

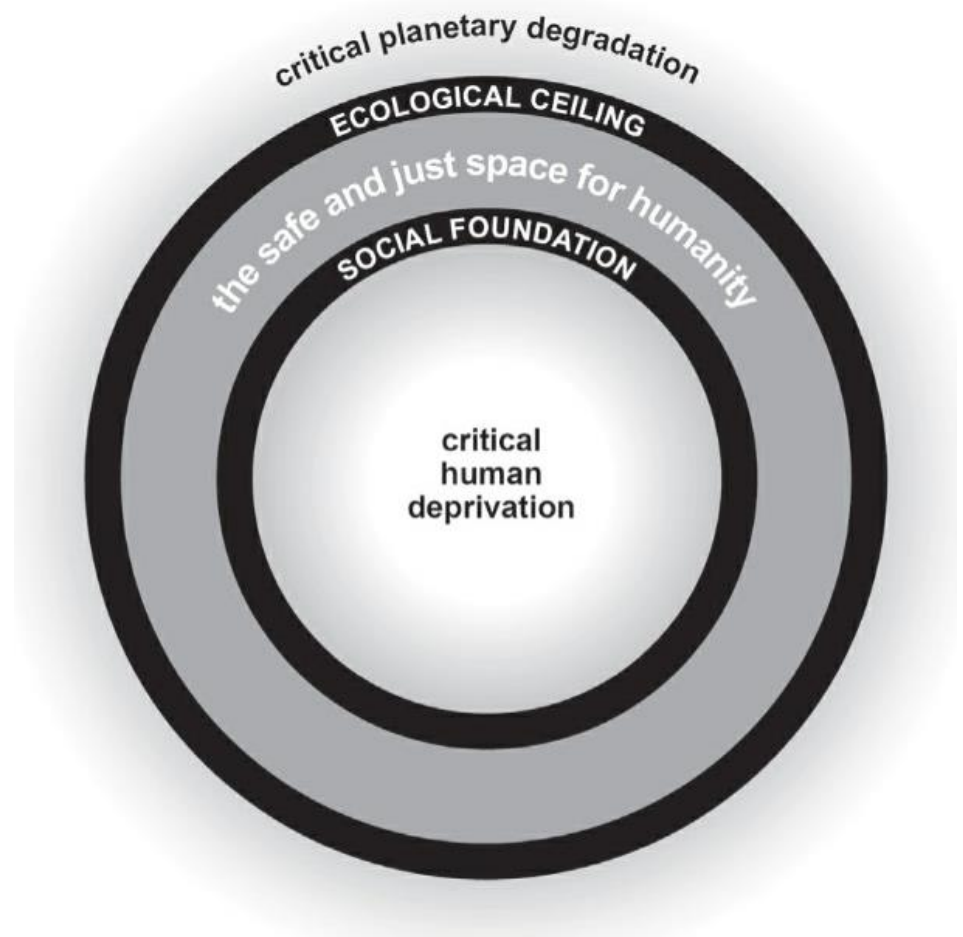
# Course 12:

Women in Economics – Part II

Kate Raworth, *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*, 2017.

# Values and a diagrams

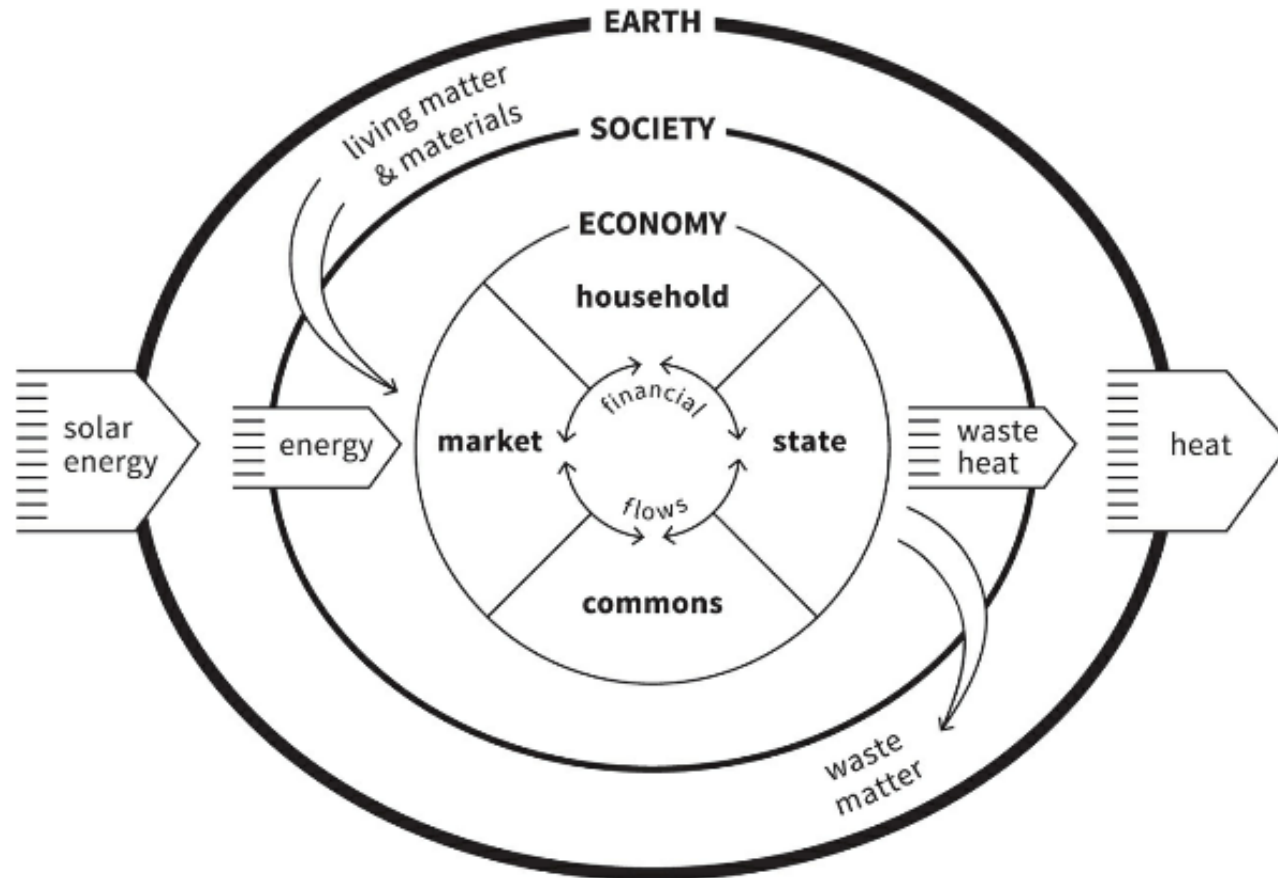
- A shift from long-established theories to humanity's long-term goals
- The power of pictures



## Kate Raworth: Doughnut Economics – 7 ways to think like a 21st century economist

- 1/ economics has “eclipsed any real study of humans” change the goal, from GDP > meeting human rights of every person within the means of our life-giving planet.
  - Is price paid really a good proxy for utility gained?
  - Is growth really the same as progress?
  - The separation of economics from political philosophy led to Michael Sandel’s “moral vacancy” in public policy-making.
  - “every person [should be able] to lead their life with dignity, opportunity and community”

2/ See the big picture: from circular flow to embedding economy in society within nature, and powered by the sun.



