

Written evidence submitted by Doughnut Economics Action Lab

1. Doughnut Economics Action Lab (DEAL) is a Community Interest Company, working with change-makers worldwide – in communities, education, cities, business and government – who are turning the ideas of Doughnut Economics¹ into transformative action. We are funded by trusts, foundations, and small donations. More information about Doughnut Economics Action Lab is available on our website: <https://doughnuteconomics.org>
2. This note is a response to the Environmental Audit Committee's call for evidence on 'Aligning the UK's economic goals with environmental sustainability'. It responds in particular to Questions 1, 2, and 7 of the Committee's Terms of Reference.
3. This note has been written by Dr Andrew Fanning and Professor Kate Raworth. Andrew Fanning is DEAL's Data Analysis & Research Lead, lead author of a recent study that tracks nearly 150 nations' progress with respect to the Doughnut of social and planetary boundaries since the early 1990s², and a Visiting Research Fellow at the University of Leeds. Kate Raworth is DEAL's co-founder, and is the creator of the Doughnut of social and planetary boundaries, and author of *Doughnut Economics: seven ways to think like a 21st century economist*. She is Professor of Practice at Amsterdam University of Applied Sciences and Senior Teaching Associate at Oxford University's Environmental Change Institute.

Question 1. How does the way the Government currently uses GDP in setting macro-economic policy affect the development of environmental policy and of cross-departmental action to achieve the UK's environmental goals?

4. The continued dominance of GDP in policymaking, both in the UK and internationally, is preventing an urgently needed paradigm shift towards recognising that human prosperity this century depends not upon pursuing endless income growth, but on learning how humanity can thrive as part of this delicately balanced living planet.
5. The 21st century has begun with multiple global crises that have profoundly impacted the people and governance of countries worldwide, including the United Kingdom, and which can be linked to the economic systems we have inherited. The world experienced financial meltdown in 2008, which triggered a decade of regressive austerity measures³. We are in an era of climate and ecological breakdown with more extreme storms, wildfires, and flooding, which continue to devastate lives, livelihoods and communities⁴. These events have given rise to mass protests worldwide in response, such as Extinction Rebellion⁵ and Fridays for Future⁶, and they have also given rise to a growing crackdown on peaceful protest and dissent⁷. Meanwhile, the world continues to endure waves of COVID lockdown and a global pandemic with unprecedented social and economic impacts that are rolling back years, or even decades, of development progress⁸.

¹ Raworth, K (2017), *Doughnut Economics: Seven ways to think like a 21st century economist*. London: Penguin Random House.

² Fanning et al. (2022), '[The Social Shortfall and Ecological Overshoot of Nations](#)'. *Nature Sustainability* 5, no.1: 26–36.

³ <https://positivemoney.org/2018/06/time-up-for-austerity/>

⁴ <https://www.ippr.org/research/publications/age-of-environmental-breakdown>

⁵ <https://rebellion.global/>

⁶ <https://fridaysforfuture.org/>

⁷ See, for example, this 2021 report by Global Witness, "[Last line of defense: The industries causing the climate crisis and attacks against land and environmental defenders](#)", and this 2019 report from Amnesty International, "[Laws designed to silence: The global crackdown on civil society organisations](#)"

