to face people living in extremely low-income countries hit by the climate crisis and tell them that the only way that we, the high-income nations in Europe, can meet the needs of people in our country is to make our excessive-resource-consumption economies yet larger still. Tell that to someone standing waist-deep in floodwater or looking at parched crops. It is a myopic vision of transformation, we have to bring more imagination to this.

The dirty secret behind the last few 100 years of growth was an abundance of cheap energy. Coal, oil and gas made it possible for us to mine, heat, transform, and transport and consume so much of earth’s resources, and do it all again tomorrow. That must now go. The tragedy of the present is that we now know that emissions from fossil energy are breaking down the web of life upon which we all depend, and so we must move to a very different world in which we have far greater respect for energy and material use.

When I was writing *Doughnut Economics* in the 2010s, I listened to how politicians spoke about growth. Especially in Europe, they would qualify it with a lot of adjectives: “We want good, green, clean, resilient, strong, lasting, equitable, fair, smart growth.” All these adjectives show that we’re aspiring to something

more than growth. When Donald Trump came along, he took away all those adjectives and stripped it back to a call for growth. The debate is the same in the United Kingdom today. It's as if the more that growth seems elusive, the more obsessively politicians pursue it.

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When governments pursue growth as a goal in itself, they undertake desperate and damaging measures to make it happen. They chase cheap energy and keep issuing licenses for fossil fuels and opening coal mines. They say they're cutting red tape in the name of business innovation, but they end up undermining legislation that protects the rights of workers, protects communities and the health of a living world. They deregulate finance and unleash speculative bubbles. And they privatise public services and turn public wealth into private profit.

That's why it is so important to ask what are we for? *Doughnut economics* is a positive propositional frame: meet the needs of all people and do so within the means of the living planet. It is an overriding vision to move from a degenerative economy that runs down the living world to a regenerative one. To move from divisive economies that capture value in the hands of a few to having distributive ones that share that value and opportunity far more equitably with everybody who cocreates it and that turns out to be the whole of society. Europe has the opportunity to show the leadership of what this looks like.

Growth has always been part of the European story, even Europe as a peace project was tied to economic growth. Can't we avoid throwing the baby out with the bath water and go for green growth?

It sounds so good. Who's not for green growth? People have it in their job title or the name of their department, but it's unproven. Some European countries have decoupled rises in GDP from their carbon emissions, even measured on a consumption basis. And this decoupling is now celebrated as green growth as if the new paradigm is here and we are in a new world. But it's nothing close to what's required. The rate these countries are reducing carbon emissions is at 1 to 2 per cent a year. The climate science about what's required to keep global heating below 1.5 degrees tells us we need reductions on the scale of 8 to 10 per cent year on year.

When I explain it to people, I say that if we want to catch the last train home, we're gonna have to run. Not just run, sprint for our lives. If you break into a slow jog, we're going to miss that train. And that train is the stability of the climate, which will undermine all of our lives irrevocably into the future. There will be no growth in a hot-house future.

Carbon emissions are only half of the story when it comes to green growth. The other half is the material footprint: nitrogen use, land use, water use and minerals and rare earths. When you look at the data on materials and GDP, there's nothing like the same scale of decoupling going on. So let's be very sober about the scale of the challenge and not get caught up in the dream of green growth. Some people say that it's too early to rule out green growth. I'd say the opposite. It's too late to pin our hopes upon it. We know that when push comes to shove, between green and growth, we know what will get shoved, it will be the stability of the climate and the web of life.

Every nation in the world is on this unprecedented journey. European countries have made some of the most progress in the world when it comes to meeting people's needs, even though there is still much poverty amid plenty. But they have a huge ecological overshoot and need to completely reorient their economies. There are no advanced nations. Because no country is currently meeting the needs of all of its people within the means of the living planet. Costa Rica is closer than any other. I profoundly believe that the European Union has the history and the ambition to show what this looks like to show what it looks like to decarbonise and dematerialise the intensity of the economy.

What are the most important lock-ins that we need to crack open to break our society's dependence on growth?

Thanks to the cheap energy that has been used over centuries, growth became a norm. It's like we were constantly on a rising escalator. We allowed that expectation to get locked into the design of institutions. We have designed social, financial and political institutions that have come to depend upon endless growth.

We have the financial lock-ins of growth, the commercial banks creating money as interest-bearing debt and the companies with a fiduciary duty to maximise shareholder returns. You speak to CEOs who say, "We want to make our company far more sustainable and regenerative and pay living wages to our supply chains, but every quarter we have the Holy Trinity of growing markets, growing profits and growing market share." So we need to change the deep design of business.

The more that growth seems elusive, the more obsessively politicians pursue it.

Our firms are always chasing labour productivity, trying to make more stuff with fewer people. When you chase labour productivity, it means that unless the economy is growing, unemployment will increase. Growth has been used to soak up that additional labour force. But why are we chasing labour productivity when the scarce factor in the world is not labour? The scarce factors in the world are materials and energy, so we should shift from labour productivity to resource productivity. With the right incentives, taxes and regulations, it will create jobs and bring people back in.