*The Embedded Economy, which nests the economy within society and within the living world, while recognising the diverse ways in which it can meet people's needs and wants.*

- 3/ nurture human nature, richer than *homo economicus*.
- 4/get savvy with systems: replace supply and demand criss-cross, with a simple pair of feedback loops > stop searching for levers, start stewarding the economy an ever-evolving complex system

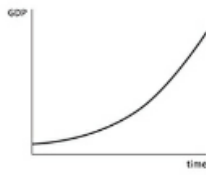
- 5/ design to distribute: Kuznets Curve suggests things will get worse then better. Inequality is not an economic necessity but a design fault
- 6/ create to regenerate: Environmental Kuznets Curve > design circular – not linear – economy
- 7/ be agnostic about growth: economics assumes endless growth > but nothing in nature growth endlessly

Seven Ways to Think:

From Twentieth-Century Economics

To Twenty-First-Century Economics

1. Change the Goal



GDP

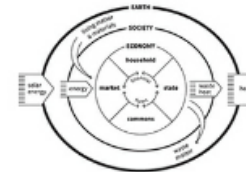


the Doughnut

2. See the Big Picture



self-contained market



embedded economy

3. Nurture Human Nature

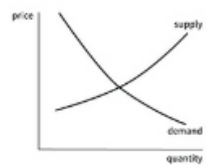


rational economic man

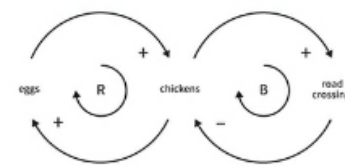


social adaptable humans

4. Get Savvy with Systems



mechanical equilibrium



dynamic complexity

5. Design to Distribute



growth will even it up again

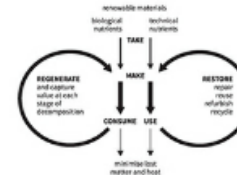


distributive by design

6. Create to Regenerate

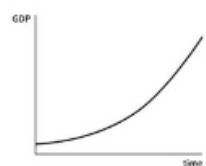


growth will clean it up again

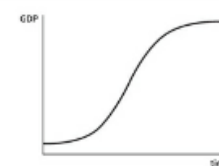


regenerative by design

7. Be Agnostic about Growth



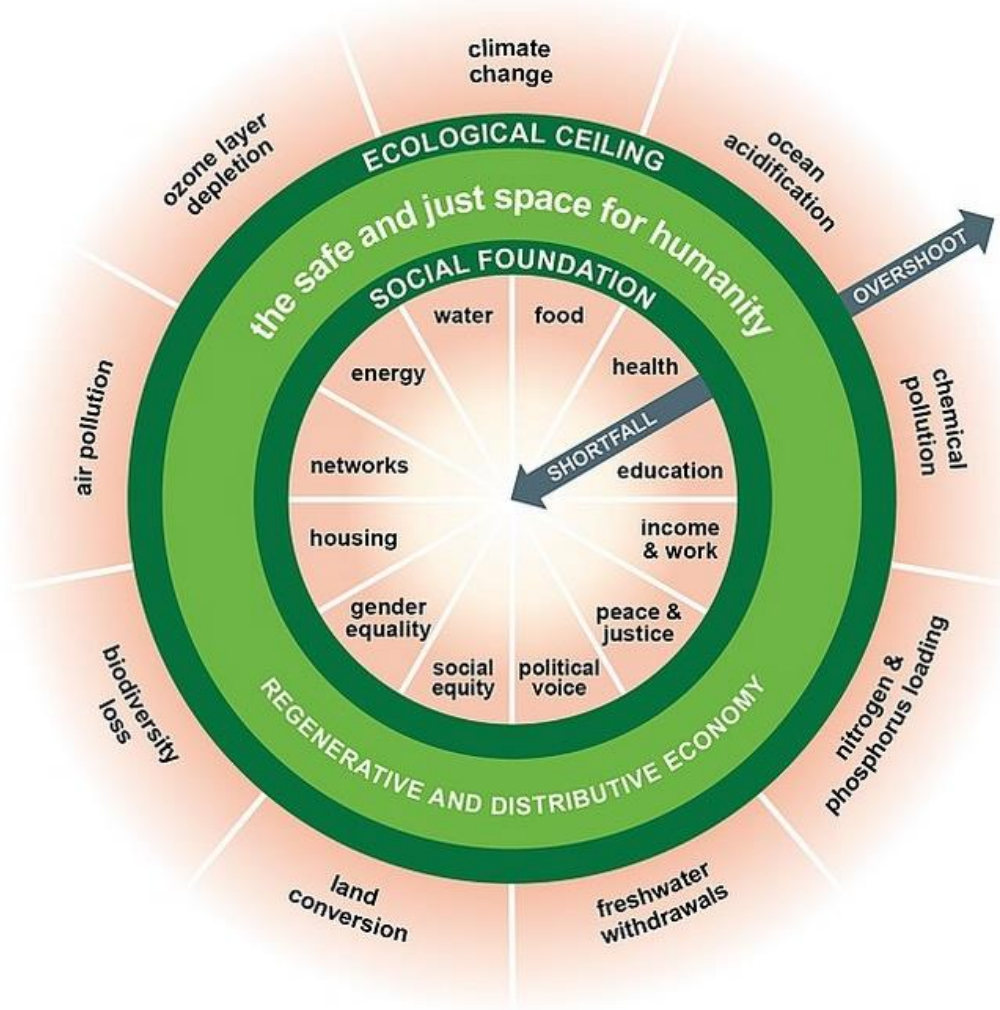
growth addicted



growth agnostic



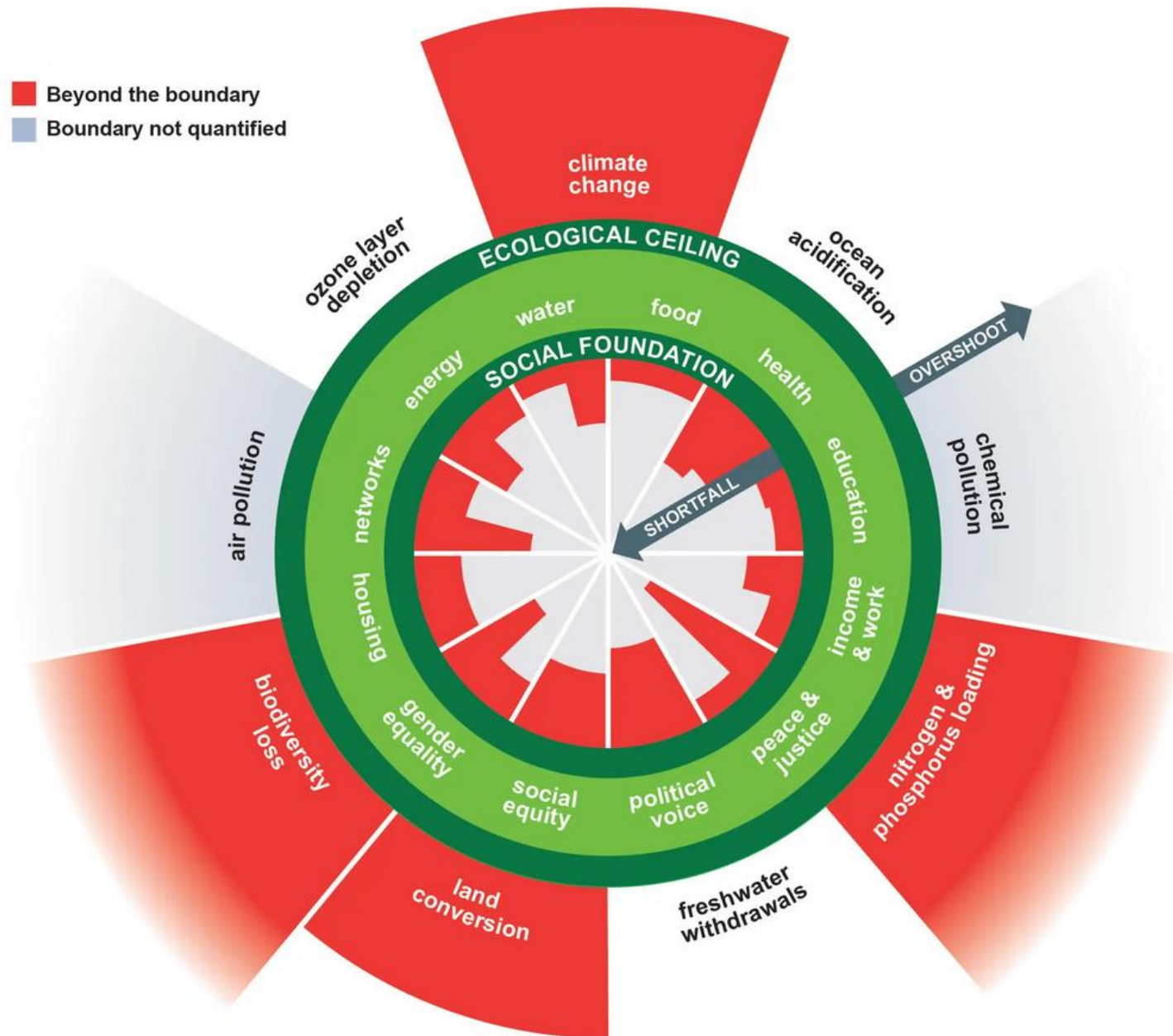
# Kate Raworth: Doughnut Economics



Social foundations  
(drawing on Sustainable Dev Goals of UN) – basic needs

Ecological ceilings  
(drawing on Earth-system scientists) – planetary boundaries

# The state of the world “today” (2017)



# WHAT WOULD IT MEAN FOR AMSTERDAM TO RESPECT THE HEALTH OF THE WHOLE PLANET?

## OCEAN ACIDIFICATION

### CITY TARGET

Reduce the city's in-boundary CO<sub>2</sub> emissions to 55% below 1990 levels by 2030, and to 95% below by 2050.<sup>13</sup>

CO<sub>2</sub> dissolved in seawater has increased the level of ocean acidity by 30% since the beginning of the Industrial Revolution.<sup>14</sup>

## EXCESSIVE FERTILIZER USE

The Dutch agricultural sector is responsible for 61% of the total amount of nitrogen emissions, mainly caused by fertilizers.<sup>15</sup>

## OVERFISHING

Fish consumption has more than doubled in the Netherlands since 1990, putting the country in the top 25% of fish-consuming nations in the world.<sup>16,17</sup>

## FRESHWATER WITHDRAWALS

The Netherlands has the highest water footprint in Europe, with almost 90% of total water consumption embedded in imports such as meat, cotton and food.<sup>17,18,19</sup>

## CLIMATE CHANGE

### CITY TARGET

Reduce the city's in-boundary CO<sub>2</sub> emissions to 55% below 1990 levels by 2030, and to 95% below by 2050.<sup>13</sup>

In 2017, Amsterdam's in-boundary CO<sub>2</sub> emissions were 31% above 1990 levels. Furthermore, 63% of the city's total CO<sub>2</sub> emissions are produced beyond city boundaries, embedded in the building materials, food and consumer products that the city imports.<sup>14,20</sup>

## AIR POLLUTION

50-60% of air pollution in China is associated with products and services that are exported to other countries including the Netherlands.<sup>21</sup>

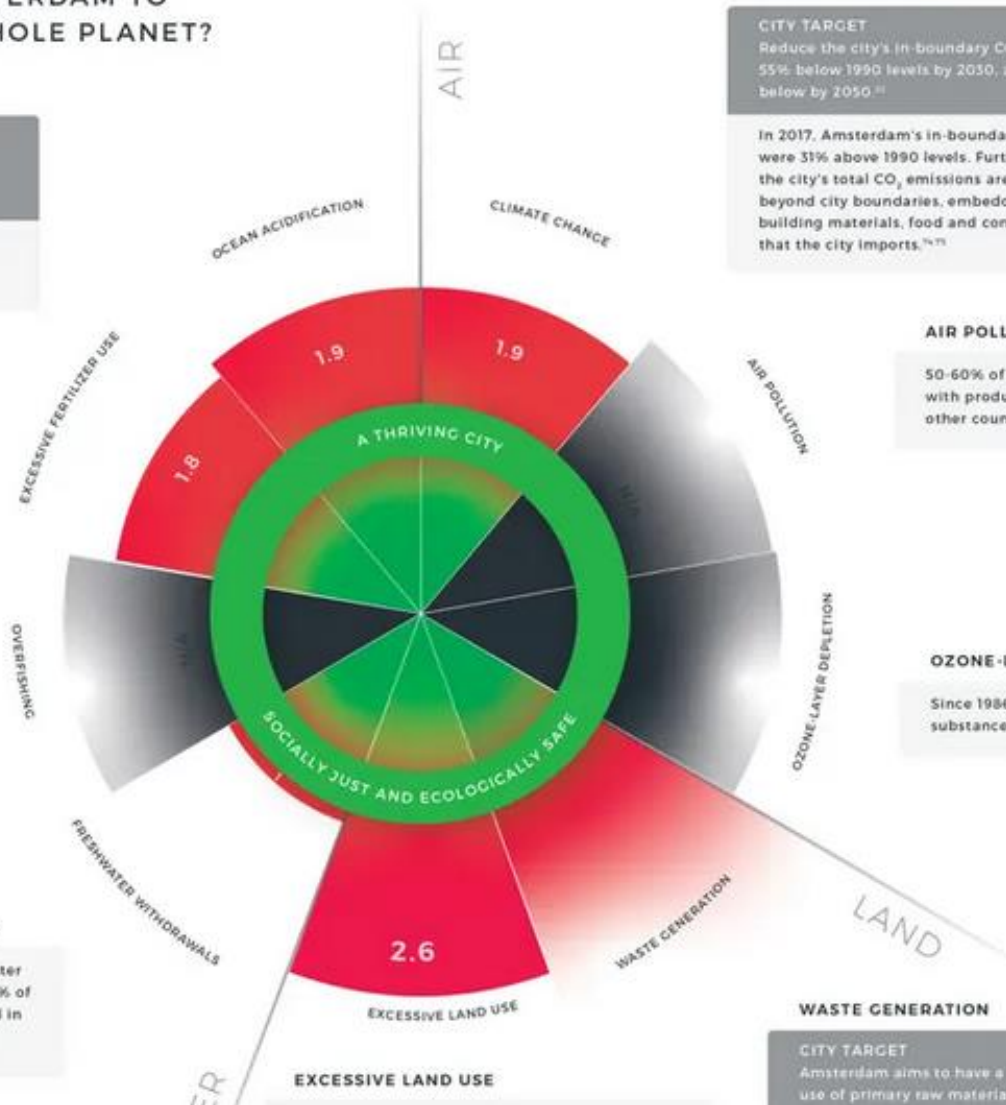
## OZONE-LAYER DEPLETION

Since 1986, global use of ozone-depleting substances has declined by over 90%.<sup>22</sup>

## WASTE GENERATION

### CITY TARGET

Amsterdam aims to have a 50% reduction in the use of primary raw materials by 2030, and be a



# Amsterdam Circular Strategy 2020-2025

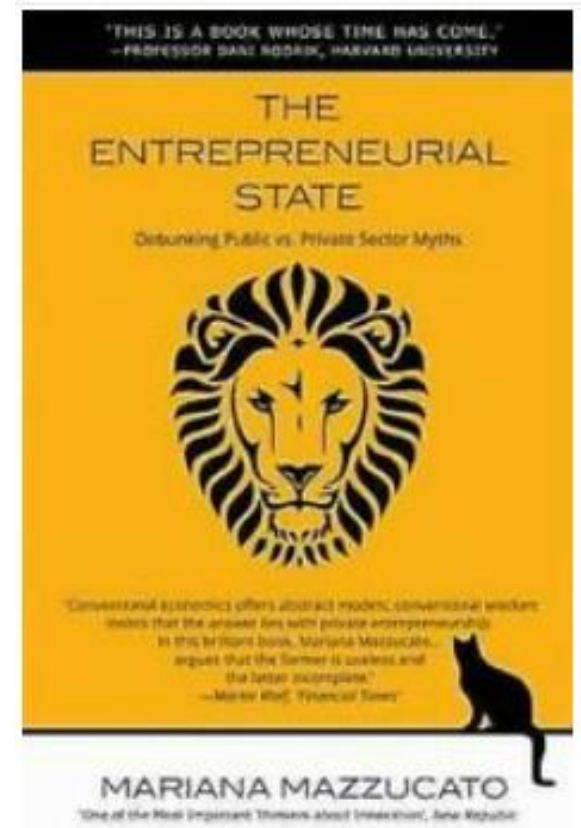
- Reuse of raw and other materials
- Focus on 3 value chains
  - Food and organic waste streams
  - Consumer goods
  - Built environment
- Goals: halving use of primary raw materials by 2030, 100% circular by 2050

Source: City of Amsterdam, [Policy: Circular economy](#), 2020(?)

Mariana Mazzucato, *The Entrepreneurial State* (2013) and *Mission Economy* (2021).

Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*, 2013

MM challenges mainstream view of governments as bureaucratic  
Government “de-risks” private sector activities – addresses market failures  
Govt often leads “general purpose technologies”...  
... vital to the “mass production system”



2013

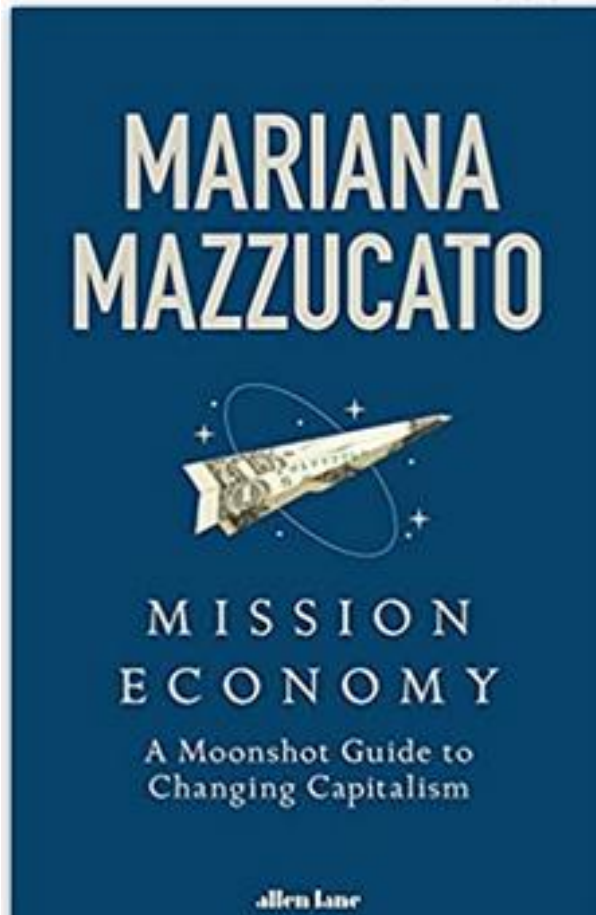
# Key (hi-tech) technologies

Aviation, space, IT, life-sciences,  
nanotechnology, clean industries AND Internet

iPods, iPads and iPhones: microprocessors,  
RAMs, hard-drives, lithium-ion batteries, LCDs –  
and software (http/html, SIRI, GPS)

And yet, companies like Apple game the tax  
system

# *Mission Economy: A Moonshot Guide to Changing Capitalism, 2021*



- World's major challenges > a different approach to PPPs
- New confidence to tackle “wicked problems”
- Govt projects by “moonshots”  
[Kennedy “landing a man on the moon” Congress speech 1961](#)

Large-scale, focused missions



# 6 attributes defined Apollo

- 1) vision infused with a strong sense of purpose;
- 2) risk-taking and innovation;
- 3) organisational dynamism;
- 4) collaboration and spillovers across multiple sectors;
- 5) long-term horizons and budgeting that focused on outcomes; and
- 6) a dynamic partnership between the public and private sectors (Mazzucato 2021a: 60).

# Mission Maps

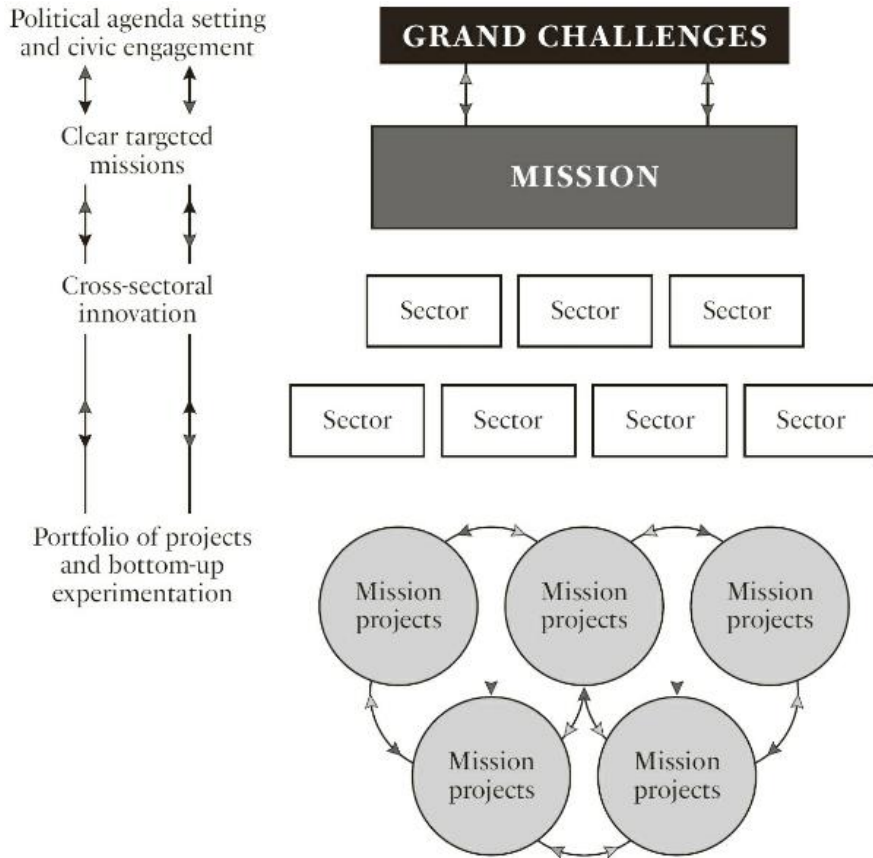


Figure 5: A mission map

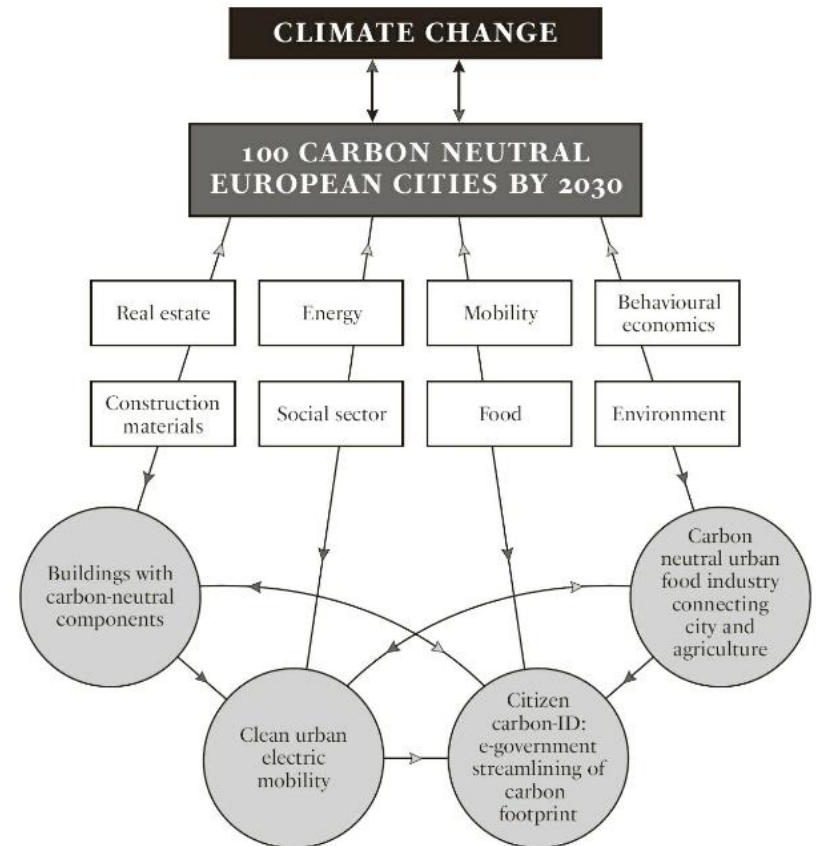


Figure 7: A mission map for 'Climate Action' (SDG 13)

# Missions maps to tackle

- Clean oceans
- The future of mobility
- Ageing society
- Citizen health and wellbeing
- Digital transformation

## Seven key pillars to a better political economy

1. A new approach to value
2. Missions “co-create” and “co-shape” markets (not just fixing)
3. Organisations – capabilities requiring cooperation, not just competition (to take risks, learn under uncertainty, etc.)
4. Long term finance
5. Distribution and inclusive growth
6. Partnership and stakeholder value
7. Participation and creation

Minouche Shafik, *What We Owe  
Each Other: A New Social Contract  
for a Better Society*, 2021.

Minouche Shafik, *What We Owe Each Other: A New Social Contract for a Better Society*, 2021.



4/5 people believe 'the system' is not working for them (US, Europe, China, India, etc.)

Native populations feel migrants are changing societies

Men feel threatened by empowered women

The young are vocal about the elderly

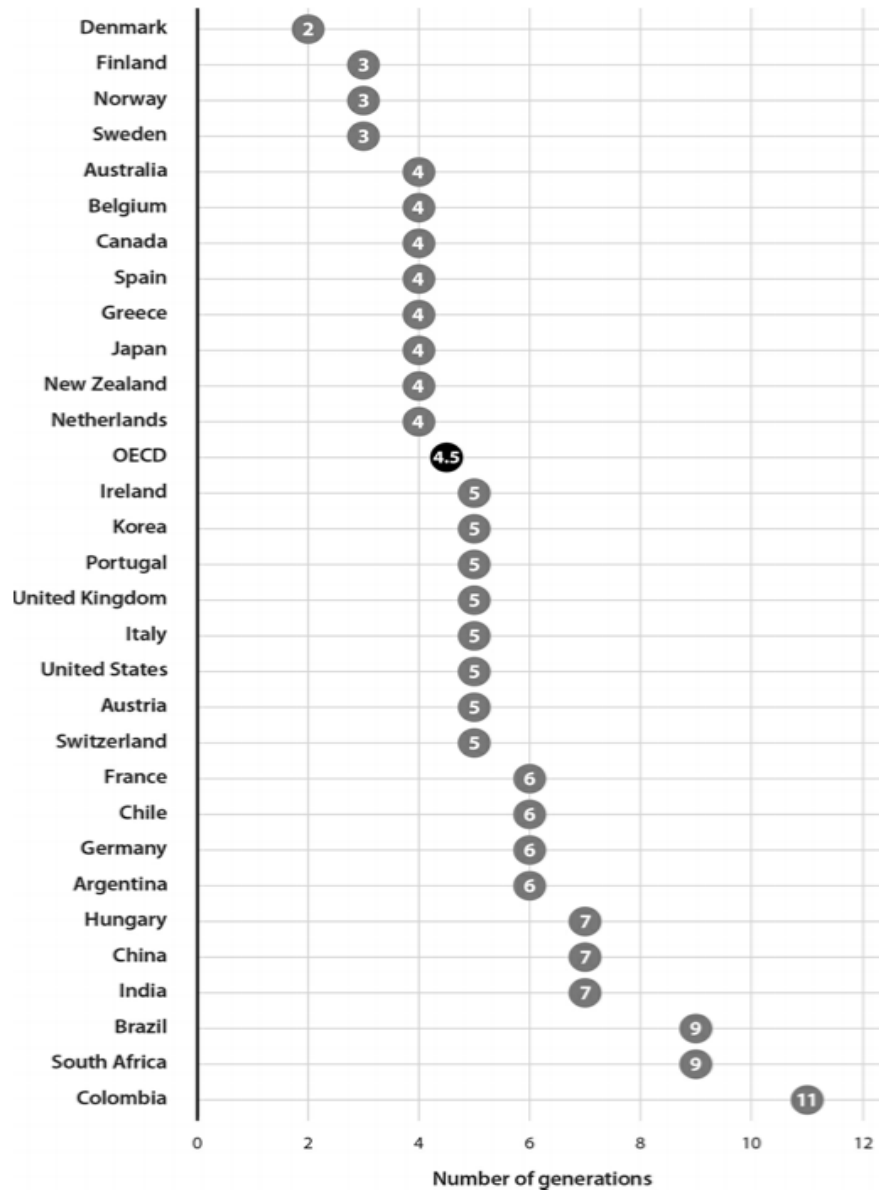
# A Social Contract

- An approach that recognizes the primacy of expectations and mutuality, the efficiency and value in collective provision and sharing risks
- How much does society owe an individual and what does an individual owe in return?

# Throughout history

- People have pooled resources to varying degrees to enjoy benefits and manage risks
- In virtually every society caring for young and old has been the responsibility of women
- Education, health care and employment of next generation has tended to be a collective responsibility.





Social mobility: how many generations to go from being low income to middle income?

## Conditions and characteristics of the social contract

- Persuading higher-income groups in developing countries to rely on public provision is key to raising revenues for a better social contract
- The social contract should consider a broad range of measures including income, subjective well-being, capability, opportunity and freedom

# Welfare states to smooth out life-time income

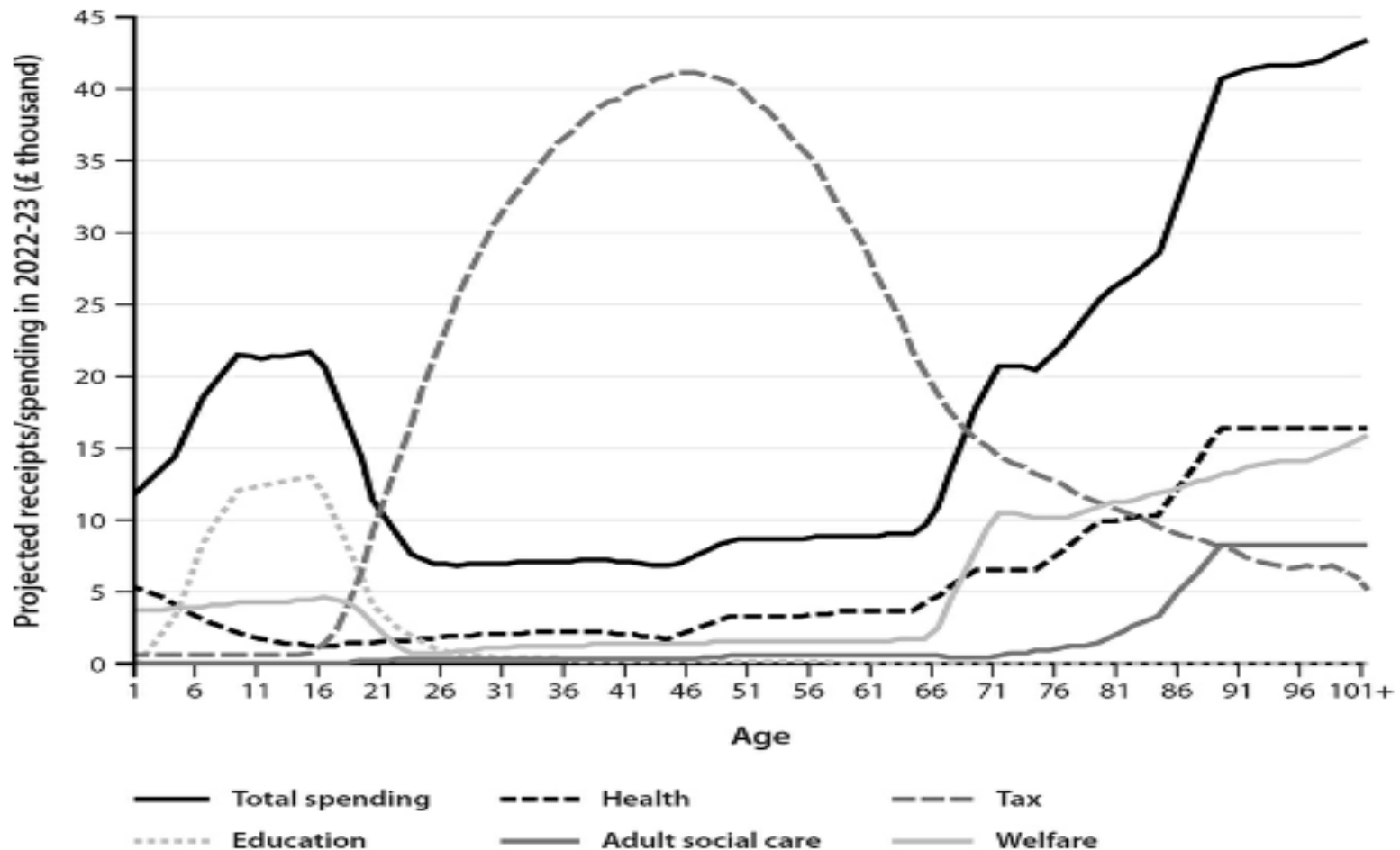
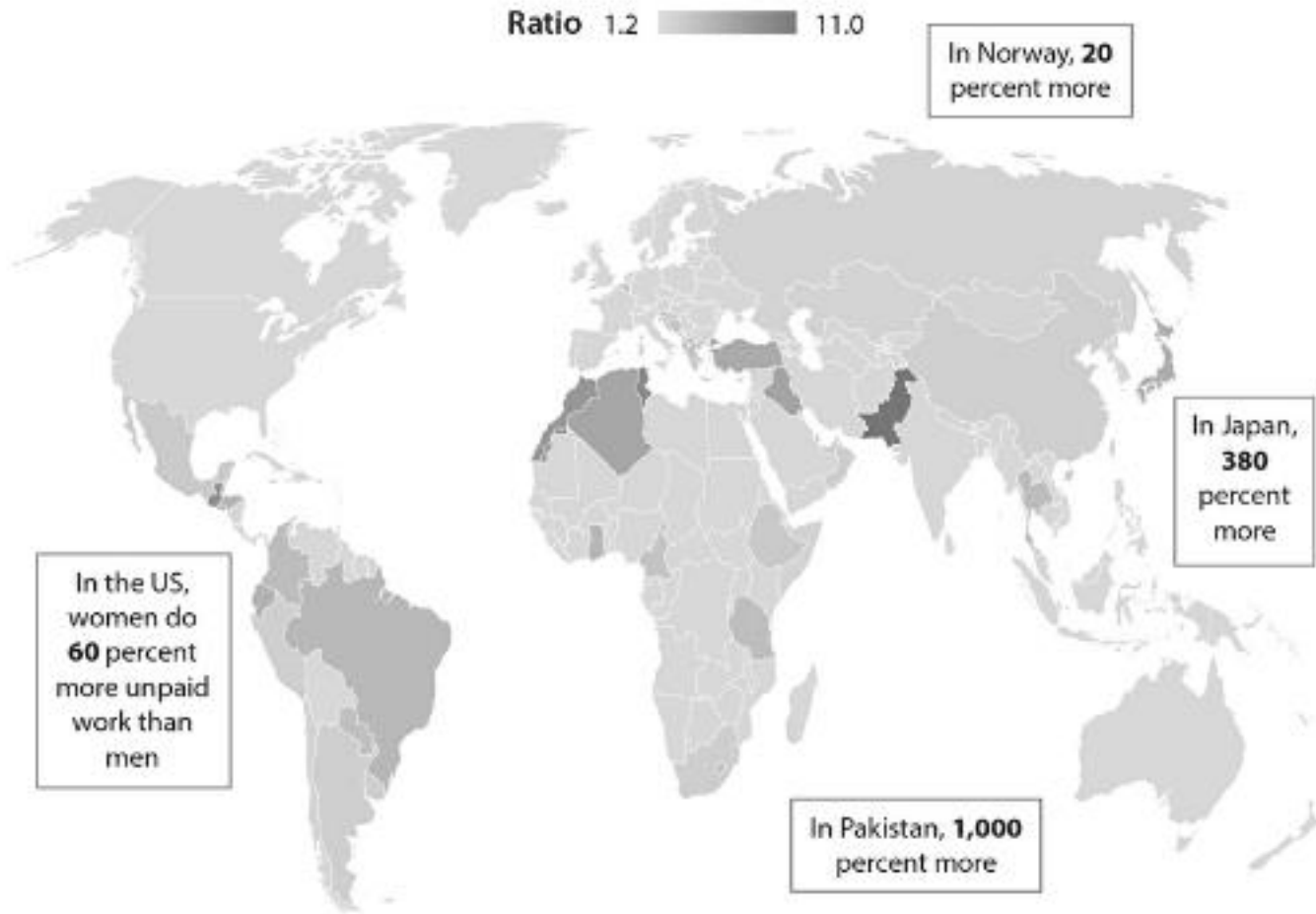


Figure 2. People pay into the state in middle age and take money out when they are young and old

## 3 broad principles of new social contract

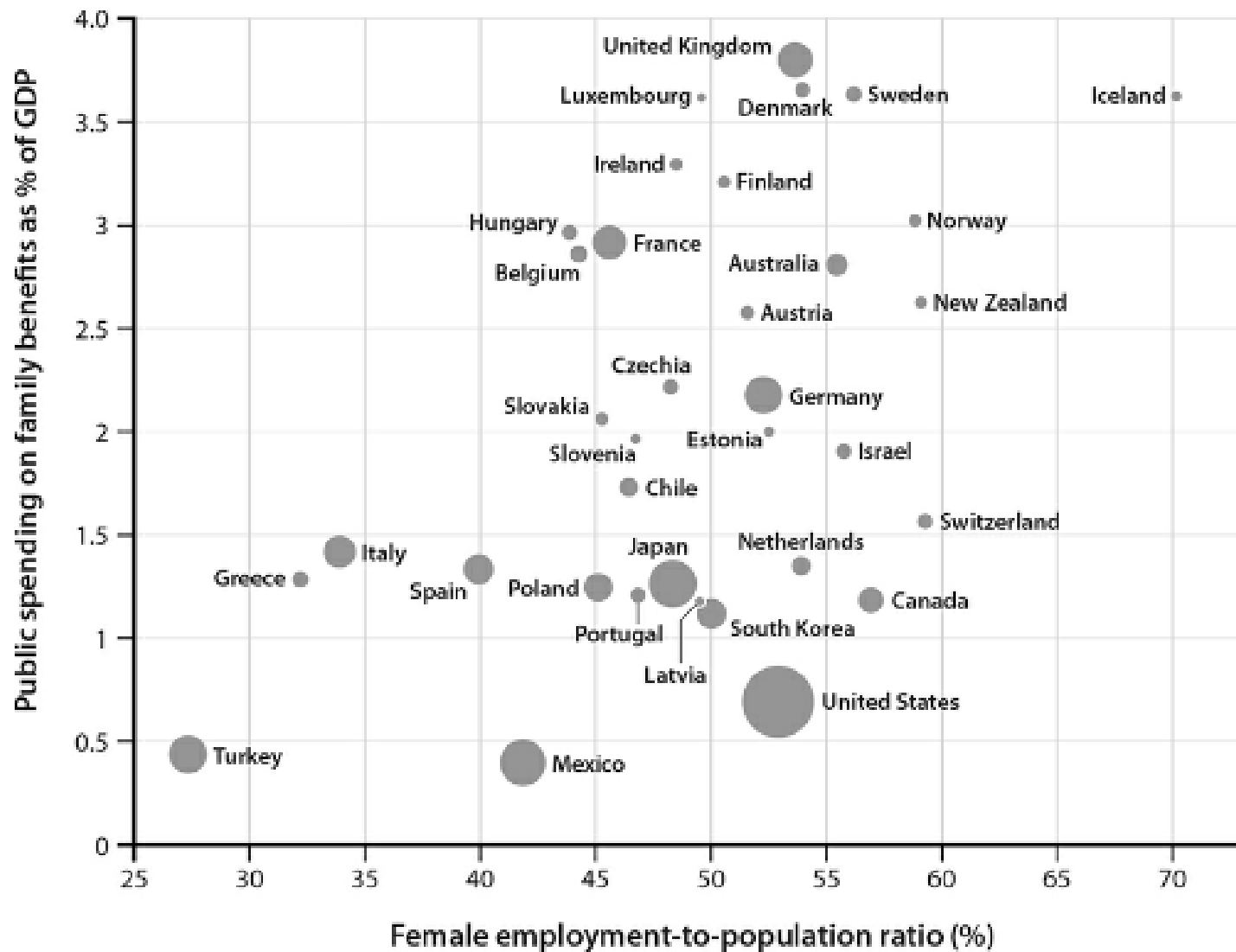
- Everyone should be guaranteed the minimum required to live a decent life (incl. health care, education, pensions)
- Everyone should be expected to contribute as much as they can – and be given opportunity to do so with training throughout life
- The provision of minimum protections around some risks (sickness, unemployment and old age) are better shared by society.

