

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

Welcome to The Restless Politics, leading with me, Alistair Campbell.

And with me, Rory Stewart.

And we're interviewing today a woman who is here, I have to say, something by popular demand.

We've had quite a lot of people saying, why don't you get Kate Rayworth on the podcast?

And we'll describe you as a renegade economist.

I think that's how you describe yourself.

I'll take that.

As a renegade economist who feels that we have to cure ourselves of the obsession with growth in our economies, who wants us to think of the economy in a completely different way.

She defines it as doughnut economics, on which she wrote a book in 2017.

And it's a theory, but it's also a theory that's being practiced in some parts of the world, particularly at a local level.

But I think she would like to see it happening at an international level.

She's an academic at Oxford and at Amsterdam University, and just previously worked in overseas development at the Overseas Development Institute for the United Nations Development Programme for 12 years as a senior researcher at Oxfam.

So I know she and Rory will have lots to talk about on the charitable front as well.

So thank you for being here.

Pleasure.

Welcome.

And I guess we'll get on to doughnut economics and what it is and what you mean by it.

Well, first of all, as an economist, I'd love to know your sense of how you see the debate about and around and in economics that happens in the political arena, starting maybe with the UK, but possibly more generally.

OK.

So I feel that we are really stuck.

Let's start with the UK, actually.

I think we've come to a very narrow political framing that I thought we were getting away from where in recent months we've had politicians on both sides of the House saying the goal is growth, growth, growth.

I find that alarming because we are destroying the only known living planet in the universe and billions of people worldwide and in this country cannot meet their most essential needs.

So we should be rooting our economies in meeting the needs of all people within the means of this delicately balanced living planet.

How do you, as a politician, though, if you're not going to say we want to grow the economy, the only alternative you have is to say we want to shrink the economy?

No.

You say we want to thrive.

We want to thrive, right?

I mean, growth is a wonderful, healthy phase of life.

That's why we love to see our kids grow.

That's why we love to see our gardens grow.

But nothing in nature succeeds by growing forever.

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

Everything in nature grows and then grows up and matures.

And that's what enables it to thrive.

That's why oak trees grow for 300 years.

Then they thrive.

So hold on.

I know you're not, but imagine you're a politician, okay?

And imagine you're standing for office in the next election in the UK.

How do you frame what you're saying as a political message?

Because ultimately in democracy, you've got to persuade people and you're arguing for something fundamental as a change in the way we think about the economy and therefore the way we live.

So I'm going to proactively argue for what we're for.

We are for a UK that thrives.

That means people have good jobs in communities.

Their kids go to good schools.

They breathe clean air as they bike to school.

People feel respected and belong and they need it.

We are regenerating UK nature, which is amongst the most depleted in the world.

We are bringing back the life-supporting systems of this country so we have fertile source so we can provide for ourselves.

Isn't that what people actually want?

It's a vision that makes far more sense on the doorstep than saying, oh, we want GDP to grow by 2% a year.

Whose growth is that?

Whose pockets does that get into?

So I think it actually speaks much more to what people want, which is why these ideas are taking off in towns and cities and communities because it makes sense to people in their lives.

Kate, thank you very, very much for coming on the show.

We're going to apply Alistair's Golden Tester Strategy to you.

So Alistair's Golden Tester Strategy, which I'm sure you know along with all our listeners is that you have to define doughnut economics in a word, a phrase, a sentence, and a paragraph.

So very unfairly, would you mind beginning with your great idea of doughnut economics in that form?

In a word?

Doughnut.

Definitely, definitely on brand, yeah, vagod, yeah.

In a phrase?

Yeah.

You've got to meet the needs of all people within the means of the living planet.

Okay.

In a paragraph?

A sentence.

In a sentence?

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

That was kind of a sentence.

That was my sentence.

All right, you want a phrase?

Stop trying to grow endlessly.

It's time to thrive in balance.

Yeah.

And a paragraph?

In a paragraph, the 20th century economic obsession with endless growth is destroying the living planet and creating massive inequality.

It is time instead of trying to grow endlessly to grow up and learn to thrive in balance so that we meet the needs of all people and we come back within the means of the only known living planet in the universe.

What's not to like?

Okay.

Now, I'm now looking at a picture of your doughnut.

It looks quite complicated to me.

I'd like you to explain it to our listeners in a way that they're quite bright, but you know, let's just assume that some of them aren't as bright as you and I are.

Oh, get off.

Hey.

Hey.

Very, very simple terms.

Explain your doughnut.

Okay.

Think of a doughnut.

Calm with a hole in the middle, right?

And think of humanity's use of earth resources radiating out from the middle of that picture.

The hole in the middle is a place where people are falling short in this sense of life.

It's where people do not have the resources they need for health and education and housing, political voice, income, right?

These are the human rights of all people.

So leave no one in the hole.

Get everybody out of that middle circle.

But as humanity collectively use earth's resources, we start putting pressure on the life support systems of our planetary home.

We start to cause climate breakdown and we acidify the oceans and we create a hole in the ozone layer and we withdraw too much water.

Is this the outside of the doughnut?

This is the outside ring, right?

So leave no one in the hole, but don't go over the outer ring either because there we break down the varied planet that sustains us.

