

## Do Justice

*“Do justice, love kindness and walk humbly with your God.” Micah 6:8*

### A Newsletter on Social Justice Issues

Welcome to the final edition of Do Justice for 2019 as we discuss issues of social justice from a Christian perspective.

#### **Yes, there is an alternative to GDP and neoliberal economics**

Earlier this year the economist and author Kate Raworth visited New Zealand and gave several talks about her alternative approach to economics. In 2017 she published a book *Doughnut Economics: Seven ways to think like a 21st century economist*.

Back in 2017 we devoted much of two editions of Do Justice to Kate Raworth’s proposals (May and September 2017). We believe that it is worth repeating some of the comments from those earlier Do Justice editions as the issues she addresses are even more important now.

From the September edition we wrote the following:

*Early in the book Raworth challenges the broad assumptions that nearly every country seems to make, that economic growth as measured by Gross Domestic Product (GDP) is essential. She comments, “For over 70 years, economics has been fixated on GDP or national output, as its primary measure of progress. **That fixation has been used to justify extreme inequalities of income and wealth coupled with unprecedented destruction of the living world.** For the twenty-first century, a far bigger goal is needed: meeting the human rights of every person within the means of our life-giving planet. And that goal is encapsulated in the concept of the Doughnut. The challenge now is to create economies – local to global – that help to bring all of humanity into the Doughnut’s safe and just space. Instead of perusing ever-increasing GDP, it is time to discover how to thrive in balance.”*

*Raworth explains that the “safe and just space” is between the ecological ceiling and the social foundation. The ecological ceiling includes:*

- climate change
- ocean acidification
- chemical pollution
- nitrogen and phosphorus loading
- freshwater withdrawals
- land conversion
- biodiversity loss
- air pollution
- ozone layer depletion

*Any of these is a potential threat to the “liveability” of our earth.*

*The social foundation includes:*

- food and water
- health and education
- income and work
- peace and justice
- political voice and social equity
- housing and energy
- gender equality and networks

*All of these have a significant impact on our ability to sustain life on this earth. Year-in, year-out economic exponential growth is not possible within a closed system such as we have on earth. It is a sure route to disaster. Raworth comments, “This century needs economic thinking that unleashes regenerative design in order to create a circular – not linear – economy and restores humans as full participants in Earth’s cyclical processes of life.”<sup>1</sup>*

The Coalition Government has tried to move away from the GDP model by promoting a Wellbeing Budget, but you only have to watch question time in the House of Representatives to realise that GDP still reigns.

Regrettably, next year’s election campaign is likely to come down to a bidding match between the major political parties on who can grow the New Zealand economy faster. This is despite the passing of the Zero Carbon Act and other purported climate change legislation.

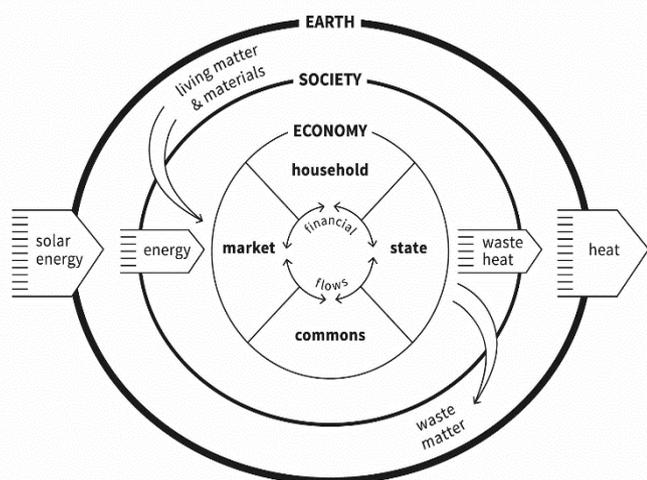
In the May 2017 edition of Do Justice we quoted extensively from George Monbiot’s review of the Raworth’s book in the Guardian:

*Raworth points out that economics in the 20th century “lost the desire to articulate its goals.” It aspired to be a science of human behaviour: a science based on a deeply flawed portrait of humanity. The dominant model – “rational economic man”, self-interested, isolated, calculating – says more about the nature of economists than it does about other humans. The loss of an explicit objective allowed the discipline to be captured by a proxy goal: endless growth. The aim of economic activity, she argues, should be “meeting the needs of all within the means of the planet.” Instead of economies that need to grow, whether or not they make us thrive, we need economies that “make us thrive, whether or not they grow.” This means changing our picture of what the economy is and how it works. The central image in mainstream economics is the circular flow diagram. It depicts a closed flow of income cycling between households, businesses,*

<sup>1</sup> Do Justice September 2017.

banks, government and trade, operating in a social and ecological vacuum. Energy, materials, the natural world, human society, power, the wealth we hold in common ... all are missing from the model. The unpaid work of carers – principally women – is ignored, though no economy could function without them. Like rational economic man, this representation of economic activity bears little relationship to reality.

So Raworth begins by redrawing the economy. She embeds it in the Earth's systems and in society, showing how it depends on the flow of materials and energy, and reminding us that we are more than just workers, consumers and owners of capital.



The embedded economy "reminds us that we are more than just workers and consumers." Source: Kate Raworth and Marcia Mihotich.

This recognition of inconvenient realities then leads to her breakthrough: a graphic representation of the world we want to create. Like all the best ideas, her doughnut model seems so simple and obvious that you wonder why you didn't think of it yourself. But achieving this clarity and concision requires years of thought: a great decluttering of the myths and misrepresentations in which we have been schooled.

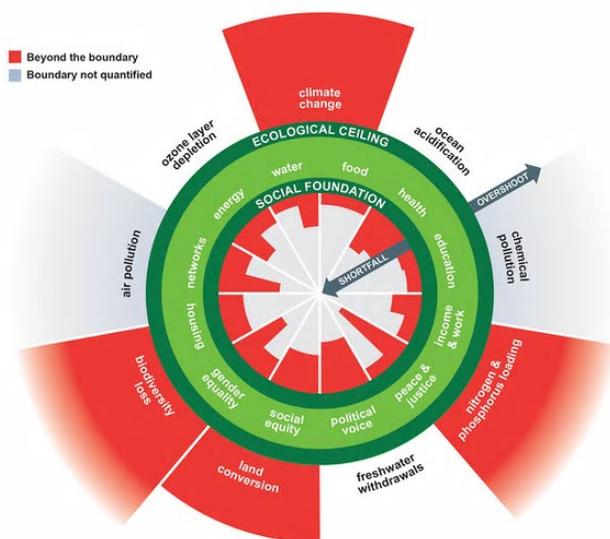
The diagram consists of two rings. The inner ring of the doughnut represents a sufficiency of the resources we need to lead a good life: food, clean water, housing, sanitation, energy, education, healthcare, democracy. Anyone living within that ring, in the hole in the middle of the doughnut, is in a state of deprivation. The outer ring of the doughnut consists of the Earth's environmental limits, beyond which we inflict dangerous levels of climate change, ozone depletion, water pollution, loss of species and other assaults on the living world.

The area between the two rings – the doughnut itself – is the "ecologically safe and socially just space" in which humanity should strive to live. The purpose of economics should be to help us enter that space and stay there.

As well as describing a better world, this model allows us to see, in immediate and comprehensible terms, the state in which we now find ourselves. At the moment, we transgress both lines.

Billions of people still live in the hole in the middle. We have breached the outer boundary in several places.

An economics that helps us to live within the doughnut would seek to reduce inequalities in wealth and income. Wealth arising from the gifts of nature would be widely shared. Money, markets, taxation and public investment would be designed to conserve and regenerate resources rather than squander them. State-owned banks would invest in projects that transform our relationship with the living world, such as zero-carbon public transport and community energy schemes. New metrics would measure genuine prosperity, rather than the speed with which we degrade our long-term prospects.



This model "allows us to see the state in which we now find ourselves." Source: Kate Raworth and Christian Guthrie/The Lancet Planetary Health

Such proposals are familiar; but without a new framework of thought, piecemeal solutions are unlikely to succeed. By rethinking economics from first principles, Raworth allows us to integrate our specific propositions into a coherent programme, and then to measure the extent to which it is realised. I see her as the John Maynard Keynes of the 21st century: by reframing the economy, she allows us to change our view of who we are, where we stand, and what we want to be.<sup>2</sup>

Something to think about over the holiday period and to use as a measure when comparing the various offerings of the political parties during next year's election.

<sup>2</sup> Do Justice May 2017