⁸ <https://unstats.un.org/sdgs/report/2021/view-from-the-pandemic/>

6. Doughnut Economics Action Lab contends that these systemic shocks demonstrate how profoundly interconnected and interdependent our societies are, both with each other and the rest of the living world, and that these repeated crises largely arise out of the economic systems that we have inherited from the 20th century. These 20th century systems have been created to expect and depend upon endless expansion, and this is reflected in macroeconomic policy with the goal of increasing economic activity – GDP growth – as the primary measure of an economy’s success.
7. Despite decades of counter-evidence, and a growing chorus of high-profile critics pointing to the limitations of GDP growth – from leading economists⁹ and national leaders¹⁰ to the Pope¹¹, David Attenborough¹², and many more – its continued use as the primary measure of economic success is clear. This central role is most evident by observing how the economic system behaves in the absence of GDP growth¹³: unemployment rises, debts accrue, inequalities sharpen, and policymakers face intense pressure to ‘get the economy back on track’. Ecological economist Tim Jackson refers to this structural dependence as a ‘growth imperative.’¹⁴ In a recent report, ecological economists Beth Stratford and Dan O’Neill outline four broad policy goals to reduce this growth dependency in a UK context: safeguarding basic needs; empowering workers; reducing exposure to debt crises for households and businesses; and tackling rent extraction.¹⁵
8. While it may have been the case that GDP growth was a useful proxy indicator for overall progress in the 20th century, it is clear that such conditions no longer hold (if they ever did) in this era of global complexity and ecological breakdown. The question of how GDP growth affects the achievement of the UK’s climate and environmental goals is ultimately empirical, and the evidence to date suggests that ‘decoupling’ GDP growth from environmental burdens, such as consumption-based carbon dioxide emissions and resource use, is highly unlikely to occur at the scale and speed required¹⁶.
9. Instead of pursuing ‘green growth’, as enshrined in the UK’s Net Zero Strategy, we believe it is useful to look to Nature, where growth is a healthy phase of life, but everything in the living world eventually grows up and matures, and only then – at a sweet spot of ample sufficiency – do things flourish and thrive. We can look again to the empirical record, which suggests that wealthy nations have indeed passed a sufficiency threshold where higher levels of aggregate resource use are associated with little to no improvement in fundamental social outcomes. In our view, there is an urgent need to re-imagine what it means to achieve human prosperity in the 21st century with a vision that doesn’t assume that it depends upon endless GDP growth, especially in the world’s wealthiest countries, such as the UK.

⁹ See, for example, this 2019 article by Nobel Prize-winning Joseph Stiglitz, “[It’s time to retire metrics like GDP. They don’t measure everything that matters](#)”, and this useful 2020 summary article by John Cassidy “[Can we have prosperity without growth?](#)”

¹⁰ See, for example, recent statements by Scotland First Minister [Nicola Sturgeon](#), New Zealand Prime Minister [Jacinda Ardern](#), and President of Ireland [Michael D. Higgins](#) – <https://www.theguardian.com/commentisfree/belief/2013/nov/27/pope-francis-inequality-biggest-issue-our-time>

¹² See [this excerpt](#) from Attenborough’s recent book “*A Life On Our Planet: My Witness Statement And A Vision For The Future*”

¹³ Systems expert Donella Meadows [famously noted](#), “The best way to deduce a system’s purpose is to watch for a while to see how the system behaves.”

¹⁴ http://www.sd-commission.org.uk/data/files/publications/prosperity_without_growth_report.pdf

¹⁵ Stratford and O’Neill (2020), *The UK’s Path to a Doughnut-Shaped Recovery*, University of Leeds.

¹⁶ See Hickel and Kallis (2020), “[Is Green Growth Possible?](#)” *New Political Economy* 25, no. 4 (6 June 2020): 469–86.

Question 2. How could GDP, or other current measures of macro-economic activity, more fully account for human and natural capital assets? What are the challenges and/or opportunities in moving to a way of measuring economic progress which takes greater account of such assets?

10. DEAL offers the Doughnut as a vision for 21st century prosperity in a world where the goal is to meet the needs of all people within the means of the living planet, as shown in Figure 1. The goal is to leave no one in the hole in the middle, falling short on the social foundation of the Doughnut, which is derived from the social priorities of the UN Sustainable Development Goals¹⁷, ranging from nutritious food and clean water to gender equality and having a political voice. At the same time, humanity must not overshoot the ecological ceiling, which comprises nine planetary boundaries Earth-system scientists have identified that constitute Earth's life-supporting systems and collectively maintain the delicate balance of our living planet. If humanity can live within the Doughnut's green ring, then we will be able to thrive, in balance with the rest of the living world.

