



# IDEN - Doughnut Economics Book Club - A deep dive [Past]

The Irish Doughnut Economics Network (IDEN) are holding a weekly Book Club to take a deep dive into Kate's book

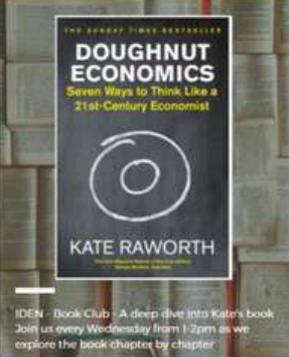
📅 2020-12-09 13:00:00 UTC

🕒 2020-12-09 13:00:00 UTC 2021-01-06 14:00:00 UTC

📍 Zoom (Online)

Posted by Caroline Corrigan

## DOUGHNUT ECONOMICS Chapter 5: Design to Distribute.



## From 'growth will even it up again' to distributive by design.



Leave

Presentation by **Duncan Crowley**, Wednesday 16<sup>th</sup> December 2020. Part of ECOLISE (European Network for Community-Led Initiatives on Climate Change and Sustainability) – UrbanA (Urban Arenas for Sustainable and Just Cities) – Communities for Future – CE3C / FCUL – DINÂMIA'CET-ISCTE – Degrowth Lisbon Network – Ecocity Lisbon

### Research Units



### Universities



### Other



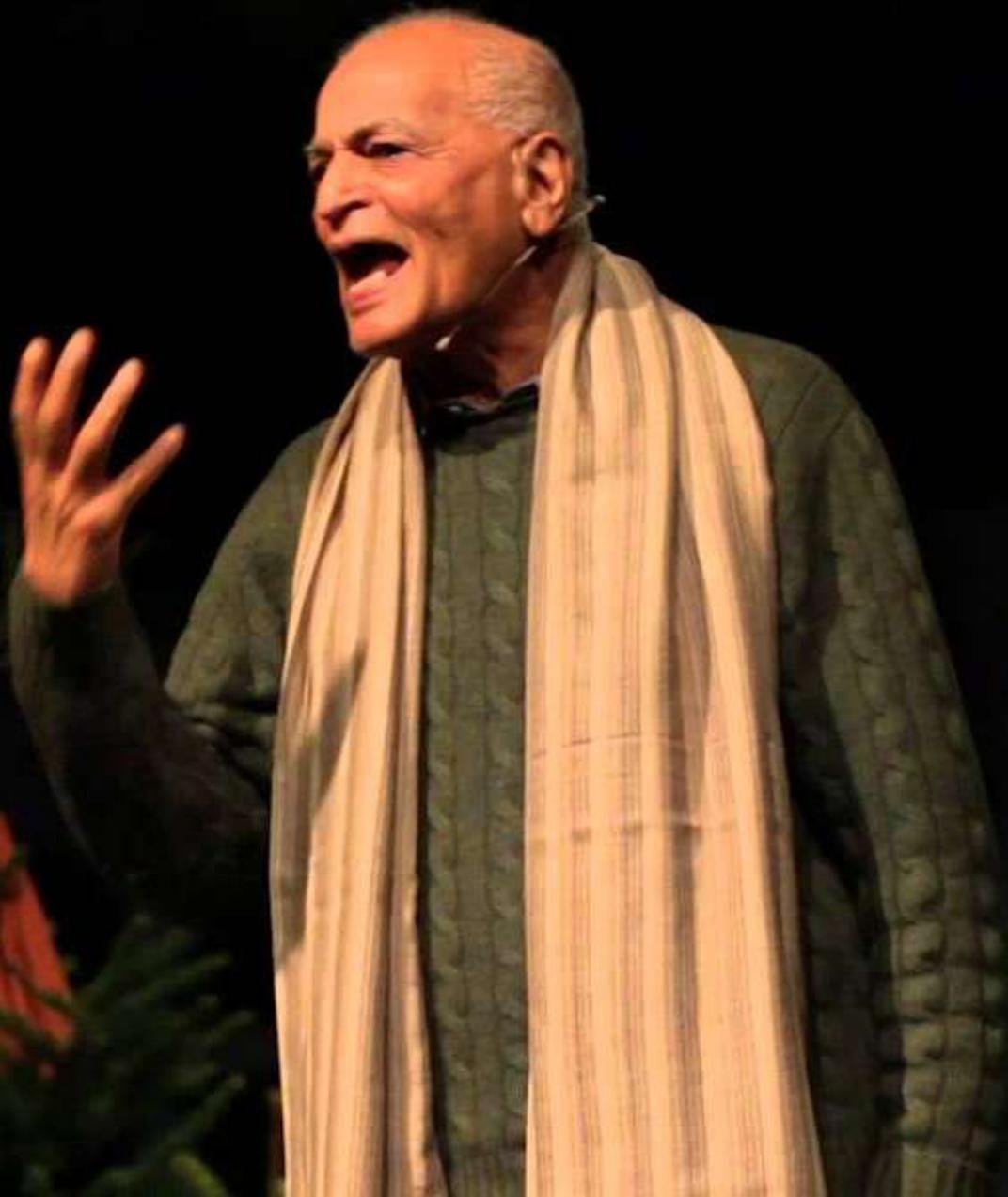
# There Is No Planet B



**Ecology** and **economy** are derived from three Greek words: **oikos**, **logos**, **nomos**. 'Oikos' means home: a place of relationships between all forms of life, sharing and participating in the evolution of the Earth community. 'Logos' means the knowledge of our planet home, and 'nomos' means management of that home.

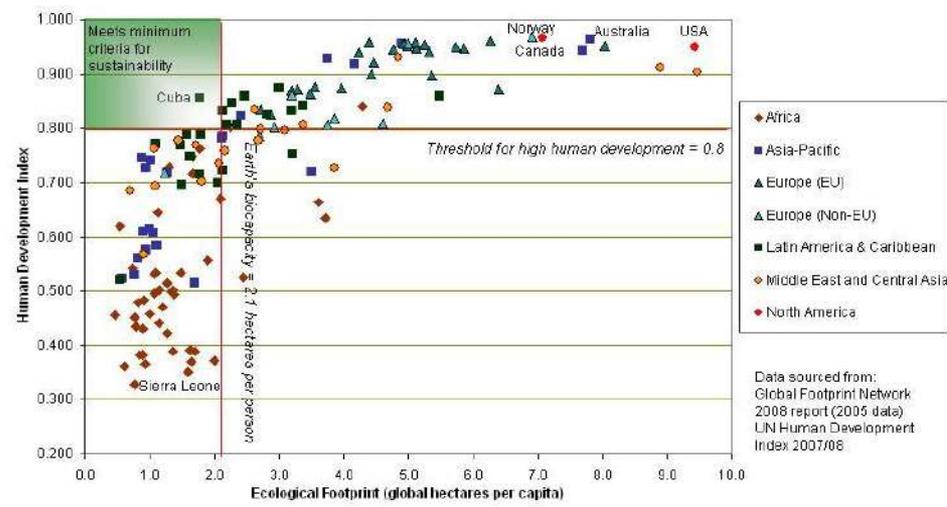
***Ecology** = Knowledge of home*

***Economy** = Management of home*





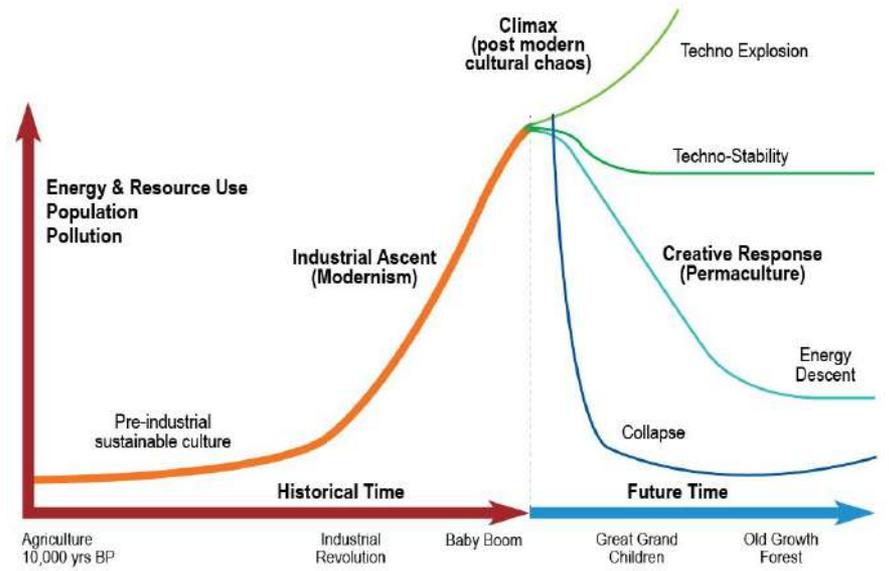
Human Welfare and Ecological Footprints compared



It takes **1.7 Earths** to support humanity's demand on nature.



*Perpetual growth is the greatest threat to humanity's wellbeing.*  
(Monbiot, 2018)



# 100 corporations cause 71% of emissions

I'm hearing too much "recycle, compost, go vegan!" and not enough "100 corporations cause 71% of emissions"

- @JohnPaul\_mejia ([tweet](#))



Carbon Majors Report 2017 ([link](#))

The graphic features a large yellow ear icon on the left and two black smokestacks on the right. The background is white with a colorful border of blue, yellow, red, and green. The text is arranged in two columns, with the left column representing the 'hearing' and the right column representing the 'not hearing'.