So the sweet spot of the doughnut, in fact, the only, the doughnut itself, the sweet that you eat, is that habitable zone between extreme poverty on the one hand and destroying the planet on the other.

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

It's the zone where humans ought to live.

You got it.

And so the shape of progress changes, right?

In the 20th century, and in fact, you still hear it in parliaments and in economics departments today, I think it's the 20th century shape of progress.

It's an exponential curve, an ever rising line of growth that goes through the ceiling.

The 21st century shape of progress is thriving in balance between that inner and outer circle.

It's more like a heartbeat.

And actually, I believe that if we're going to give ourselves half a chance politically and socially to learn this, we need to reconnect what we already know in our own bodies, right?

Every one of us understands that health in the human body is about balance, enough food, but not too much, enough heat, but not too much, enough water, oxygen.

You name it, enough, but not too much.

We get that.

And if something tries to grow endlessly in our bodies, we call it cancer and we move in as fast as we can to end it.

We deeply understand that health lies in balance.

If we can take what we deeply understand in the human body to the planetary body and then move our political language, and it's an appealing political language, you can talk about thriving, right?

It makes so much more sense in our lives.

I've never heard a politician have thrive in a slogan.

I have.

I'm hearing towns and cities and regions around the world, they're starting to talk about thriving economy, living well within the means of the planet.

This is, to me, the 21st century politics we need.

I'd love to take you back to your earlier career and maybe begin with poverty in Africa.

I guess you worked with the ODI in Africa, is that right?

And then you worked there too with Oxfam and with UNDP?

Yes.

After university, I was what's called an ODI fellow.

So I worked in the Ministry of Trade and Industries of Zanzibar for three years.

So I was going around working with Bedford communities in the villages, trying to see how I could support them in improving their livelihoods on which they were utterly dependent for their very most basic needs.

Yes.

It's something I struggle with a lot and I'd love to hear your reflections on it.

How do you find a way of reconciling what needs to be done for the extreme poor in the developing world?

People who are living on less than \$2 a day, who are on the edge of starvation, and the very different types of structural problems that we face in the UK and how you reconcile justice inside the UK with the much bigger problem of global injustice?

Well I would start by saying in those countries, whether it's Tanzania or Malawi or indeed Bangladesh

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

or India, people who cannot meet their most basic needs, that is where you want to see the growth of their incomes and the growth of public services that serve them, right?

So we absolutely want to see them rise so that they have the health and education and transport and decent housing to meet their fundamental human rights.

So to me, that's where, if anywhere in the world we want to see economic growth, that's where it's going to happen and it's got to be distributive so it's actually shared and it's got to be regenerative so it doesn't destroy the planet as it happens.

That's a completely different situation from say the UK or any European or high-income nation.

As we know, we are living in the richest countries ever in the history of humanity.

These nations are richer than nations have ever been before and we are massively overshooting our pressure on the planet and excessively using resources and energy.

So we just face a completely different trajectory if we want to thrive and it's about reducing our overshoot of energy and resource use.

Let me just sort of stick on that for a second because I think this is really interesting.

You feel presumably that we are quite close to the carrying capacity of the planet that are...

We're way over the carrying capacity, sorry I didn't mean to interrupt you, but we are so massively over the carrying capacity of the planet.

Some scientists are just telling us again and again we are about to hit tipping points from which there's no return.

So we're way over the carrying capacity of the planet in terms of our ecological impact.

So that really means that we're not going to be able to continue globally GDP growth for much longer.

We're going to have to stabilize the global economy and cease growing it otherwise the ecological impact is going to be very extreme.

And I want to speak first in the metrics of the earth so we need to massively reduce our global carbon use for sure, our global material footprint and our excessive use of fertilizers.

Let's start with the real metrics.

GDP money is an invented human measure so I wouldn't want to speak of it in fundamental terms.

We've got to come back within our pressure on the planet, massive reduce of resource use.

What does that mean for GDP?

Globally I don't anticipate that that means globally we can keep on growing but it's the high income countries where it's clearest that they need to move fastest and that's why we come into this challenge of can we have green growth?

I can't see, I'm really happy to talk more about that but I can't see the feasibility of having the GDP that we've always wanted two and a half percent a year please coupled with the unprecedented reduction and speed and scale in energy and material use that's required in high income countries.

Final one and then to Alistair because I think this is where the politics again comes in.

Globally speaking per capita GDP in the world if you divide I don't know the hundred trillion dollars that we say the world economy is worth divided by 8 billion people we end up with