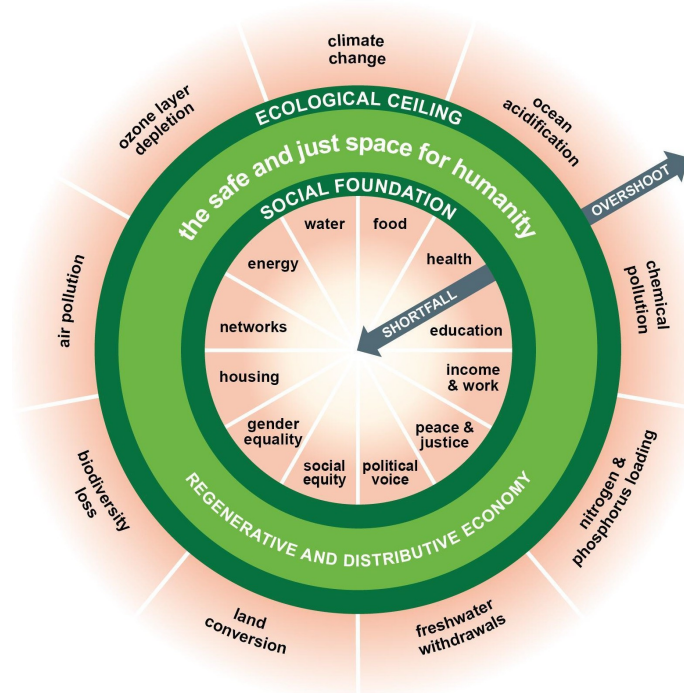


Figure 1. The Doughnut of social and planetary boundaries¹⁸.

11. However, if our 21st century challenge is to create a world in which people and planet thrive in balance, right now we are far from achieving it. Worldwide, billions of people still cannot meet their most essential needs, yet humanity is collectively overshooting at least five planetary boundaries¹⁹, and is driving towards climate breakdown and ecological collapse. There is a need for our economic systems to bring humanity into the global Doughnut from both sides at the same time, and that is a 21st century challenge that they were not designed to tackle. Thus, there is an urgent need to redesign our economic systems so that they are fit for purpose.

¹⁷ <https://sdgs.un.org/goals>

¹⁸ Image credit: Kate Raworth and Christian Guthier. In: Raworth, K. (2017), *Doughnut Economics: seven ways to think like a 21st century economist*. London: Penguin Random House. Available in 25+ languages [here](#).

¹⁹ These findings include the recently quantified chemical pollution boundary by Persson et al. (2022), as summarised in this article from the Stockholm Resilience Centre, '[Safe planetary boundary for pollutants, including plastics, exceeded, say researchers](#)'.

12. It is essential to note that ‘humanity’ is not a single entity. There are vast inequalities of lived experience, both within and between countries. Nations vary enormously in terms of the global responsibility for overshooting planetary boundaries, which is overwhelmingly driven by excessive consumption by the affluent²⁰. At the same time, nations are highly diverse in their capacity to provide a decent social foundation, especially in the global South where the extractive legacy of colonialism looms large²¹.
13. If the aim is to measure the outcomes of economic activity with respect to its end goals, both socially and environmentally, then we believe the Doughnut’s dashboard of indicators can provide a useful starting point as an alternative measure of economic progress. Figure 2 shows an illustrative snapshot of countries plotted by how far they are overshooting fair shares of the ecological ceiling in comparison to how far they are falling short of achieving minimum social thresholds. The goal is to be in the top-left corner with no social shortfall and no ecological overshoot, where no country currently is (although Costa Rica comes closest). The red wedges below the social foundation in each of the national Doughnuts show the proportion they currently fall short on minimum social thresholds. The wedges radiating beyond the ecological ceiling show the current overshoot of fair shares of planetary boundaries.