**I'M HEARING TOO MUCH**  
"RECYCLE, COMPOST, GO VEGAN."

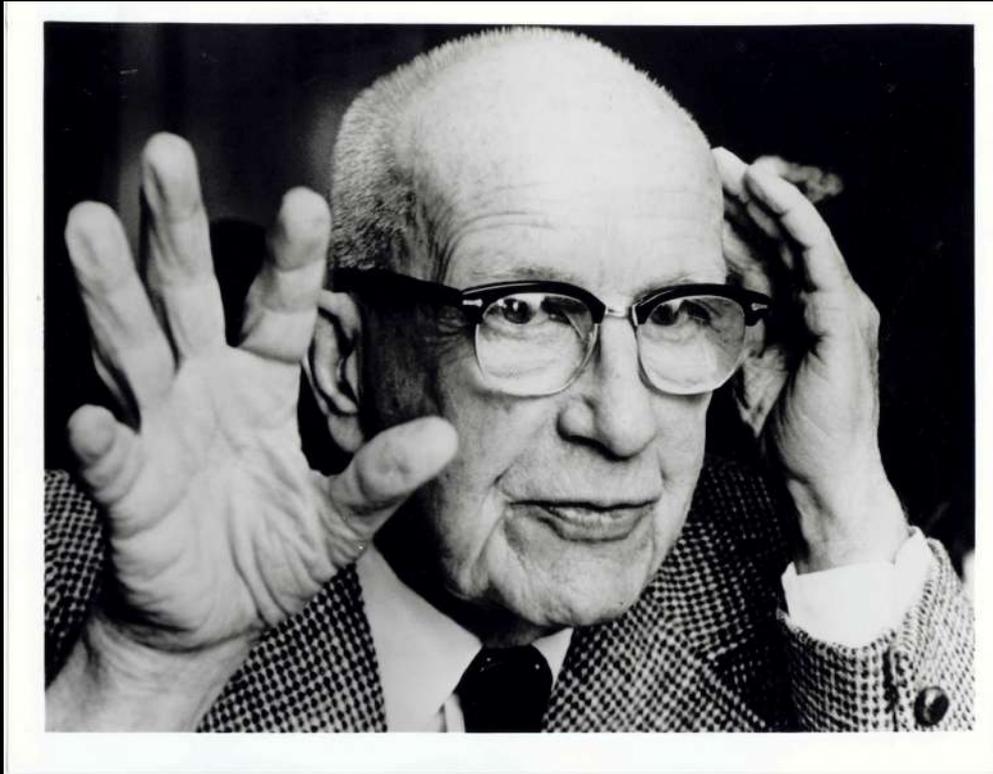
**AND NOT ENOUGH**  
"100 CORPORATIONS CAUSE 71% OF EMISSIONS."

Tweet from @johnpaul\_mejia

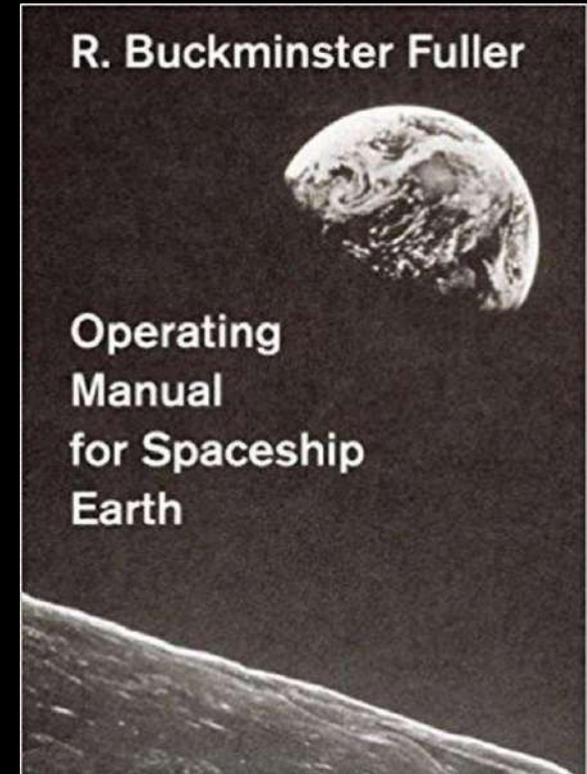
Join the #ClimateCareUprising

The most important thing about *Spaceship Earth* - an instruction book didn't come with it.

We are not going to be able to operate our *Spaceship Earth* successfully nor for much longer unless we see it as a whole spaceship and our fate as common. It has to be *everybody or nobody*.



Richard Buckminster Fuller (1895 - 1983)

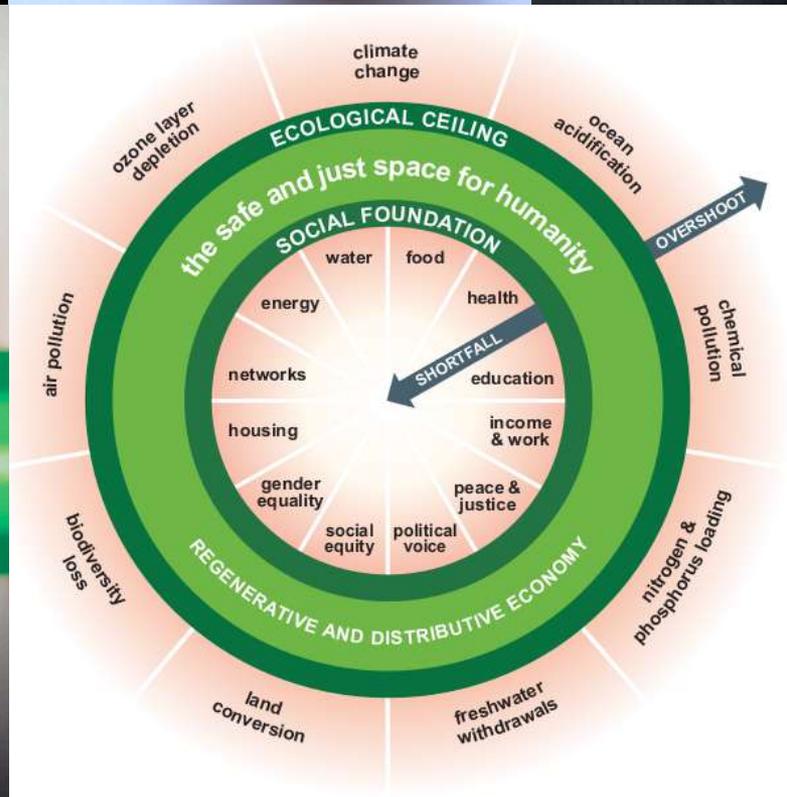


Operating Manual For Spaceship Earth  
- Buckminster Fuller (1969) [LINK](#)

## The Doughnut: A twenty-first century **compass**

Compass – noun (kəm.pəs)

A device for finding direction with a needle that can move easily and that always points to magnetic north

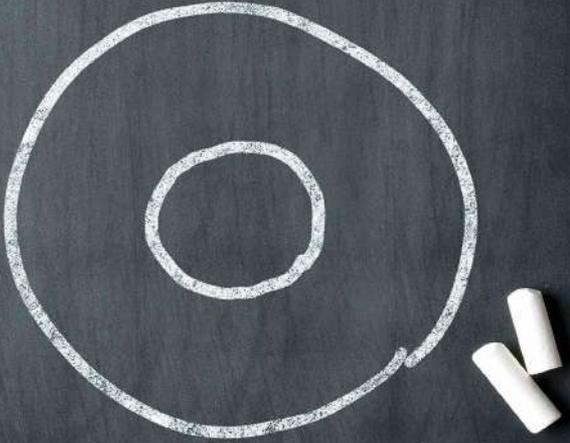


Kate Raworth (1970...) (TED vid [link](#))

Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist - Kate Raworth (2017)

# DOUGHNUT ECONOMICS

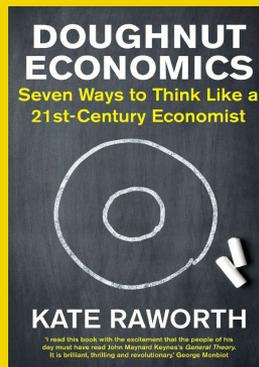
Seven Ways to Think Like a  
21st-Century Economist



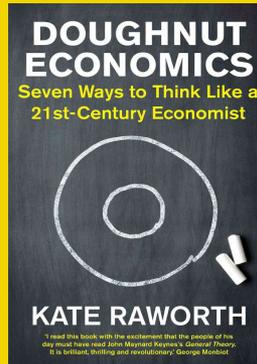
**KATE RAWORTH**

'I read this book with the excitement that the people of his day must have read John Maynard Keynes's *General Theory*. It is brilliant, thrilling and revolutionary.' George Monbiot

# Chapter 5: Design to Distribute.

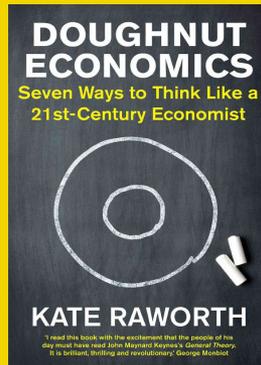


## Chapter 5: Design to Distribute.



From 'growth will even it up again'  
to distributive by design.

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From 'growth will even it up again'  
to distributive by design.

### Chapter Overview:

Thomas Piketty finally destroyed the optimism of the Kuznets Curve which suggested that inequality would be automatically solved by rising affluence. As a consequence, issues including higher marginal rates of taxation and land value taxes need to be reconsidered. Other concerns include the digital revolution, robotics, intellectual property rights and the effect on the Global South.

*Late twentieth century economic philosophy :*

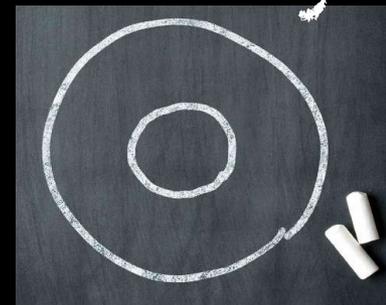
*Nations have to push through the **social pain** of high inequality if they want to create **a richer, more equitable society for all.***

**NO PAIN  
NO GAIN**



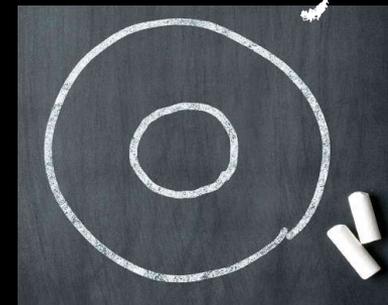
*Far from being a necessary phase in every nation's progress,*

Kate says



*Far from being a necessary phase in every nation's progress,  
**rising inequality is a policy choice.***

Kate says

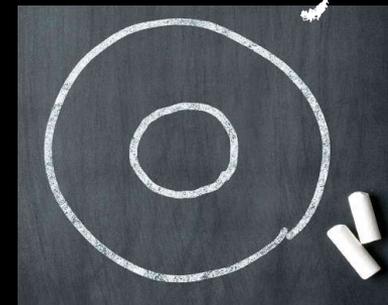


*Far from being a necessary phase in every nation's progress,*

***rising inequality is a policy choice.***

*It is a widely **damaging** one at that, with multiple repercussions that push humanity further **out** of the Doughnut.*

Kate says

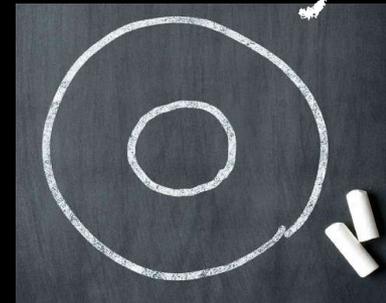






Twenty-first-century economists will..

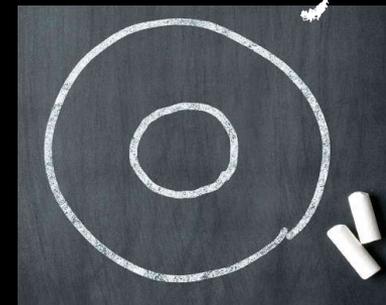
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Twenty-first-century economists will..

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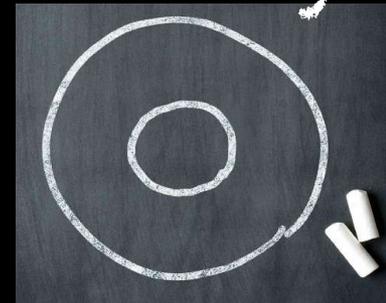
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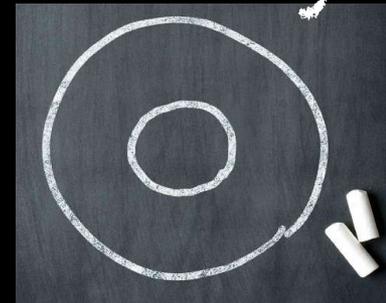
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- Instead of focusing primarily on redistributing income earned, they will aim to **redistribute wealth** too

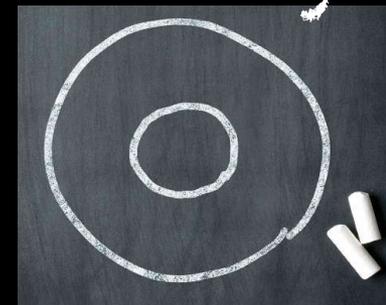
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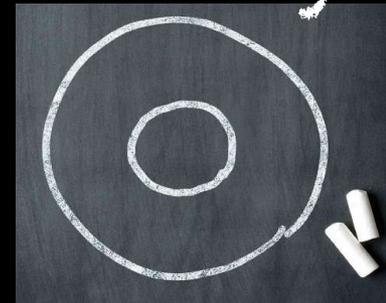
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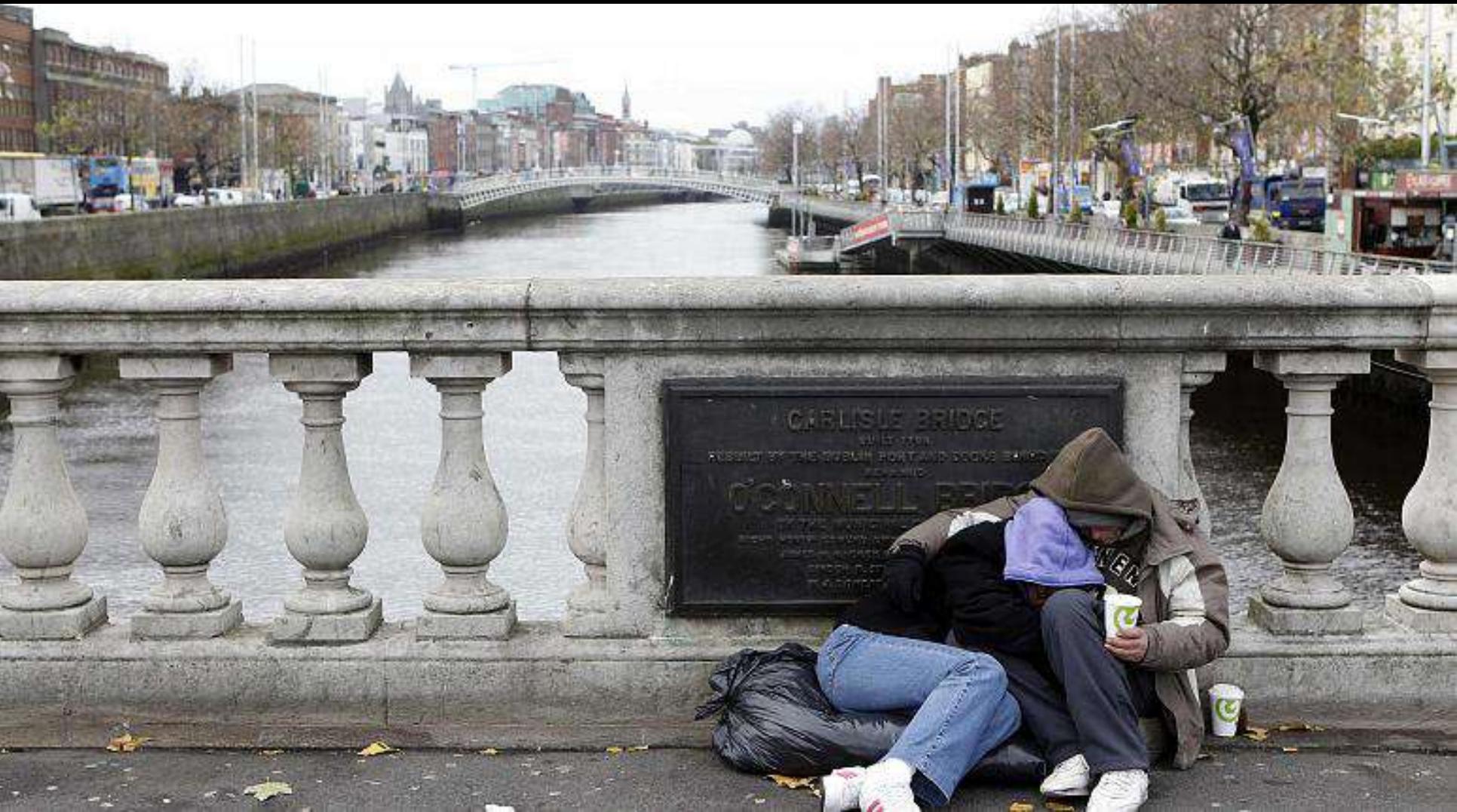
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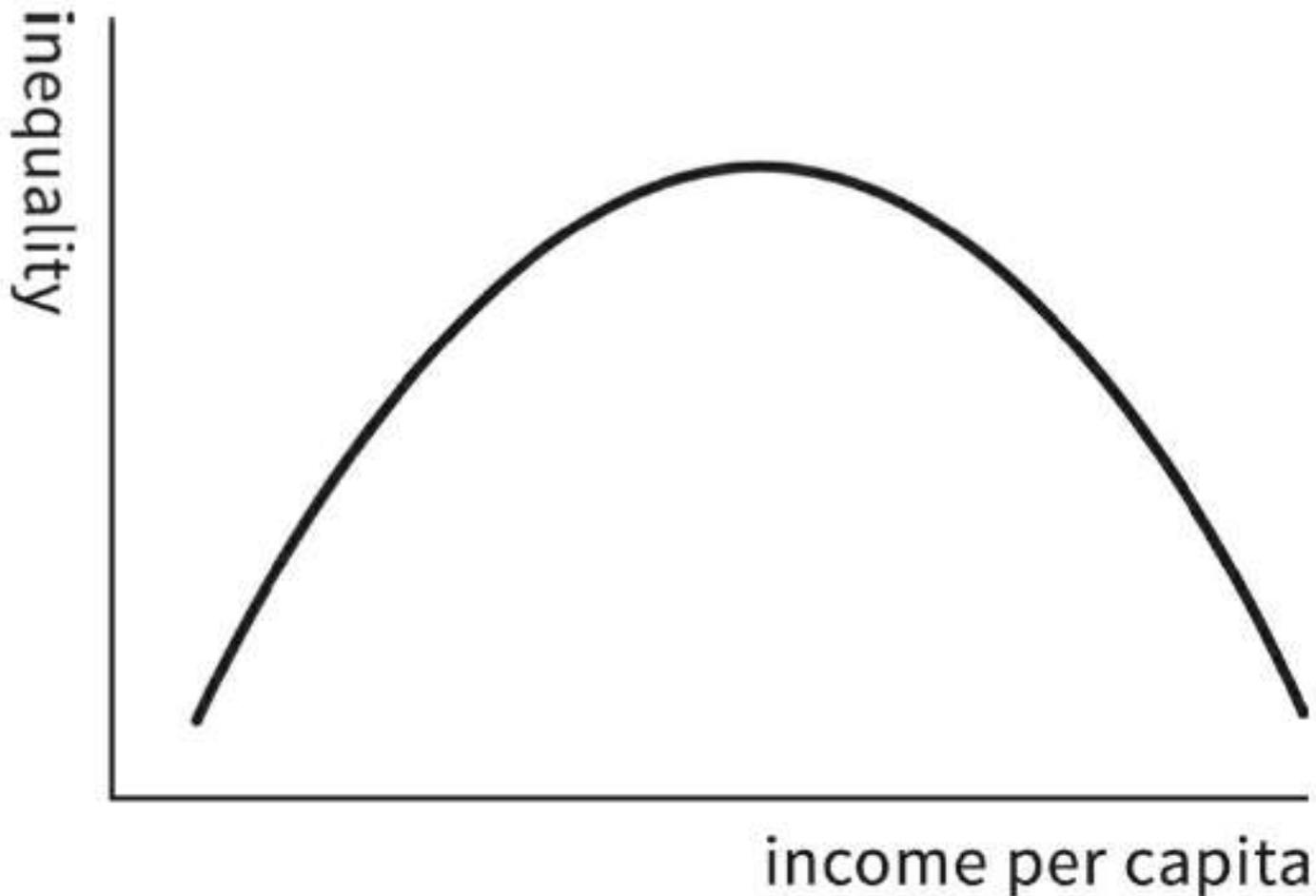
- regard growing inequality as a **failure of economic design**, and
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- Instead of focusing primarily on redistributing income earned, they will aim to **redistribute wealth** too – especially the wealth that comes from controlling **land, money creation, enterprise, technology and knowledge**.
- And instead of focusing on market and state solutions alone, they will also harness the power of the **commons**.

Kate says



The **gap** between the rich and the poor is now at its **highest level** for 30 years, leaving a striking number of people short of their essential needs.





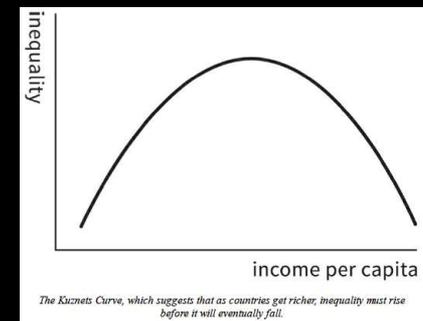
*The Kuznets Curve, which suggests that as countries get richer, inequality must rise before it will eventually fall.*

# Kuznets

 offered up a possible explanation:

the process of rural to **urban migration**. In the early stages of economic development, Kuznets suggested, as workers are drawn into cities, they leave behind **low-paid** but **fairly egalitarian rural life** to earn higher but more unequal urban wages, and so inequality increases as industrialisation gets under way. At a certain point, however, once enough workers are earning those higher

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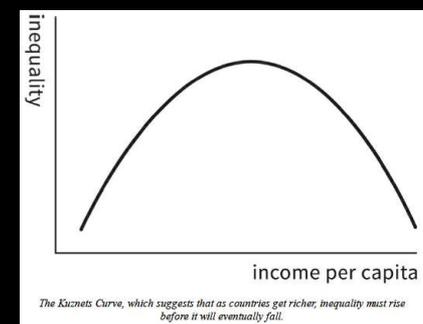
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It was a clever theory

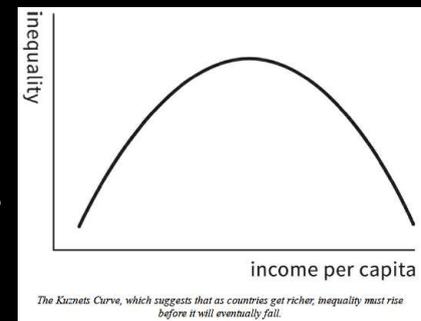


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urban wages, and they start **demanding better pay** for the low-waged among them, **inequality begins to fall** again, resulting in both a more prosperous and more equal society.

It was a clever theory **but it was wrong.**



# The East Asian 'miracle'

from the mid 1960s to 1990 – saw countries such as Japan, South Korea, Indonesia and Malaysia combine rapid economic growth with low inequality and falling poverty rates.

the Kuznets process had turned out to be avoidable: **it was indeed possible to achieve growth with equity.**



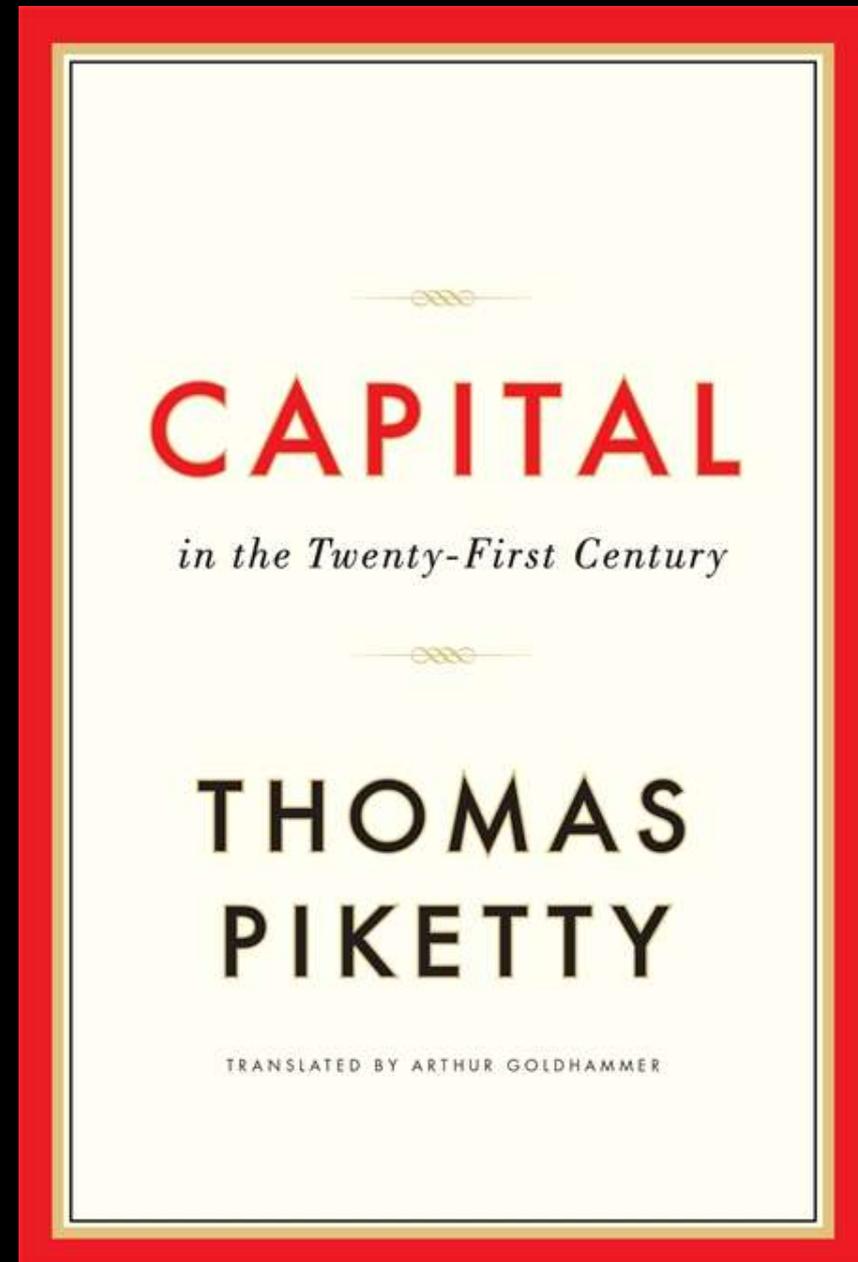
# Thomas Piketty's

2014 long view of the dynamics of distribution under **capitalism** that made the underlying story plain to see.

By asking not just **who earns** what but also **who owns** what, he distinguished between two kinds of households:

those that **own capital** – such as land, housing, and financial assets which generate rent, dividends and interest –

and those households that **own only their labour**, which generates only wages.



In Piketty's words:

*“Capitalism automatically generates arbitrary and unsustainable **inequalities** that radically **undermine** the meritocratic values on which **democratic** societies are based.”*



Thomas Piketty (1971...)

The Kuznets Curve...



The Kuznets Curve...

has been **debunked**



The Kuznets Curve...

has been **debunked**

But, its memory lingers on,



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has been **debunked**

But, its memory lingers on,  
lending credence to the

**myth** of

**trickle-down**

economics.

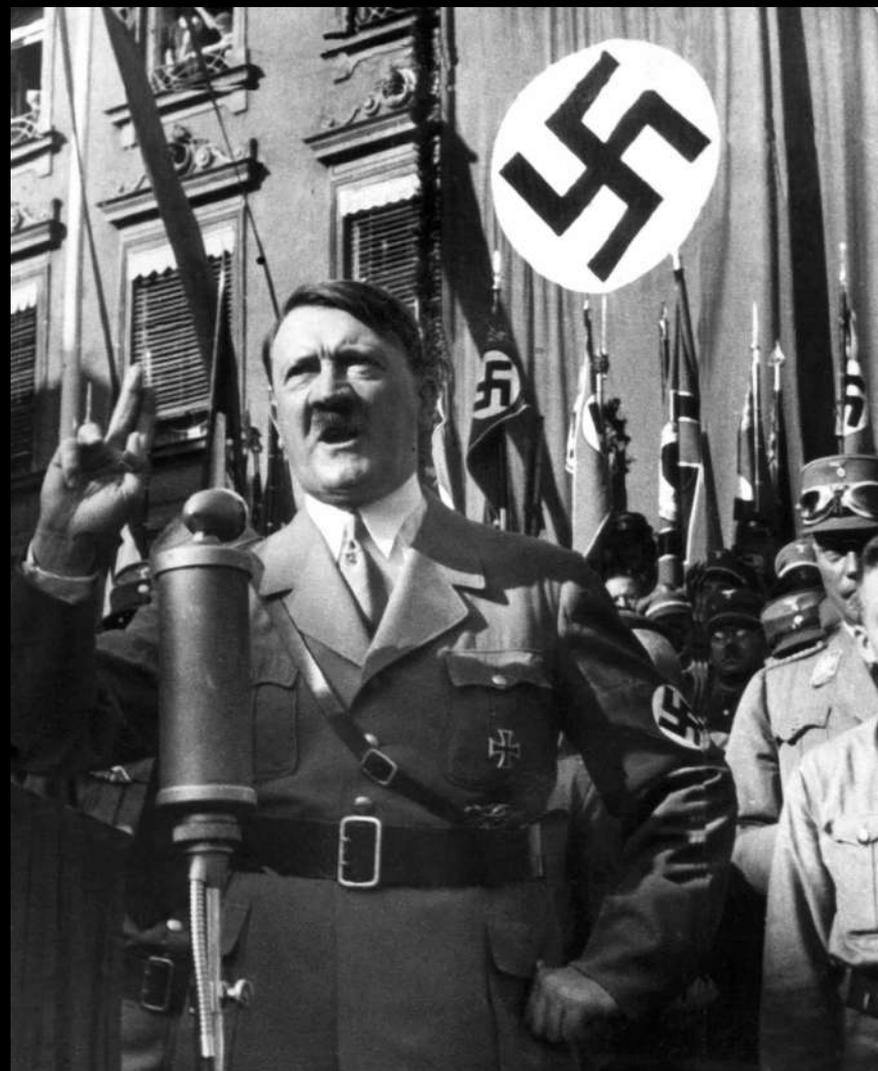


'even the word *inequality*  
was not *politically*  
*acceptable*, because it  
seemed like something wild or  
*socialist*.'

Branko Milanovic, *World Bank*



**Democracy**, too, is jeopardised by inequality when it **concentrates power** in the hands of the few.



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The United States was home to more  
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*'American **democracy** has been hacked, and the hack is campaign finance.*  
- Al Gore



IMF Economists found strong evidence that, across a wide range of countries, **inequality undercuts GDP growth.**

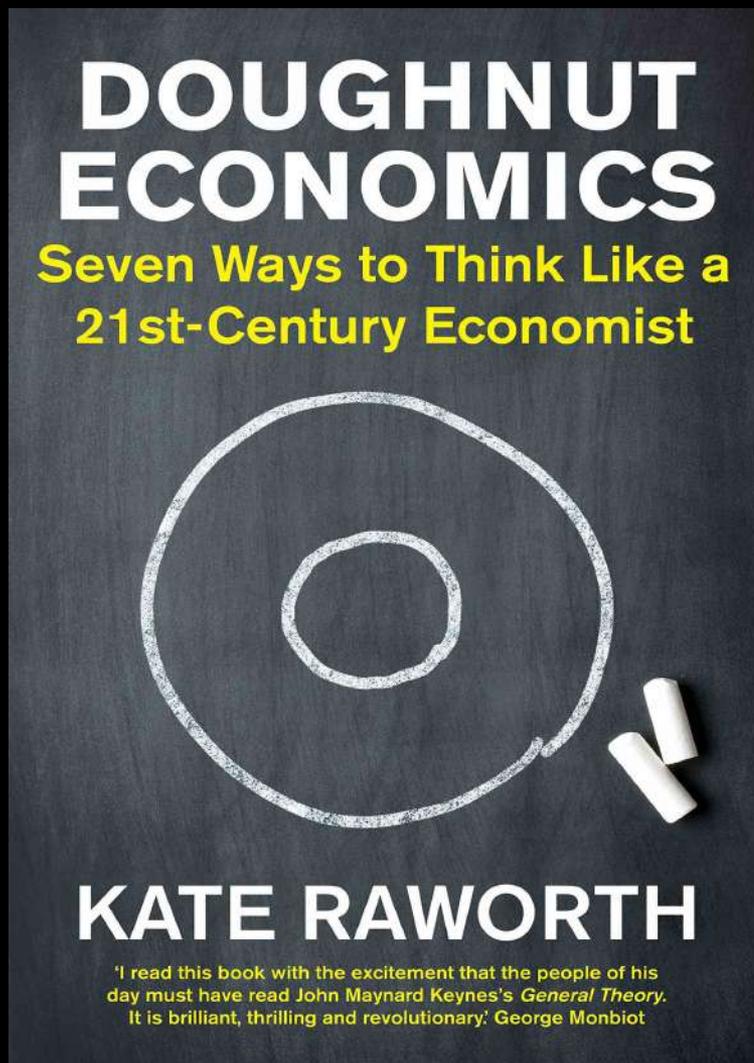


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‘It would thus be a **mistake** to imagine that we can **focus on economic growth** and let inequality take care of itself.’

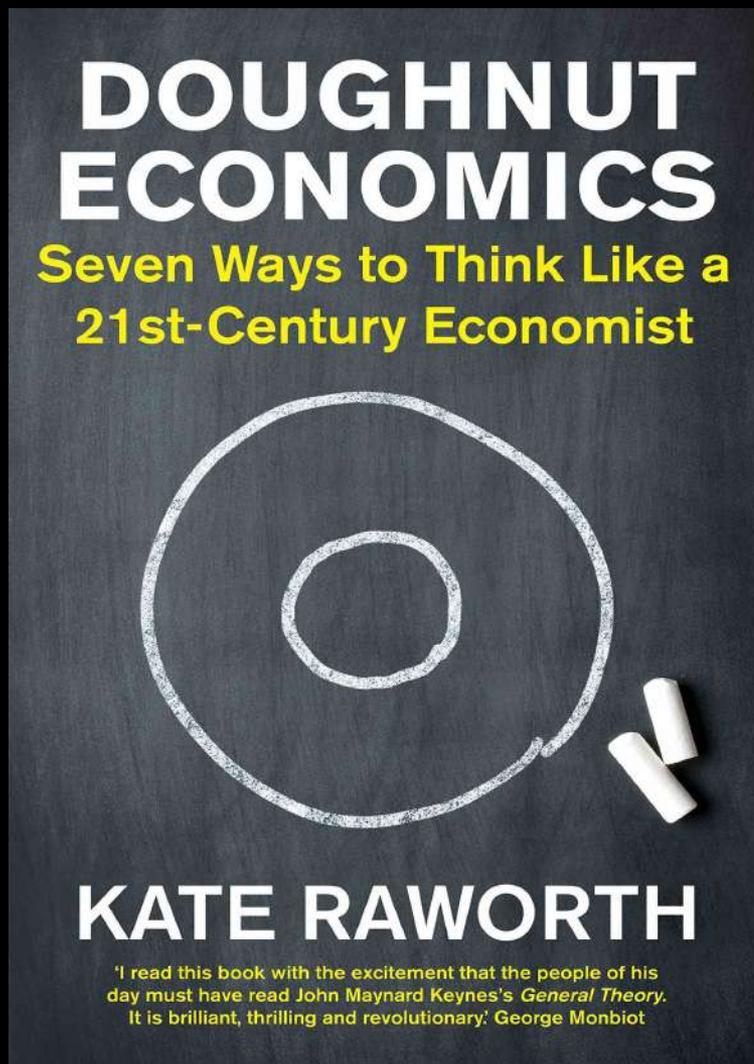
- Jonathan Ostry,  
lead economist behind IMF study.





Don't wait for  
economic growth  
to **reduce inequality**

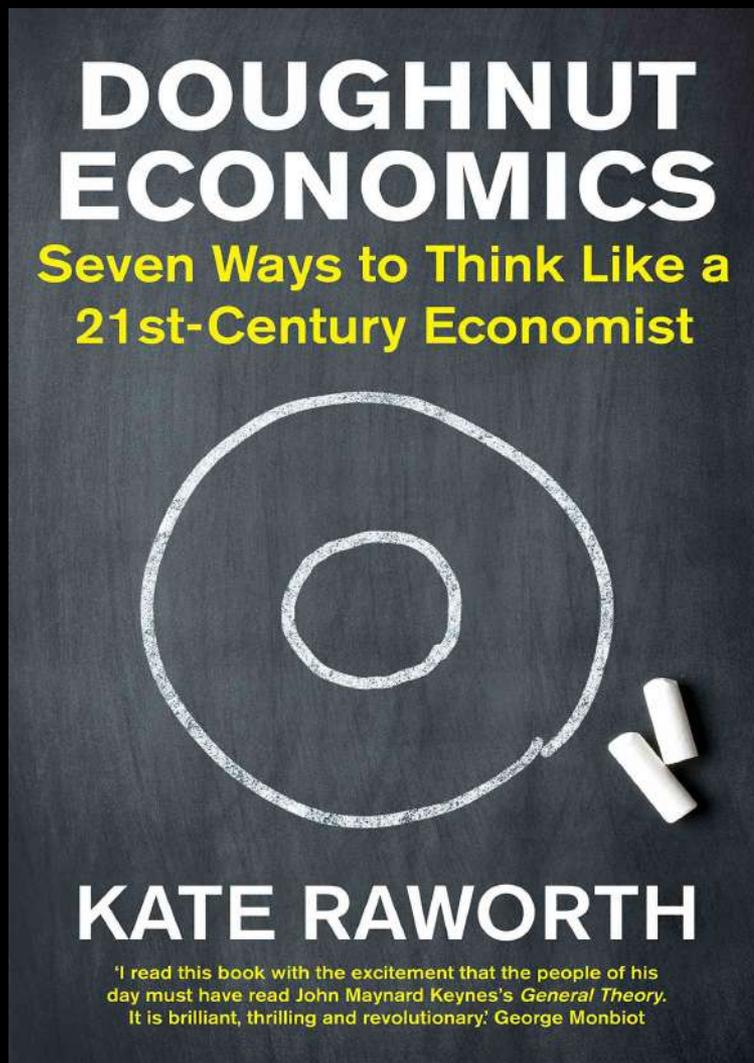
Kate says



Don't wait for  
economic growth  
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**because it  
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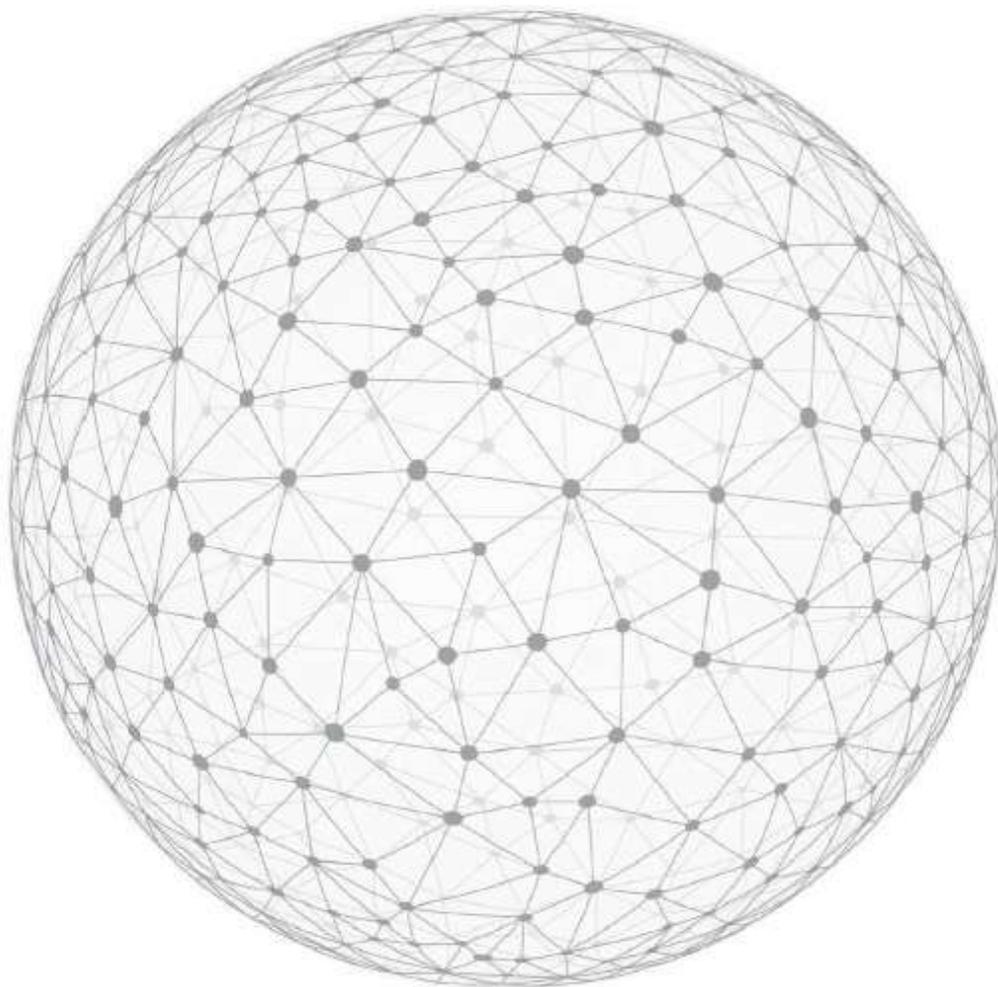


Don't wait for  
economic growth  
to **reduce inequality**

**because it  
won't.**

Instead,  
create an **economy** that is

*Kate says*



*A network of flows: structuring an economy as a distributed network can more equitably distribute the income and wealth that it generates.*

Don't wait for economic growth to **reduce inequality**

**because it won't.**

Instead, create an **economy** that is

**distributive** by **design**.

*Kate says*

Networks are excellent structures for

reliably **distributing**

**resources** throughout a whole system... the branching **patterns** and resource **flows** that are found in nature's ecosystems... in structure and in balance.

Nature's networks are structured by

**branching fractals**,

ranging from a few larger ones to many medium-sized ones and then myriad smaller ones, just like **tributaries** in a

**river** delta, branches in a **tree**, blood vessels in a body, or veins in a **leaf**.



'The best way to restore robustness today would be to **revitalize** our **small-scale fair-enterprise root system**. Economic development must become more focused on developing **human, community, and small-business capital** because long-term, cross-scale vitality depends on these.'

The question, then, is... how to design **economic networks** so that they

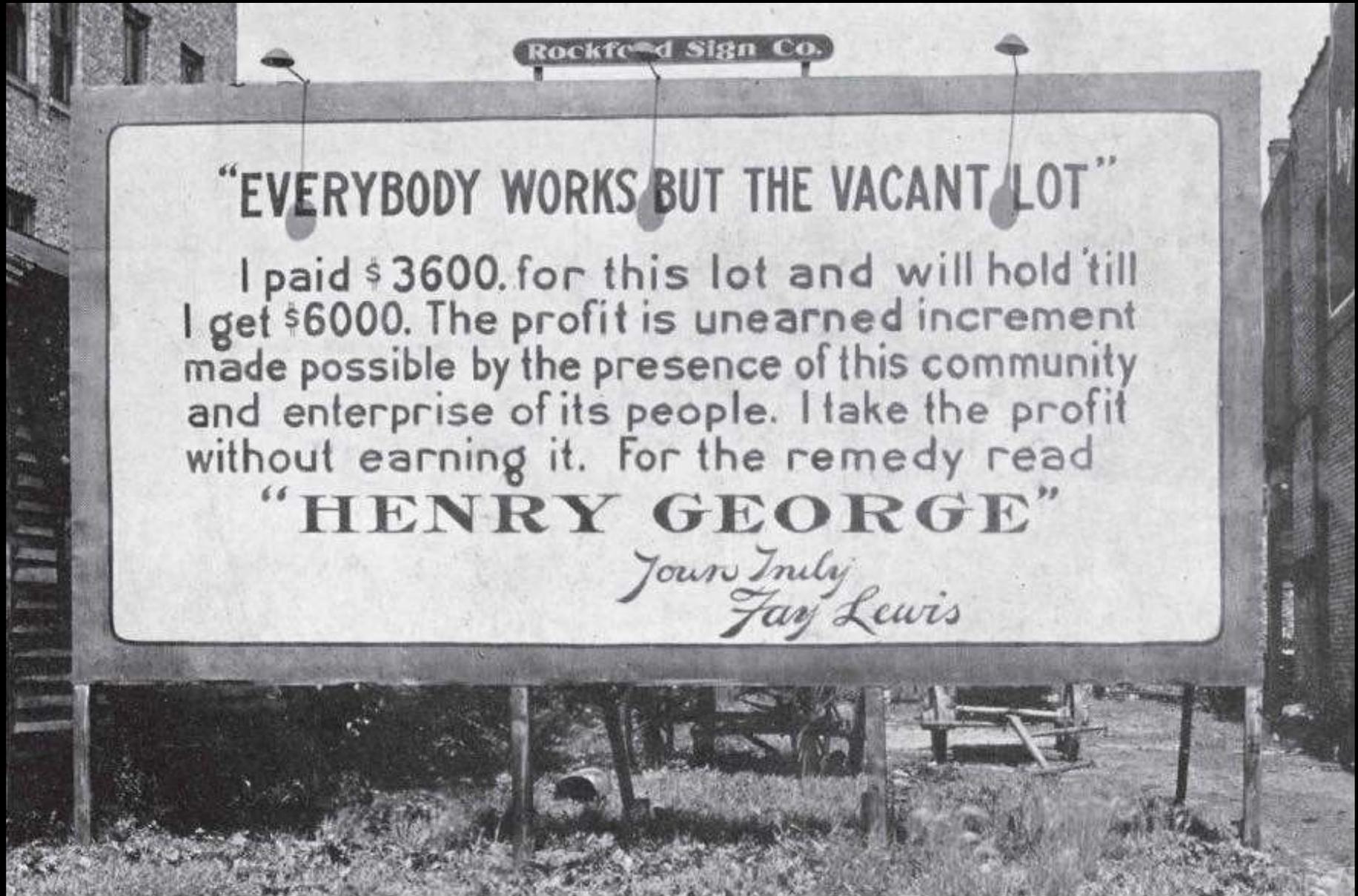
**distribute value**

– from **materials and energy** to **knowledge and income** – in a far more equitable way.



Others call for a **maximum wage** too, set within each company at around 20 to 50 times its lowest earner's wage, in order to **curb excessive executive pay** and ensure that **corporate profits** are more equitably shared amongst the workforce.





*Political performance art by Fay Lewis, Rockford, Illinois, 1914.*

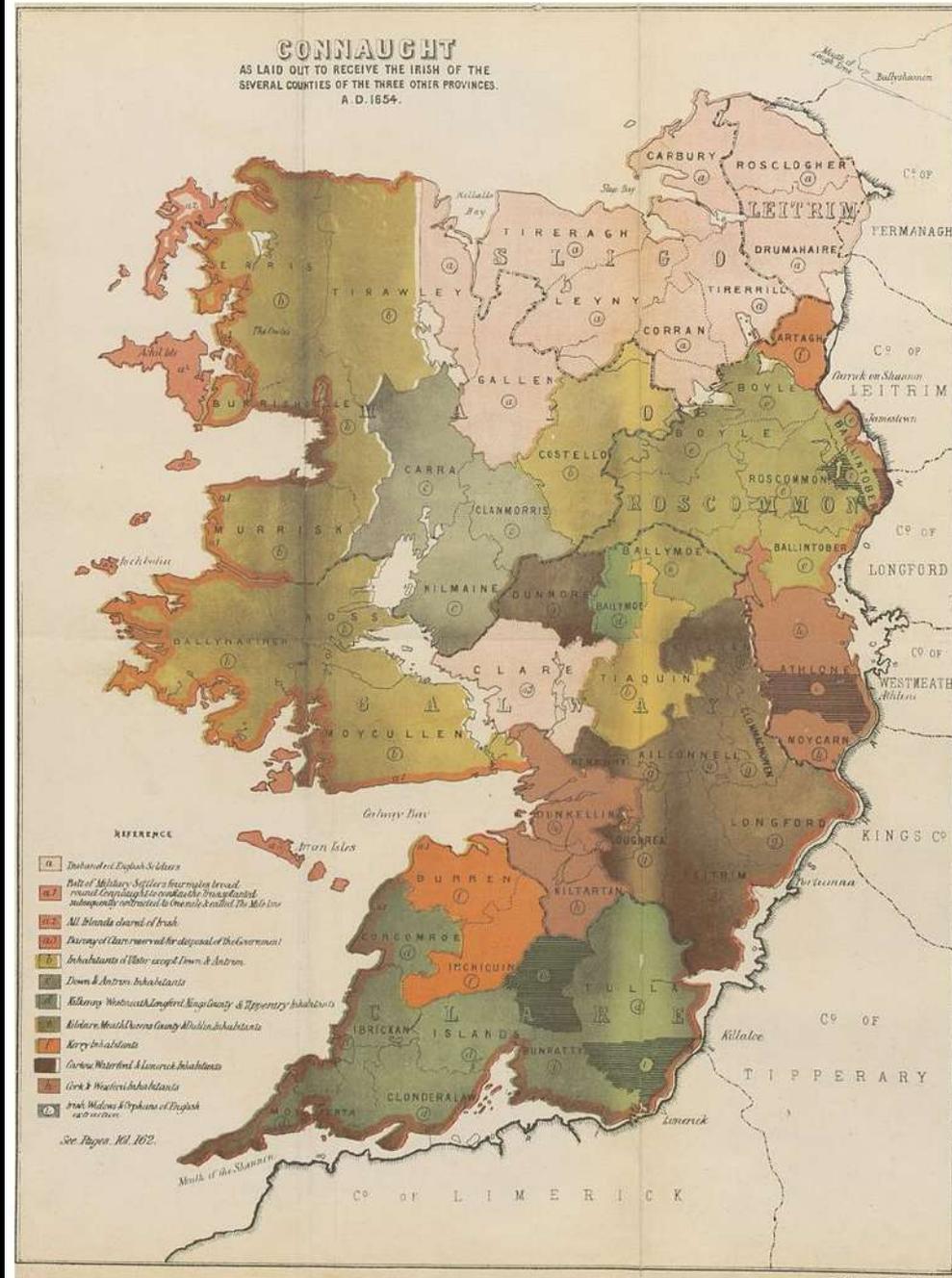
‘Enclosure (when all the sophistications are allowed for) was a plain enough case

of **class robbery**;

- E. P. Thompson, 1960s historian

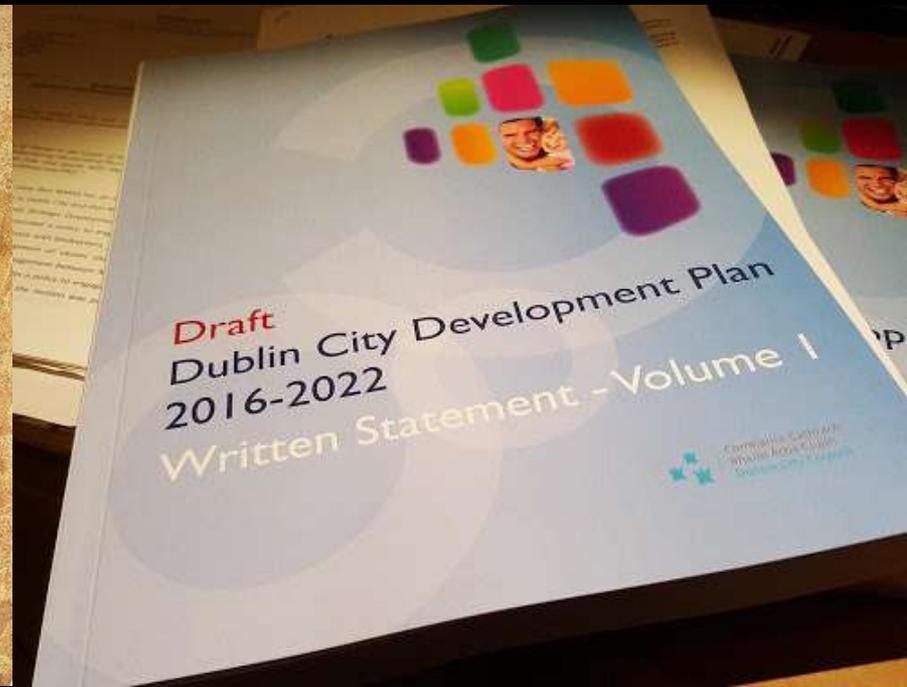
(Remember ...

**“To Hell or to Connaught”**)



Neither the **market**, the **commons**, nor the **state** alone can provide an infallible blueprint.

Approaches to **distributive land design** must fit the people and the place, and may well work best when they **combine all three** of these approaches to provisioning.



In the majority of countries,  
the privilege of creating  
money has been handed to

**commercial**

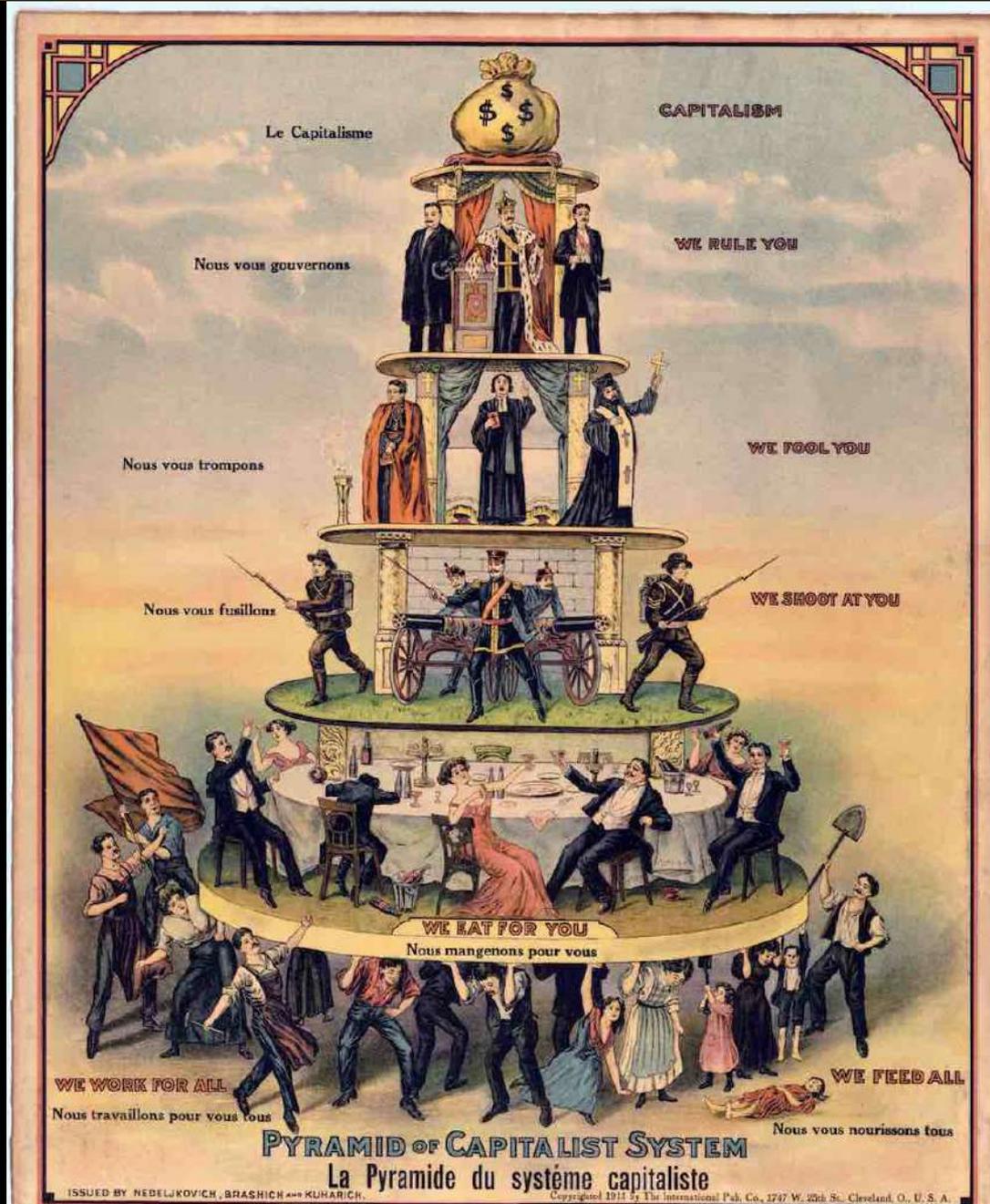
**banks**, which create  
money every time they

offer loans or **credit**.

As a result, more money is  
made available only by their  
issuing more

**interest-**

**bearing debt**



**Complementary currencies** can clearly enrich and empower communities but game-changing ones are now emerging ( For example: Transition Towns: **Brixton**, Totnes, Bristol, Lewis...

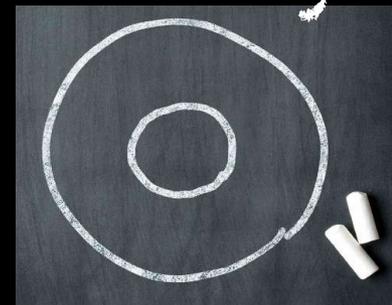


Olive Morris: Brixton Black Women's Group founder. Brixton resident: 1961-1976. Electric Avenue, Brixton Central from Lambeth Archives



Escape the **monoculture of money** and put the potential of **distributive design** at the heart of a new financial ecosystem

Kate says



Who owns the enterprise, and so captures the value that workers generate? When the founding fathers of economics disagreed over how income would be distributed between **labour**, **landlords** and **capitalists**, they could all agree on one thing: that these were obviously three distinct groups of people.



Dublin Lockout, Bloody Sunday 1913

Employee-owned companies  
and member-owned

**cooperatives**

have long been a  
cornerstone of

**distributive  
enterprise**

design, born out of the  
cooperative movement that  
took off in mid nineteenth  
century England.



In 1900, **half** of the US labour force worked in agriculture, assisted by over **20 million horses**. Just over a century later, thanks to mechanisation only **2%** of US workers are employed in agriculture, and the horses have all but gone.





Time to look beyond the traditional binary choice of market versus state when it comes to controlling technology. Turn instead to the innovation taking place in the

**collaborative commons**, which have the potential to transform the control of knowledge.



The rise of **patents**, followed by

**copyright** and

trademarks, created intellectual property regimes that initially spurred on the industrial revolution but then began

**colonising** the

commons of traditional knowledge, with a growing number of patents seeking

to **monopolise**

know-how that had been collectively developed.

But in the **collaborative commons**, millions of innovators are defying this received wisdom, **co-creating** and using **free open-source software**, known as FOSS, as well as free open-source hardware, or FOOSH.





How can the state start helping the **knowledge commons** to realise its potential?  
In five key ways.

1) **invest in human ingenuity** by teaching social entrepreneurship, problem-solving and collaboration in schools and universities worldwide.

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- 4) **publicly fund the set-up of community makerspaces** – places where innovators can meet and experiment with shared use of 3D printers and essential tools for hardware construction.
- 5) **encourage the spread of civic organisations** – from cooperative societies and student groups to innovation clubs and neighbourhood associations – because their interconnections turn into the very nodes that bring such peer-to-peer networks alive.

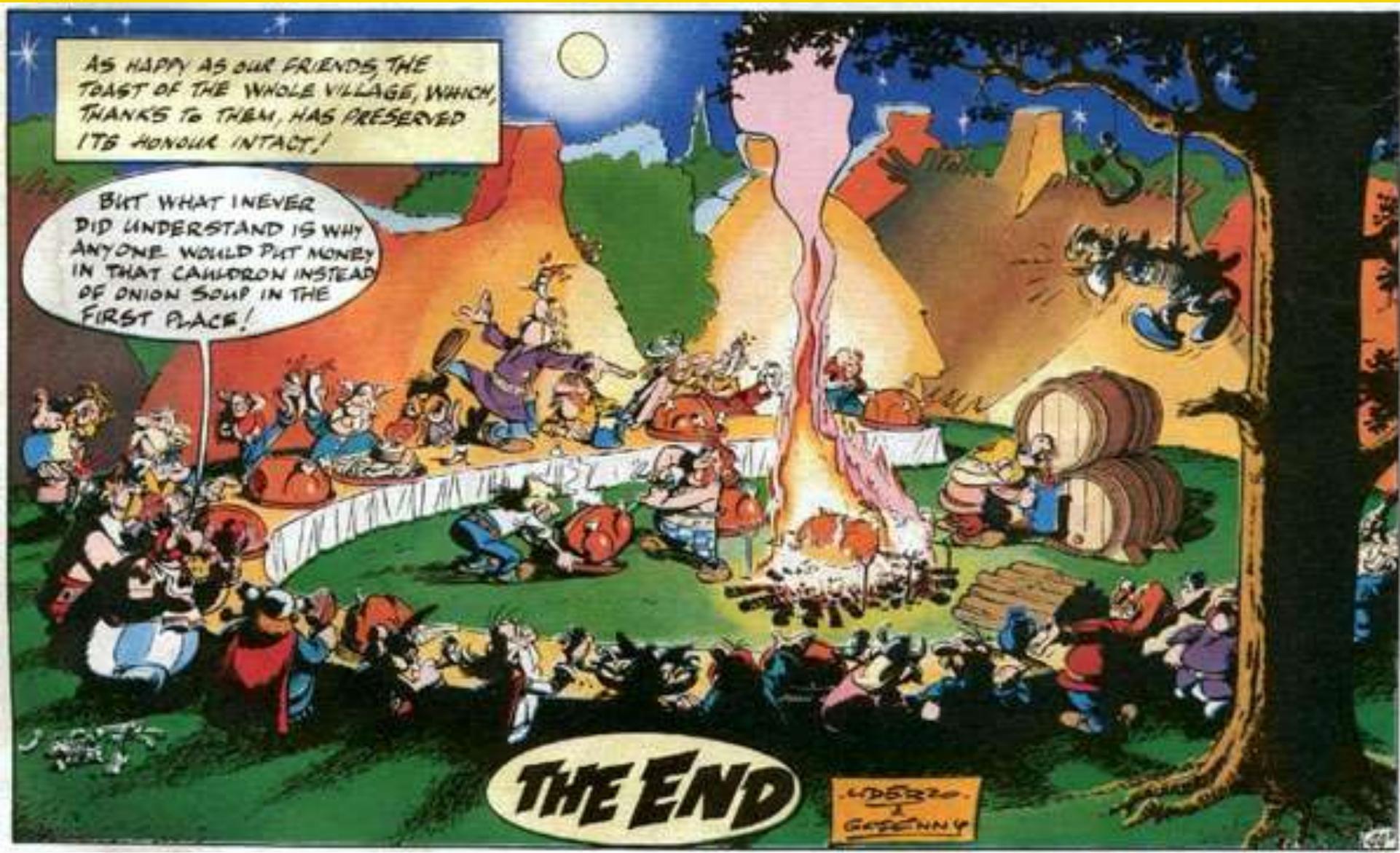


The world as a whole still remains more unequal than any single country within it.

*Imagine a worldwide network of free open-source design: Back in 2002, **William Kamkwamba**, the 14-year-old son of drought-stricken Malawian farmers, had to drop out of secondary school because his parents could no longer afford to pay the fees. He went to the local library, read a textbook on energy, and **built his own windmill**.*



*William Kamkwamba and his windmills.*



'The **great task** of the twenty-first century is to **build a new and vital commons** sector that can **resist enclosure** and externalization by the market, **protect the planet**, and **share the fruits** of our common inheritances more **equitably** than is now the case.' - Peter Barnes, ecological thinker