There are also social and political reasons to chase growth. Making the pie bigger has always been used as an excuse to avoid facing up to questions of distribution, deep inequalities and wealth accumulation. Who benefits? Whose growth is this? Owners of wealth capture politics and use their money to lobby to ensure that whoever's in government to help ensure that they can continue to reap growth out of the system.

The geopolitical lock-in to growth is also of course very real, especially right now. No politician wants to lose their place in the G20 family photo. Throughout the Cold War, the United States and the USSR competed to see whose economy could turn out more stuff. There is international pressure upon governments to keep growing to keep up with their friends or rivals.

I haven't even mentioned the way we fund our pensions, putting money in a fund now and hoping that a much larger pot will come out. There's something very unnatural about our pension system. A squirrel does not bury nuts in the autumn and expect to come back in the spring and find 10 per cent more nuts. It all comes back to money and its design with the expectation of endless return. It is designed in a way that runs counter to the rest of what we encounter in the living world.

The doughnut is a circular image, but we think about the economy as a line on a graph. Do we need to rethink economics?

300 per cent! The key leverage point for transformation is in our heads.

The first and most radical act is to draw the economy within the living world. If you ask a mainstream economics professor to draw the economy, you'll probably end up with a circular flow between households and businesses, with loops through government, trade and finance. All those flows just float on a white background. There is no living world, no care work, and no commons. The economy is abstracted from the rest of the living world.

Herman Daly, the one of the founding fathers of ecological economics, made the first move by drawing the economy as a subset of the living world. If you draw a picture of the economy, draw a circle around it and label it, the biosphere. Everything that comes into the economy – the energy and the matter – and everything that comes out – the waste, pollution and heat – must be compatible with conditions conducive to life on this planet. Economics should start with ecology and the planet's key cycles: the carbon cycle, water cycle, nutrient cycles, and all the planetary boundaries that we cannot overshoot.

Second, 20th-century economics starts with the market, with supply and demand, and so prices are the metric of concern used to calculate everything. As if everything were for sale, because money means price means market means sale. We need to move from the singular metrics of money to a dashboard of social and natural metrics. Let's measure life, in her own terms. Measure the life expectancy, the educational achievements, the self-reported wellbeing, to gauge the strength of a community. Let's measure the quality of housing and the access to essential services in people's lives, the stability of the climate and the health of our soils and our oceans. Let's measure the integrity and intactness of the ecosystems on which life depends. We can do this. We have the data.

Third, the shape of progress is not an exponential curve smashing through the ceiling. There's no sense in something that aims to grow forever. We need to move away from that towards living within boundaries, finding a balance between the social foundation and the ecological ceiling. I really believe that boundaries unleash your creativity. Let's give ourselves clear ecological boundaries. Let's respect human rights, and unleash the creativity of seeing how to use our resources. How do we bring the entire instruments of economic design to meet the needs of all people within the means of the planet? The shape of progress becomes thriving in balance, not endless growth.

Finally, our tools of analysis. Mainstream economics teaches us a form of comparative statics. It was John Maynard Keynes who said that economists tell us too little if they can only tell us that once the storm has passed the sea is flat again. I want to know about the storm. Comparative statics are useful for incremental marginal analysis in calm times. That is not the era we live in. We live on the cusp of dangers, an era of tipping points and major transitions. We need to use the tools of systems thinking and recognise that there are reinforcing and balancing feedbacks. Becoming systems thinkers and intervenors is what enables us to begin to appreciate the challenge of polycrisis rather than trying to battle crises one by one. We need to move from thinking we can control the economy to becoming stewards of its dynamic system.

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So how are we changing the world then? And what's Europe's role in that change?

There's a real opportunity here. For example, we need to create far more circular use of materials, we need to move away from the take-make-use-lose economy to a regenerative one where materials are used again and again. How big should that ecosystem of use and reuse be? What is the region in which we expect materials to be reused and refurbished and reprocessed and recycled and shared? This is where Europe has such potential. Europe is almost a unique site for demonstrating that and making it possible for the rest of the world.

Over 70 cities, local governments and regions around the world are now engaging with doughnut economics. Cities like Amsterdam, Brussels, Barcelona, and Copenhagen have taken the concept of the doughnut and its idea of thriving as their aim. They are running ahead of nation-states. They know that the transformation is needed and that the doughnut is a tool to help get us there.

We need to put these local aspirations of place together with our global responsibilities, recognising that every place is inevitably interconnected with the rest of the world through our use of materials as well as our global supply chains and our relationship with people who are refugees fleeing conflict and ecological breakdown. Europe can be a way to combine these aspirations of place with our global responsibilities. It can show that not only is it possible and necessary, but it's also transformative. It opens up new industries and possibilities, and creates new jobs that have meaning and purpose in people's lives.

There are pioneers everywhere, from local communities to the top levels of institutions. Over the past decade, I hear more and more about living well within planetary boundaries, within limits, from the European institutions too. Limits is a transformative word, because it tells us that somebody has drawn that economy in their mind and they have drawn it as part of the biosphere. That is the beginning of a paradigm shift. It's the 21st-century vision of prosperity, not growing but thriving.

This conversation is part of an interview series led by the Green European Journal and EU Observer as media partners of the European Parliament's Beyond Growth 2023 Conference.



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