a number which is about a quarter of the GDP per capita that we have in the UK and that would seem to imply to me that if we were going to improve the living conditions of the extreme poor there would have to be a reduction in the per capita GDP in the wealthy world and that would mean that it would be quite difficult if we reduced by 75% per capita GDP in the UK to pay for our government which consumes about 44% of our GDP at the moment. So again I would put it in GDP terms because I think it gets to reductionist too quickly that we're going to move money like that we need to in the UK live within our share of earth resources which means we massively need to decarbonise our economy but actually also we need to reduce our material footprint. How we do that in terms of its relation to economic activity is a separate transformation is a separate innovation that we need to make it's not about taking literally just taking GDP money from one pocket and putting it together what ultimately matters is energy and materials money is merely a means to having command over that so we need to decarbonise and create a circular cyclical economy with massively reduced energy demand and can have very good quality lives within that but I'm with you in terms of it certainly doesn't I don't believe we can continue to have the growth that the 20th century brought because that was deeply dependent on fossil fuel energy and those days have gone and I would love to know from your perspectives how this comes into politics or unless do you disagree with what I'm saying that we need to massively reduce our energy use and our material footprint in this nation in all high-income nations to respect the rights of people worldwide if you don't disagree with me I'd love you to join me in thinking how do you bring this into politics you're both immersed in the world of politics how can this become part of the political conversation I've only ever two MPs Caroline Lucas and more recently Clive Lewis ever speak to challenging the growth mantra in politics and all other MPs are caught in it because it's so dominant that to dare to speak against it the onus is on you as it is on me right now you're asking me Rory to prove how we can utterly transform the world whereas if you stick with it nobody asks you how the heck are you not going to go to the wall because we're going to the wall and I want to flip that onus the onus I think is on those who call for growth to explain how on earth this makes sense on this deeply destabilised planet just to pick that up directly listening I mean I've watched your Ted talks I've read your book I've read these leaflets that have been put out by different cities that are practicing some of the stuff that you've been preaching for for years and I find it incredibly appealing but every time I see any of it I think oh my god as a political strategy I don't see how that is ever going to be successful in the current climate so something like Caroline Lucas who's been brilliant at prosecuting her pro-planet pro-environment call it where Green Party view and she's won her seat but she does it from a perspective of knowing she's not actually having to fight for the political support of the country and I guess my big worry about this is how you can do it in a democracy because the scale of the change you're asking for is so big and if you take something like China when you talked there about Malawi in the countries that are you know need growth China has presided over the biggest elevation from poverty of millions of people by I would argue adopting a pretty capitalist approach to the world and in a dictatorial way so I guess my worry is is how you do what you're trying to achieve the principles which I support in democracies with very very short time frames totally agree and many politicians would say I know what I need to do I just don't know how to get reelected when I've done it and that's why I think you're seeing some of the most progressive places say let's hold a citizens assembly let's bring usortition let's bring

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

together a randomly selected group of around hundred citizens residents of our place let's introduce them to experts who can introduce them to the scale of this topic and see what they come up with and time and again what's coming out of these citizens assemblies is that the people who are not trying to get reelected because they are citizens thinking of the long view they come up with far more long-termist progressive and ambitious policies than as you say politicians feel they're able to but would those policies get political support which you have to have to be able to put them into practice well I think then it comes down to how do you structure citizens assemblies do you say have a citizens assembly it'll be nice to hear your recommendations or does a politician government say let's hold a citizens assembly and let's actually commit to taking account of what the people of this nation are saying they want to happen and let's put it into practice I just want to dig in a little bit more into this without being too cheeky sometimes you say that you're agnostic about growth but it sounds to me that actually you're profoundly worried about growth you're more than agnostic I would have thought that if you really think and you have every reason to that we're exceeding the carrying capacity of the planet you would want

production and consumption globally to decrease is that right and I sometimes think maybe you're being a bit political you don't really want to say that because you don't really want to follow through the implications of that oh okay no that's not that thanks for bringing that up that's not why when I wrote Donut Economics and I was arguing let's move away from being addicted to growth to becoming agnostic about growth one of the reasons was because I was thinking about countries around the world I was trying to write principles that could be applied in many places so whether it's in the UK or in Turkey or Malawi and I think we need to move away from thinking growth is the trajectory that matters to actually what matters is the dynamics of being regenerative working with them within the cycles of the living world and being distributive so that value that's created in the economy is shared far more equitably with everyone who co-creates it so to me the fundamental dynamics become regenerative design and distributive design and what happens to GDP is more like a consequence of pursuing those but the consequence to GDP in the UK would be negative and would that matter in your view if we went into a recession what's technically defined as a recession would that matter it would absolutely matter to go into what's technically defined as a recession because here's and let me come to the point of what I actually deeply mean about being agnostic about growth it would mean an economy that can thrive without being utterly dependent upon endless growth so I put it this way we have an economy that needs to grow whether or not that makes us thrive and what we need is an economy that makes us thrive whether or not it grows and so actually it's quite radical to be agnostic about growth in a high-income country because it means we need to create our own economy so it's no longer

dependent on endless growth as you just said Alistair it currently is dependent on endless growth and if it doesn't grow it goes into recession and it's tragic it's massive implications people lose their jobs we lose the funding as immediate knock-on effects that's because our economies are structurally financially politically and socially dependent on endless growth in order to separate ourselves from that dependency we need to take the growth dependency out of our economies this is what I wish was being taught in every macroeconomics course in every university that growth doesn't matter not that it doesn't matter let's start by recognizing that we are currently we have economies in high-income countries particularly let's focus