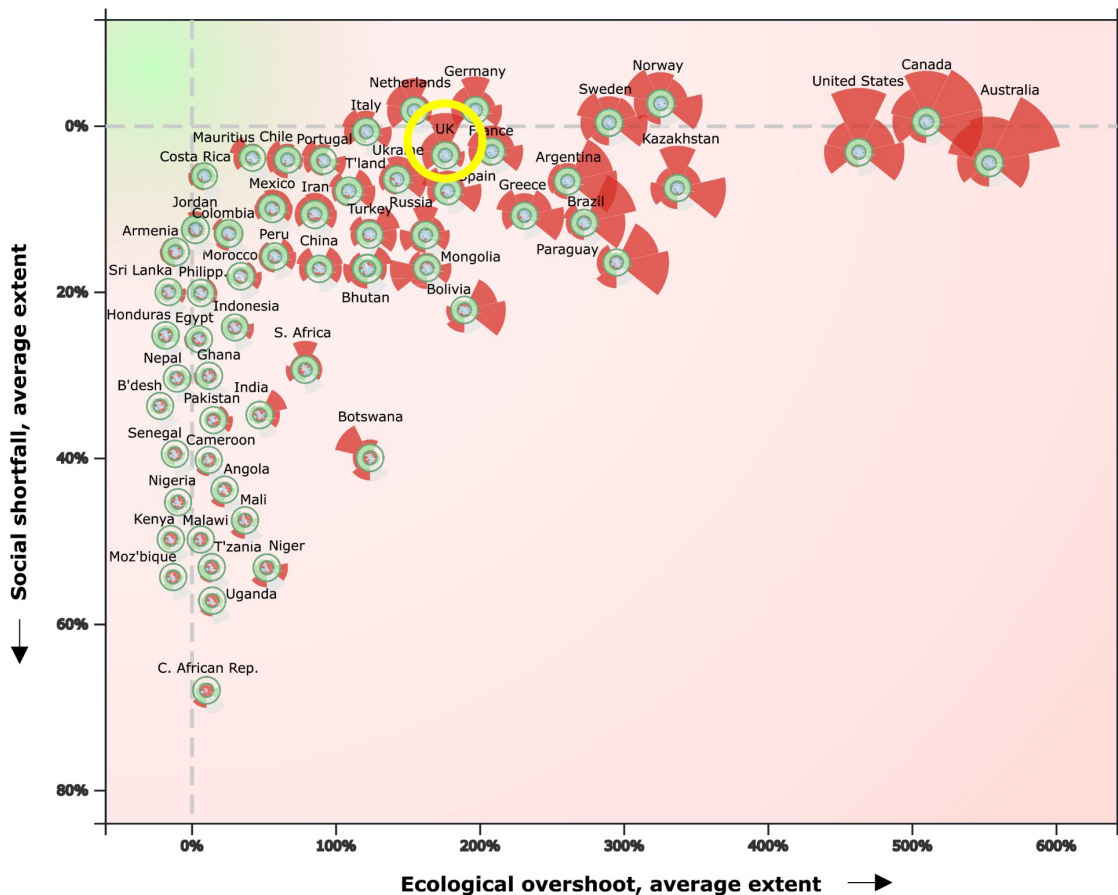


Figure 2. The social shortfall and ecological overshoot of nations²²

²⁰ Wiedmann et al. (2020). ‘[Scientists’ Warning on Affluence](#)’. *Nature Communications* 11, no. 1.

²¹ Hickel et al. (2021). ‘[Plunder in the Post-Colonial Era: Quantifying Drain from the Global South Through Unequal Exchange, 1960–2018](#)’. *New Political Economy* 0, no. 0: 1–18.

²² Image credit: Andrew Fanning. Source: Fanning et al. (2022), ‘[The Social Shortfall and Ecological Overshoot of Nations](#)’. *Nature Sustainability* 5, no. 1: 26–36. See <https://goodlife.leeds.ac.uk> for interactive visualisations for all countries.

14. Based on these results, the UK sits together with other Western European nations, such as France and Germany, performing relatively well on meeting minimum social thresholds, at least based on this global international standard, but significantly overshooting the nation's fair shares of planetary boundaries. We believe that a dashboard of social and ecological indicators visualised in a Doughnut concisely shows progress on the dual challenges of meeting human needs within the means of the living planet, without collapsing all of the indicators into a single metric. This approach offers opportunities to see country performance on each of the indicators in the context of a greater whole, thus making it easier to see priorities, identify gaps, and celebrate successes.
15. This approach seems broadly compatible with the ONS' work on the National Wellbeing dashboard of indicators, although we think that their environmental indicators, in particular, are not currently sufficient in their scope. We support calls for the ONS to lead a co-creative process and public consultation that reviews this Dashboard, and subsequently publishes it on a regular basis with integration into government decision-making processes.