# Ratio of female to male unpaid work

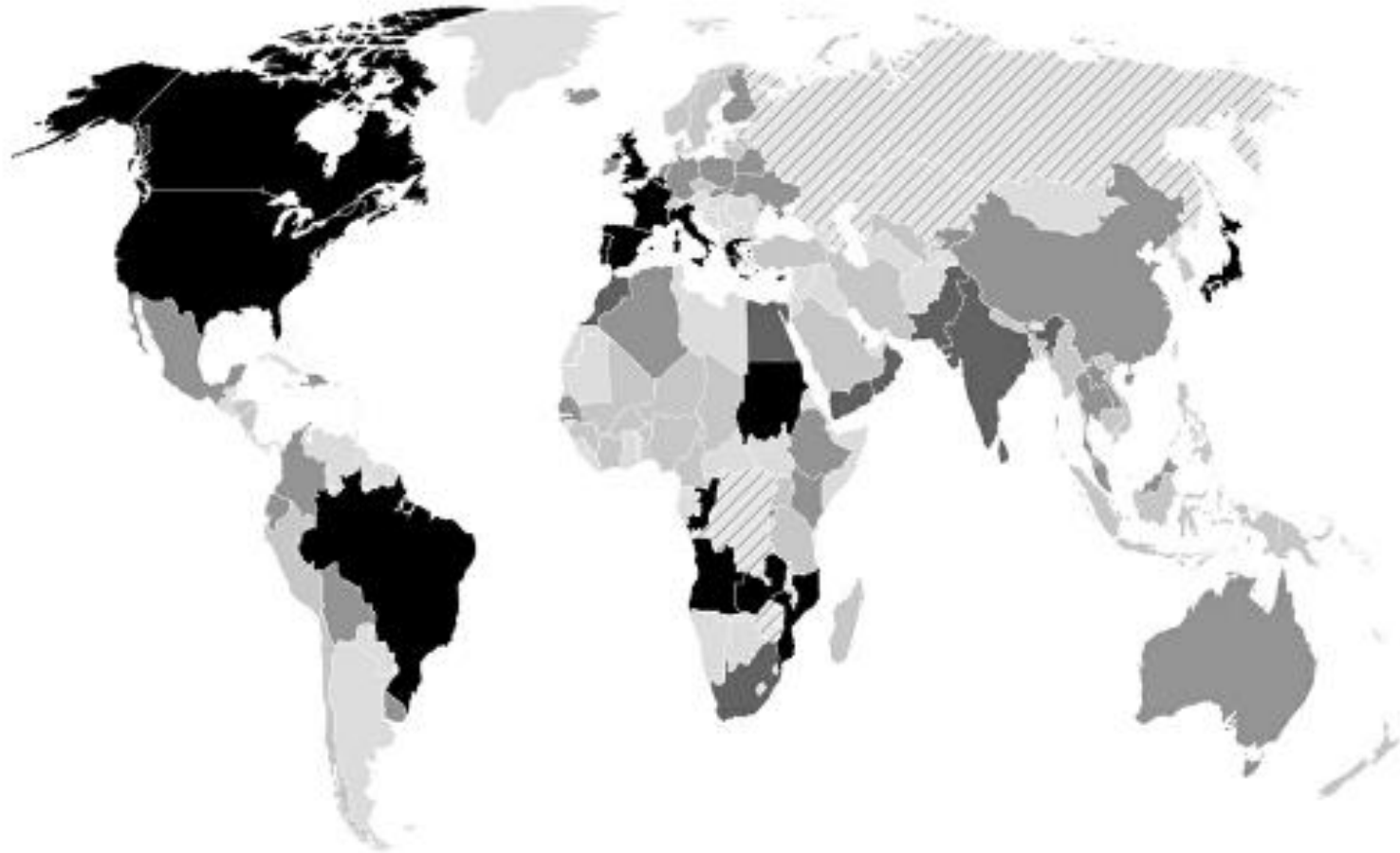


Ratio of female to male unpaid work

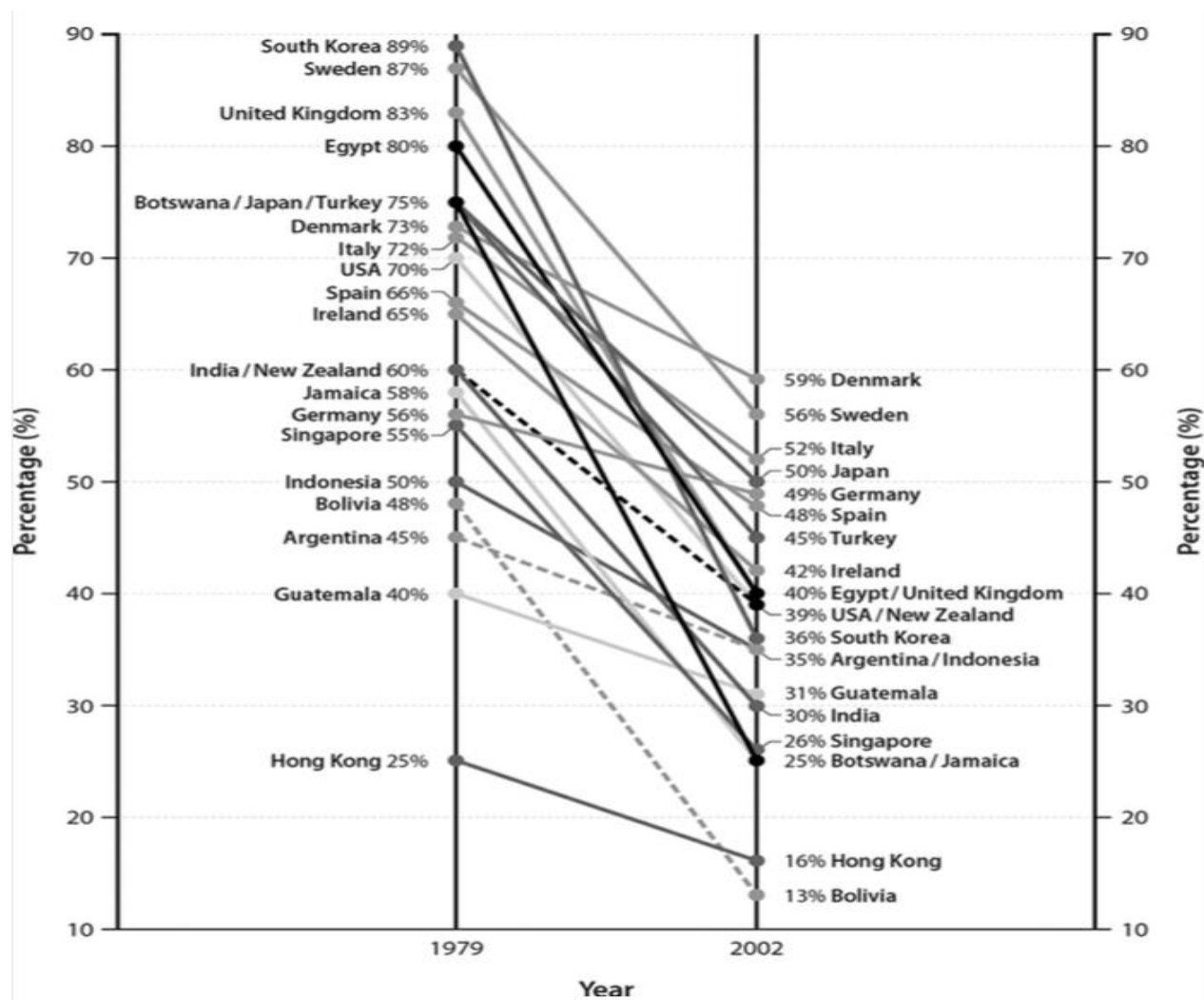
Countries that spend more on families enable women to stay in paid work  
(but male attitudes need to change too)



# Debt to GDP levels



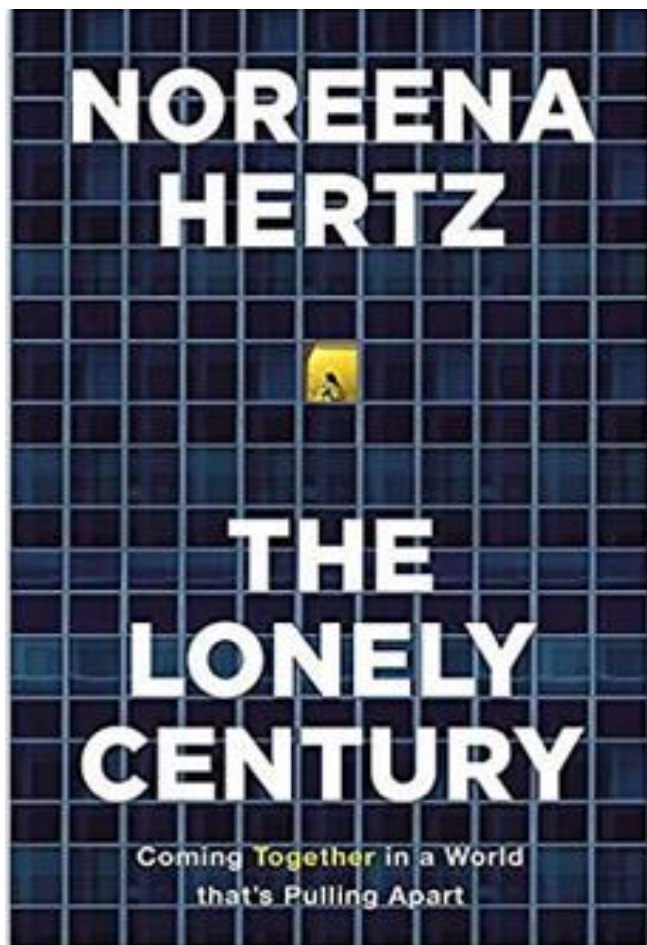
# Top (marginal) tax rates have fallen everywhere





Noreena Hertz, *The Lonely Century:  
Coming Together in a World that's  
Pulling Apart*, 2020.

# Noreena Hertz, *The Lonely Century*, 2020.



“The Nigella Lawson of economics”

...because she combines striking beauty with a formidable mind... 😞

(some men economists, like Mark Carney, are called “rock stars”)

Noreena Hertz video presenting the book:

<https://www.youtube.com/watch?v=qHpxPKIKn9Y>

# The loneliness pandemic

- Even before Covid, 3/5 US adults considered themselves as lonely
- Loneliness is worse for health than not exercising – equivalent to 15 cigarettes a day
- Before Covid, the cost to Medicare estimated at \$7 billion per year
- Loneliness is not just feeling the absence of love – but also feeling unsupported and uncared for by fellow citizens
- A disconnect from politics and politicians

# Neoliberalism feeds national populism via loneliness

- 1980s – liberalism and freedom > marketisation

*“Our culture of self-reliance and hustle, so valorised by neoliberal capitalism, comes at a significant cost.”*

- Screens and social media > a “state of permanent connection that makes our phone and social media usage like nothing else in human history” > we are not present with those around us
- Alone at the office > less connected (hot-desking)

# Political dynamite

- Hannah Arendt writing on *Totalitarianism* noted the link between loneliness and politics of intolerance
- Arendt “the experience of not belonging to the world at all... is ... the essence of totalitarian government, preparation of its executioners and victims”
- Loneliness feeds the politics of distrust
- Especially when combined with economic insecurity and loss of status
- Trump (and Le Pen) made/make people feel they were being heard, that they belong somewhere (manipulation)