that are structurally dependent on endless growth and if growth isn't going to be possible because we as Rory's saying we need to massively reduce our energy and material use and that may not be compatible with growth and if that's not possible we need urgently smart policies and politics that starts to remove the structural dependency on endless growth I'm pushing a little bit here but again you said may not be compatible I think you actually believe it's not compatible you don't believe that you can somehow decouple growth from consumption of precious resources you're not somebody who believes that some magic green growth solution which is going to allow us to grow happily without having a catastrophic planetary impact you really don't think it's compatible with GDP growth right so I don't think it's compatible with GDP growth but you know what the future is unseen and there are many different ways we can organize our economy so I'm not going to definitively say it is not possible because all we have all the empirical evidence comes obviously from the past but the evidence that I see makes me deeply skeptical of that possibility whereas what I find in politics and in economics and economic advice to politics it leans the other way it leans in the direction of hope it's too early to give up the possibility of decoupling now when we lean into the hope and the possibility and the optimism and the kind of technological optimism I find that ethically really problematic because if that optimism turns out to be false when push comes to shove between green and growth you can bet you know what's going to get the shove it's going to be the green because we're structurally dependent on growth and so I think it's actually an ethical obligation to remove the growth dependency from our economies rather than hope and promise that it's going to be possible to carry on with GDP growth so yes I in my agnosticism I lean very much towards this ain't going to deliver we've got some decoupling and we need all the decoupling we can get but we are not moving anything fast enough at the speed and scale required so fundamentally I think what you're saying and and many other people are saying is that the scale of the problem is so vast and the actions we're taking are tiny compared to the scale of the problem and actually I sometimes think that unfortunately even with some very good initiatives in the UK that they're very admirable but they're not matching the scale of the planetary challenge I'm given the size of that planetary challenge and given as I say on the maths of it if we were going to create an equitable world we would be shrinking incomes in the UK by 75% to put it down to a global average and it's difficult for me not to feel that that's not really consistent with the types of democratic politics that we have at the moment that that's sort of going to Alice's point that how does your economics tie into political economy what sort of state do you imagine can actually respond to a crisis of that magnitude I think we could have a well first of all citizens assemblies I believe are starting to actually advocate the kinds of policies that are required I really want to flip it around to both of you though because because I haven't heard you disagree with me and if you agree with me then the question is how do we transform the political dialogue the reality they're facing up to the scale that's required and instead of carrying on with a narrative that is putting growth first and then promising that we can tuck some green inside it actually putting the scale of planetary challenge being open about it and making it central to our politics and talking far more openly about how deeply we need to transform economies and all high-income economies need to transform together so moving towards for example far more democratic ownership of enterprise by which I mean rather than

companies

that are owned by shareholders that hold them to account every quarter to show that they've got growing profits growing margins growing market share which drives growth in that business what if we move towards companies that are owned by their employees by the community with nature on the board and these kinds of companies are emerging whether it's Patagonia whether it's faith in nature this is a different kind of enterprise that's possible to evolve that can put not profit primacy but it's mission primacy indeed those companies coming to us at Donut Economics Action Lab saying this could be our logo this is what we're for we're not in business

to max out profits we're in business to sequester carbon I read the the paper you do on that and I knew some of the names but I knew very few of them and this has to be done by leadership I get that I think that you're probably looking for a government that is going to flip it in the way that you say that is going to be led by somebody like Caroline Lucas but I guess what Rory and I are trying to put across you is there is what feels like a gulf between the scale of change that you're calling for in the way that people live their lives in the way that businesses run themselves in the way that the world works and the political realities in democracies and I just wonder whether you know I'd love to sit down with you and try and work out a political strategy to how you might get this getting more traction but along the way I see an awful lot of people in the advanced democracies losing their seats and losing their power and that that in the end becomes like the climate change debate has moved in phenomenally far yeah okay and that's been done

by campaigners and politicians and people facing up to realities but it strikes me that you're saying something even bigger than that yeah I am because climate change is just one of what we can call nine planetary boundaries one of the life-supporting systems of our planet and if we just go climate climate net zero we're being reductionist all over again but let me put this back so we set up Donut Economics Action Lab after my book Donut Economics came out because when the book came out

I was just immediately approached by councillors by mayors by MPs actually who said well how could

we put this into practice I want to do this what would it mean to do this in my town in my city in my district by teachers saying this isn't on the syllabus but out this is what the students should be learning I'm going to teach it anyway by companies saying we want to put this in practice in our company so we set up an organization for people who already wanted to start doing it the city of Amsterdam adopted it at the heart of their policy to become a circular city in the height of COVID in 2020 six weeks later the city of Copenhagen voted say actually we're going to explore what it means for our city to be a these are democracies Brussels Capital Region the sector of state for ecological transition she said I'm going to put this at the heart of our strategy I want all of our civil servants to be you know be learning this it's happening Glasgow is currently doing that's how you develop it you have to have real cases so what's what's interesting to me is it's not happening at the national level I'm not surprised it's not happening at the national level it's happening locally okay part of the issue maybe I if you're really asking us sincerely about this I think is that some of this is not biting hard the impacts of these programs that you're talking about are not yet having a fundamental impact just to understand the impact of which programs are either the initiatives from individual companies are not fundamentally transforming

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

our

market economies so there are companies doing that but they're doing it on a voluntary basis there isn't government regulation pushing it through the whole economy the initiatives that you're talking about in Cornwall or Glasgow are quite small scale and the problem is that well I mean one example I think which was quite dramatic in the UK was we'd all been very comfortably

talking about a proper price for energy and that unless we priced energy fairly people weren't going to change their behavior but as soon as gas prices shot up last year and household bills went up almost everybody abandoned it overnight and they introduced a price cap on energy which ran against even very conventional economic logic because it turned out that the public was not willing to pay a fair price for energy so what frightens me here is that when it really begins to have intense felt impacts on individual lives it's going to be much more difficult to sustain I think that's true and I think in the Netherlands actually they've realized their use of nitrogen they're calling it a nitrogen ceiling they're far too nitrogen intensive in their agriculture and they've literally got to reduce their national nitrogen use and this then creates it can create a very polarized national politics about between agriculture and between the urban areas I think that's just the beginnings of a future so this is all to come we are going to face huge pressures on resource use on on if we want to decarbonize and switch to batteries the coal bolt the lithium the prices of these materials is definitely going to rise and it's going to become very real I think we're going to face far more material constraints that we are not yet setting ourselves up to prepare for so I'm talking about let's prepare for that now let's take away the growth dependency let's create a circular economy that brings jobs back into the UK because you stop trying to minimize labor and max out on energy minimize energy and material use and bring in more people so there's a very labor intensive circular creative economy that can be created all right Kate Rory let's just take a quick break

welcome back to the rest of politics leading with me Rory Stewart and me Alistair Campbell and Kate Raworth you've very justly turned it around on us and said do you or do you not agree that the planet is in unbelievable problems and we do and I guess you're also encouraging us to agree that we cannot continue to grow and that actually we may need to shrink our economies particularly in the developed world if we're to allow any space for people in the poorer parts of the world to have better lives and then you asked us well what are we going to do about it and we're still sort of trying to work our way through but my guess is our instinctive answer would be this is a horrifying question that the political consequences of this are unbelievably extreme it's not just a question of coming up with a good slogan or finding some well-meaning people in a citizens assembly this would require such an extraordinary transmission I mean just keep sort of coming back to this but we we currently spend nearly a trillion a year on our government

and to get the UK economy down to the kind of size it would need to be to be just with the other economies in developing world it would be smaller than what we currently spend on our government and that means health education and a lot of other things simply couldn't be funded even if we tax people at 100% so I think you understandably in order to sell something you passionately believe in have an incentive to make it seem easier more attractive fairer but I worry that you are shying away from the sort of very extreme negative catastrophic consequences

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

on individual lives from which the political problems will come I think the most catastrophic consequences on individual lives sincerely will come from the breakdown of the living world whether it's the direct impacts of climate change or whether it's the indirect huge disruption to humanity when whole continents are on the move because where they have been born has become an uninhabitable or indeed the breakdown of trade when harvests fail around the world so that is the real disruption that I believe we need to avoid because by that point it is out of human hands and we are responding to the breakdown of the planet I completely agree with you though Rory that the scale of what's required is massive and it goes beyond and I don't I'm gonna push back on you I I'm not just offering a mere nice slogan I think how we frame economics really matters and I think growth is a really nice little slogan that doesn't work anymore and citizens assemblies are like the seeds of future politics I wouldn't I know you're being playful and you're pushing back but I wouldn't dismiss them political spaces deeply democratic spaces where people are actually choosing to take a longer view and calling for radical politics for the record I'm a huge supporter of citizens assemblies I mean I was I think one of the first politicians to really push citizens assemblies and I think they do extraordinary things and I think they unlock political problems very powerfully I'm just not quite sure they have the power to unlock a problem of this size and scale I agree they don't how much of this is about uh you talk about our addiction to growth but how much of it is actually about our addiction as individuals not just to societies but to consumerism how much of this is just about the fact that we consume endlessly and I was fascinated by I didn't know about this guy Edward Bernays that who's Sigmund Freud's nephew that you seem to think is the sort of the godfather of consumerism yeah yeah I do and so I would say actually consumerism is one of the ways in which we're addicted to growth it's one of the social lock-ins to endless growth because generations have believed that to do well means that we'll get a bigger house that my kids could live in a bigger house that they could fly further for a better holiday that they could have more cause right so this consumption and the acquisition has been a very 20th century symbol of doing well and I think Bernays Edward Bernays played a huge role in that he created a hundred years of propaganda as he called it himself to convince us that we transform ourselves by buying something more is that what people mean by retail therapy is that what retail therapy is we feel better if we if we spend yeah because he figured out I think he took his his uncle's psychotherapy and realized that our deepest desires are to be belonging to be respected to be admired and he connected that to the latest phone that jacket this car so we're marketed these products as if this will make us feel belonging or admired and if you were still alive I'd say well Edward well done you know it worked now please join the other team could you please help us unravel a hundred years of this propaganda so that people actually feel that they belong through community let's rebuild the commons let's rebuild the places we live and actually find value and connection where it's real which is in being needed and seen and belonging and respected as part of the community we're part of the work we do and reducing this extraordinary consumerist bent that we've grown up with you have an amazing series of intellectual predecessors don't you you know potentially going back to James Stewart and John Stuart Mill but definitely Schumacher well the Donatella Meadows I mean all these extraordinary people who up to in 1970s were beginning to talk about the limits of growth this is going to be the most intellectual newsletter we've ever had Roy that was a good

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

little blast that was all the books all the books that are going in this week oh my god so how much is it just give us a bit of a sense of your intellectual formage how much do you feel you owe to predecessors and coming there and what have you learned from what worked and what didn't work I mean the limits of growth in 1970s sold 30 million copies people were very very excited by the idea and yet since then the global economy has gone in an enormous hockey stick I mean we're

just consuming everything faster than we ever have before yes partly because after the limits to growth came out and people were alarmed by it a whole counter movement mobilized to discredit it rubbish it say it didn't make sense it wasn't true they got it all wrong actually the latest latest plots show that we are on track for what they call business as usual but let me come back to your earlier question I mean I studied economics at university because I wanted to learn the mother tongue of public policy I was I was a teenager of the 1980s so grew up seeing the famine in Ethiopia a whole emerging in the ozone layer I remember Frank Boff on nationwide saying there's something called the greenhouse effect right so I wanted to be part of tackling these things and I thought if I learn economics I'll have that mother tongue of public policy I can I can help in that very earnest teenage way that's invaluable and when I went to university and studied study economics I was really frustrated by the syllabus because these issues were peripheral you couldn't even study environmental economics inequalities and the living planet I felt were at the edges all about growth it was almost unquestioningly about growth we never there was never a moment where we ever said what is the goal it's growth is that the right goal what happens if it's not desirable not feasible not possible we never questioned that and now decades later I speak to students in universities it's the same they are not being invited I mean let me say there are a few exceptions but the mainstream syllabus does not invite them it starts with the market of supply and demand which puts price at the center of our vision and then means we're talking about everything in monetary terms that's a very political move why are we jumping to the market immediately it tells us that humanity is rational economic man we're competitive we're self-interested and we dominate over nature and it tells us implicitly that growth is the goal so I was really frustrated by the economics I was taught that's why I didn't stay on and I didn't want to be a phd economist I didn't I didn't feel pride in that name that's why I went and worked in Zanzibar for three years I immersed myself in the real world economy I worked at the UN on the human development report which reframed economics in the work of Amartya Sen from putting

the economy at the center of our vision to human well-being at the center of our vision I worked for Oxfam for a decade and then I had kids and became a mother and then there was a financial crisis and the economist started saying oh we need to rewrite economics to reflect financial realities and I thought I'll be damned if we're only going to do it for that where would you put donor economics on a what Rory and I in our political world would define as a traditional left-right spectrum where would you put that on that spectrum if we've got sort of I guess if you got you know Jeremy Corbyn over here and Milton Friedman and Margaret Thatcher over here where

would you I'm not saying they're the most extreme but within that understandable framework where would you put donor economics so first I'm going to say I want I don't want it to belong in either of those wings because that's what I'm giving you the whole spectrum I know you are but surely I mean

which surely all politics should be about meeting people to human rights living within the means of this only known living planet in the universe so I'm delighted that say in the Netherlands it has had appeal across the political spectrum from the party for the animals to the christian democrats and in fact in the UK I've been contacted by members from the Conservative Party Liberal Democrats Labour Party Green Party the only two you've said have challenged the growth agenda been Caroline Lucas and Clive Lewis who's Clive has identified as being on the left of the Labour Party it feels left wing is that a daft thing to say definitely left wing and more so more socially minded and green minded let me put in those very simple terms politicians come to it and say this resonates and so that you know the major principles are being regenerative of the living world actually I think that appeals across the spectrum and being distributive by design it all resonates with me I just I keep seeing the obstacles in the politics of it and that means we've got to change our political system as well yes so that's why I think Roy is right about say this is about such fundamental change that maybe people find it too scary well the the not changing is I tell you way more scary way more scary it's it's worth maybe just digging one more time into your statement that growth is embedded in the way that us societies work so I've heard people say that growth underlies not just our the discipline of economics but the welfare state the nation state talk to us a little bit more about why growth is so fundamental to the way we structure our worlds and give us examples of them of what growth dependency feels in our welfare state or a nation state why are they growth dependent because we have created money the the current system of money we have and let's talk about the UK particularly is that commercial banks create money as debt bearing interest right so it has to be repaid with more and that's so that's embedded in the way that we create money because we have companies that are owned by shareholders who want to see an increasing dividend every quarter so that forces companies to focus on growing rather than becoming regenerate I talked to corporate financial officers who say we want to become regenerative sustainable we want to pay decent wages through our supply chains but we have to show every quarter that we're growing because we chased labor productivity so as you're saying if you have a non-growing economy in a in a structure where companies are trying to be more and more productive you'll create unemployment and you'll get the unemployment line which is huge political red flag and devastating people's lives we're politically addicted because and I think the really big one actually politically is the geopolitics of it right no leader wants to lose their place in the G20 family photo but if your nation stops growing while the rest keep going you may be booted out by the next emerging powerhouse so the geopolitics and it's very real these days with Russia Ukraine China the geopolitics of having a place at the table creates a collective action problem that every nation is continuing to pursue growth in order to keep up with its rivals or allies to me that's not an economic problem that is a geopolitical problem that's a international relations I would love to see schools of government taking on how are we going to get over that collective action problem but to come back to the welfare state and and to you were talking about taxation I mean in a country like the UK with a sovereign currency the government spends money into existence it doesn't raise money from taxes and say oh how much did we get this year what can we do with it the UK government spends money into existence spends money into healthcare so we can choose to spend money on whatever we value so long as we

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

don't overshoot the capacity of the economy to produce and therefore generate inflation so to me this comes back again to our economics education of how we think about government spending works

but you even in your answer there you've given me three of four more reasons that make this in the current climate hard politically virtually impossible right so in the in the short term yes so therefore you've got to be part of a long-term movement and I guess that's what you're trying to what you're trying to create that's why I wrote a book on yeah 21st century economic mindset because

I cannot bear to know that students are going to university today and still being taught a deep presumption that high-income countries will obviously grow and that's obviously the goal and that the death of the living world so when Keir Starmer comes up with these five missions for government and the first one is about growth does that make you as an individual more or less likely to vote Labour that makes me more more passionate to change that messaging but do you see from his perspective of how hard it is to say whatever the opposite might be we don't have to say the you don't have to say we want to be the slowest growing economy in the g7 you say we want to thrive we want you know you can mobilize and excite people by saying we want to bring back uk nature going to be wild but okay I think the problem is that you can say that but eventually on the today's program or question time somebody's going to say where to say thrive is a code for you want to be the slowest growing economy in the g7 because in the end that is what you want right

no that's not what I want I want to thrive I'm not interested in opposition in the g7 and I want all g7 nations to come back within planetary boundaries okay but you don't want us to grow right so at some level if you were a politician somebody would pin you down and say honestly Kate you don't want us to grow sure and partly this is why I say this because I'm not a politician and therefore I'm not constrained by that fearsome question that I will be politically hit sideways I feel actually those of us who aren't politicians have all the more obligation to speak to this alternative economics that makes actually should be the economics that's being taught and students are flocking in universities wanting to learn this because they know it equips them for the future that's coming but the idea that what I say should immediately be repeatable and defensible by one of today's politicians who are trapped in you trying to get them out of the trap yes by modeling it by demonstrating it by speaking this language by showing that there are mayors and companies and cities around the world that's saying we're getting behind this for me the the approach is to start building critical mass that means it actually becomes a space where politicians can choose to stand and they are you know the european commission this month is holding a conference called beyond growth and is questioning the growth dependency of Europe I think one of the reasons why is because they're seeing that some of Europe's

leading cities Amsterdam Barcelona Copenhagen Brussels these cities are saying yeah we're engaging with donor economics because we want to focus on a vision of thriving that's why I am going with what's coming up slowly but from below it starts to build a critical mass I don't believe we're going to suddenly get top-down change and politicians are going to switch their narrative tell us a little bit just as we move towards the end about what it's been like to become a major major campaigner to become the voice of a huge movement to have your name associated

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

with this very very strong iconic idea are the moments of doubt are the moments of anxiety what what does it feel like to suddenly go from being a respected UN staff or oxfam employee to suddenly becoming somebody who is supposed to be speaking for saving the planet I mean how does that work

psychologically I hope it's a still respectable thing to do to be um how does it work psychologically I left my job at Oxfam to write a book about the new economic mindset that I think the world's needs because going back to your earlier question it's absolutely built on a huge inheritance and the work of decades indeed centuries of economic thinkers whose whose work contributes to these ideas from Herman Daley's to Donella Meadows from Amartya Sen and I wanted to bring their ideas together

and make them dance on the same page and when my book came out in 2017 I was just amazed by the

number of people politicians and business leaders and community activists and teachers who showed up

and said yes we've been waiting to do this and this gives a language and a visual to what I already want to do so that's so for me psychologically it's really energizing because what I'm discovering is there are so many people whose view isn't represented in the current political narrative because there's no room for it who already want to put this into practice so I'm working with them and it's an incredible distributed community of people popping up I've never once tried to persuade or lobby or convince anybody to use these ideas and and what's energizing about it is the people are coming say we want to use the ideas they express what we already want to make happen so I find it highly energizing are there moments of doubt of course there's moments of doubt will the world transform in time well it doesn't look like it but if I wake up every morning think okay then what should I do I cannot see for myself I cannot see a better thing to do than to keep working with the people who are already starting to make this happen because change always seems impossible until it's done and we know that there are tipping points we know there are tipping points in the earth system there are also social tipping points there's an energy building around this and so I'm just going to keep on working with that energy and see where it emerges and we just follow it I never I never knock on a shut door so I'm not interested in lobbying politicians or or anybody who doesn't want to hear it I'm not trying to convince anybody because there are so many people for whom this makes sense so we're bringing that groundswell together to show the seeds of a possible future to show what it looks like in community and in a company and you may not have heard the company but you know what you hadn't heard of apple you haven't heard of apple decades ago and up it rises you hadn't heard of amazon until it so we've heard of some of them they let them let's make them come through that's for me I get a huge amount of energy from it because these are people who actually see possibility and they don't just you know it is what I always say don't don't be an optimist if it makes you relax and say oh it's we're going to do it because people are ingenious and there's technology because that ain't going to happen but don't be a pessimist if that makes you sit back and say it's too hard we're too late we are too many it's too difficult we're too stuck because if you sit back well it's going to be true so be in action get into action and whatever you're doing I'm working with the people who are in action and yes I have huge doubts about whether we can do it or not but this is the best thing that I can see that can happen and it's energizing working with people who are actually putting new ideas into practice well you've given us lots to think about and lots

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

to talk about thank you very much for coming on I'm just going to be listening out to Alistair so the next time you start talking about thriving economy so I'm very pleased to say it and also your last answer there was bang on message for the book that I've just written so we've got to stick together on that one it's called but what can I do you and you almost use my favorite quote of all time go on then everything is impossible until you make it happen Nelson Mandela there we go yeah good luck to us all thank you very much indeed thank you

so Rory K Rayworth donor economics what do you think well I think I don't know whether you'll feel this I bet we both do which is we both probably will feel a bit disappointed with ourselves because we will have come across as a little bit the sort of stiff older people being super cautious and she was making a very very very powerful very idealistic argument and in her in terms of very logical arguments starting with you know the planets and trouble and we just can't continue to grow like this and we were slightly saying we just can't see how we sell this politically and I guess both of us would have liked to be bolder more idealistic and less kind of stick in the mud did you feel that I felt exactly that I felt that I was in the presence of somebody who'd had a really interesting take on the world very idealistic which is a good thing not a bad thing really felt it very very deeply and you and I were both like the we were sitting there virtually every minute I was thinking how do you sell this politically how do you actually make this happen politically in our current politics and I was even then starting to think do you know what you're the only way you can actually be able to do this if you lived in a dictatorship yeah well because it's so difficult isn't it because you know we've been talking a lot about Japan on the podcast recently and that's the country which has had no growth for 30 years and it's very very problematic I mean young Japanese are in despair their incomes are lower than their parents were they feel real pessimism and our economies are built around growth I mean she admits this but I think she's somebody who wants to say in a sense I don't care I don't care that it's going to be difficult I don't care that it's difficult to sell politically I believe there is no alternative I believe that we are exceeding the carrying capacity of this planet that we're going to blow up the climate that we're going to destroy our ecosystems and our biodiversity and you cannot have infinite growth in a planet with finite resources it's got to stop but my goodness if you think about the problems we had even you know my hero Theresa May couldn't even

get through a relatively sensible mild change on funding adult social care you know how on earth you're supposed to get through something that says that the country as a whole is going to stop growing or actually I mean what as you pointed out technically what she's talking about is recession you know a political party campaigning for recession I mean where I also do agree with it and you know I had a birthday recently and my kids and Fiona know this I'm terrible to buy birthday presents for because I just don't care about I don't need to want lots of different consumer goods and all that sort of stuff and and I think we can all make our own choices individually

and I feel I sort of feel I wish we could all be like she's saying that we should be but I sort of feel it goes against the grain of what we've all been sort of taught to feel and to think and be ambitious and what that means and to aspire and what that means but I also think as an outrider within a debate so if you think about something as big as the climate debate I mean she's right that the climate's in real peril but at the same time the the extent to which the debate has gone from almost being barely part of the debate to now right at the centre of it you need outriders

[Transcript] Leading / 22: Kate Raworth: Doughnut economics and thriving in balance

in that you've needed outriders the whole way so it could be that you know that what she's on about will and she talked about places like Amsterdam where the policies that she's the ideas that she's been putting forward are integrated into policy formulations so it can have an effect and you I guess what she's got to hope is that eventually you reach some kind of tipping point but I think it's also possible that in 150 years people will listen to it and say she was completely right what on earth we're wrong with Rory and Alistair you know why were they arguing because of course social change is always like that if you think about arguments around slavery or women's votes or gay marriage there will have been many many moments where people like you and me

back in the time will have been saying well I agree with you you know ethically I agree with you but politically this is unbelievably difficult or economically it's going to be very difficult to get it through and I mean it's obviously much smaller scale and what she was talking about but I I write in the book about when I was a journalist constantly being harangued by ash the campaign organisation trying to deal with smoking and you know they we use we literally used to drop their press releases in the bin and throw our cigarette ends on them you know and yet now there's not a newsroom in the country and in most parts of the world where you smoke so change comes but and

you're right along the way you meet a lot of people saying oh I'm not sure about that a bit too radical a bit too fast maybe got to go a bit slower but the ones who go fast you know other people maybe will catch them up and goodness I mean and we'll be we're in the middle of so many of these debates the moment because climate change biodiversity is one of them AI is another one you know which

again we we should get on to more but I mean it is a question of one group saying oh I don't know it's going to give us another group saying this is going to change the world you better adjust to it your politics better adjust to it I mean we we are in a world of very very radical choices because we're getting to a moment I guess where our industrial capacity our computing capacity is posing opportunities and dangers that nobody's seen before and probably business as usual is going to become less and less than option she did say that now I'd heard her talk about it that I'd start to notice people saying thrive and actually you know when I I spoke at the Canadian Liberal Party conference recently Justin Trudeau did use that very word there we are you see so maybe she's getting to us right yeah it's right yeah all right well thank you for that I thought that was good for us pushed us into places we maybe weren't comfortable going I'm going to make a bit of a pitch that maybe we should get someone on to push us on AI as well and otherwise thank you very much and I hope people enjoyed listening to Kate Rowarth even if they might have been more inspired by her idealism than they were by our attempts to sort of point out the problems see you soon