Question 7. How might the public, businesses, financial institutions and the financial system react to any move away from GDP as the primary indicator of prosperity? What challenges could this present for policymakers, and how might these be overcome?

16. The question of replacing GDP with a new vision of economic prosperity is not a question of if, but when – and as a nation, and a world, we are already dangerously late. It is simply not in the long-term interests of anyone in UK society, including in communities, businesses and financial institutions, for the government to continue making policy based on metrics that fail to account for the most damaging social and ecological crises of our times. At DEAL we believe this is why we are already seeing local leadership – within cities, counties and regions – responding to this reality by pioneering the use of holistic metrics that are fit for these times.
17. Doughnut Economics Action Lab collaborates with people and organisations who want to turn the core concepts of Doughnut Economics into practice in their communities, cities, schools, businesses, and nations. We receive requests every day from mayors, city and district councillors, and local government officials worldwide who are interested in applying the tools and concepts of Doughnut Economics in their own locality, in order to catalyze the social and ecological transitions that they see are urgently needed. Many of these local politicians and officials leaders speak openly and powerfully about the frustrating and outdated notion that the success of their town, city or region would be reflected in having an ever-rising GDP. Instead, they are turning to tools, such as Doughnut Economics, that share their far more holistic vision of what makes a successful, healthy and thriving city, region or nation this century.
18. In April 2020, the City of Amsterdam placed the Doughnut at the heart of its strategy to become a circular-economy city, and committed to the vision of becoming 'a thriving, inclusive, regenerative city for all residents, while respecting the planetary boundaries'.²³ Many other city and regional governments internationally have since started to engage with the Doughnut framework as a compass for guiding their future health and prosperity, including in Barcelona, Bad Neuheim (Germany), Brussels, Copenhagen, Cali (Colombia), Curaçao, El Monte (Chile), Melbourne, Nanaimo (Canada), Thimphu (Bhutan), Tomelilla (Sweden), Toronto and Yerevan (Armenia).²⁴
19. Within the UK there is likewise growing interest and engagement with the conceptual framework of Doughnut Economics by local governments, including Glasgow City Council, Cornwall County Council, Ryedale District Council, Mole Valley District Council, and

²³ <https://www.amsterdam.nl/en/policy/sustainability/circular-economy/>

²⁴ <https://doughnuteconomics.org>

Cambridge and Peterborough Combined Authority. In addition, there are civic and community organisations in many more parts of the UK engaging with these concepts and tools, bringing them into local policymaking debates and processes, including in Birmingham, Cornwall, Devon, Leeds, and Wales.²⁵

20. These examples demonstrate that many city- and regional-level policymakers, both in the UK and internationally, are already choosing to move beyond GDP-centric conceptions of economic success and adopting more holistic frameworks, such as the Doughnut, for guiding and assessing their local prosperity, because they believe this far better serves the current and future interests of communities, the local economy, and the living world in their locality. They are already starting to integrate the implications into their regulations and policies, giving an invaluable signal to local and regional businesses that a new economy – based on principles of regenerative and distributive design – is emerging, and offers new opportunities to businesses and communities alike.
21. The Doughnut of social and planetary boundaries is one of several possible alternative ‘dashboard’ approaches to understanding and assessing what it means for humanity to prosper in the 21st century. We focus on it here because it is at the heart of DEAL’s own work, and we have seen first hand the traction that it has gained with policymakers, progressive businesses, educators, and community organisations alike. At the same time, we wish to recognise the value of other comparable approaches. These include the Wellbeing Economy, a holistic concept of social and economic prosperity that is being explored and promoted by governments including in Scotland, Wales, New Zealand, Iceland and Finland.²⁶ Likewise, New Zealand’s Living Standards Framework, which has been guiding and informing national policymaking since 2018, offers an inspiring approach to creating a nationally specific – rather than internationally comparable – conception of what it means for a nation to thrive.²⁷

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²⁵ <https://doughnuteconomics.org>

²⁶ <https://weall.org/wego>

²⁷ <https://www.treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework>