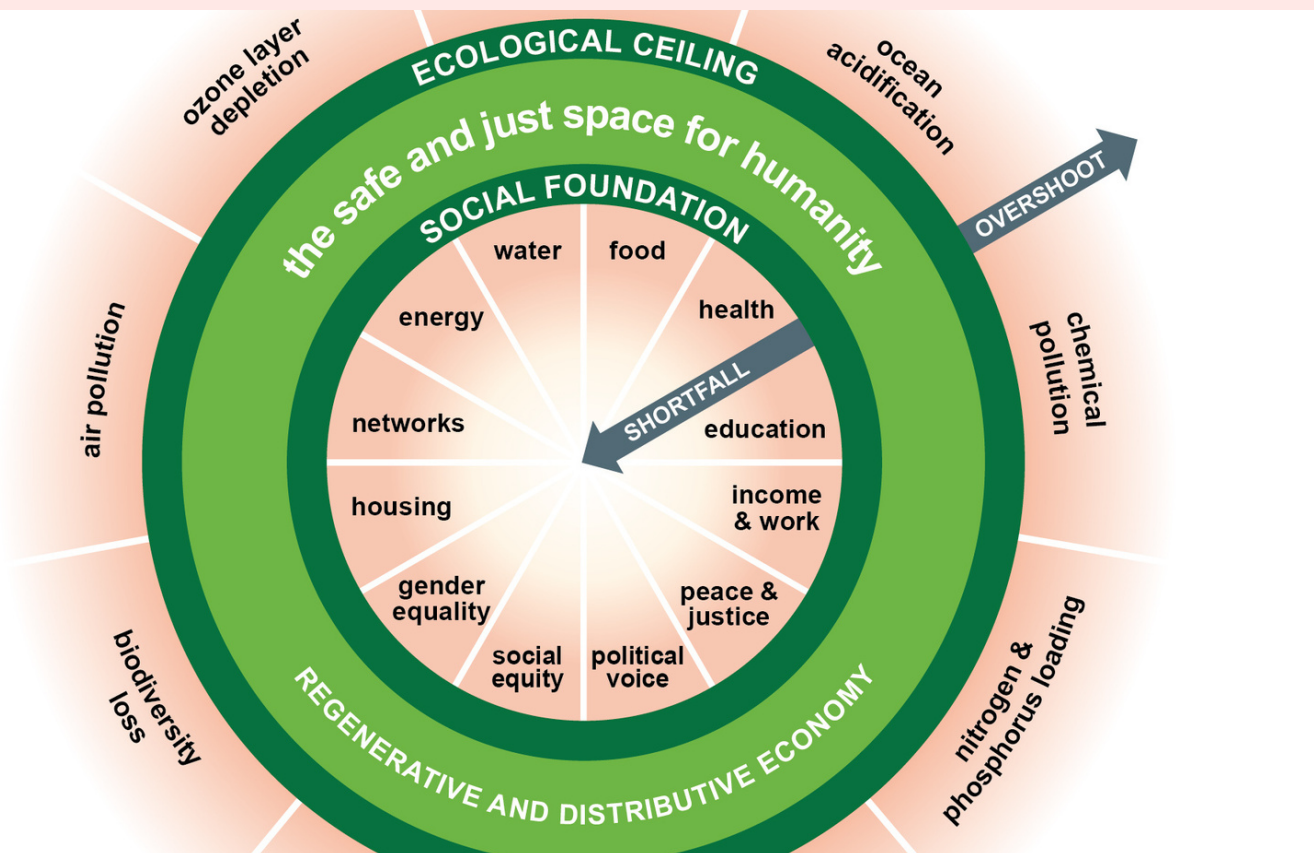


# Doughnut economics

## An alternative model



Raworth, K. (2017), Doughnut Economics: seven ways to think like a 21st century economist.

Analyse GDP growth and explore a new model of economy for planetary wellbeing

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Authors: Anka Stankovic (TEHRA), Andreea Pletea (TEHRA), and Amina McCauley (News Decoder).

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The Empowering Youth through Environmental Storytelling is a collaboration between The Environment and Human Rights Academy (TEHRA), News Decoder and the Young Educators European Association (YEEA).

The purpose of these educational materials is to help young people understand the climate crisis on a systems level through engaging with the topics and foster agency through the skills and techniques of journalism.

This project is co-funded by the European Union. Views and opinions expressed are those of the author(s) only and do not necessarily reflect those of the European Union. The European Union cannot be held responsible for them.

For further information on the use of this resource, please email [andreea.pletea@tehra.org](mailto:andreea.pletea@tehra.org) or [maria.krasinski@news-decoder.com](mailto:maria.krasinski@news-decoder.com).

We cannot be held liable for how these materials are used in practice.

These educational resources have been developed to the best of our knowledge, using reliable and widely-recognized sources. While every effort has been made to ensure accuracy and clarity, we cannot guarantee that the materials are free from errors or omissions. Climate change is a field of knowledge that continues to evolve, and teachers and learners are encouraged to consult up-to-date scientific sources (e.g. IPCC, IPBES or national agencies) to complement and enrich these activities.

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## Learning objectives

1. Analyse the current economic system and how it relates to climate change.
2. Understand the main principles and proposed solutions of the Doughnut Economics concept.

### ✓ GreenComp alignment:

- Systems thinking
- Problem framing
- Futures literacy
- Exploratory thinking

## Unit guide

This chapter has been written using some of the [Chapter summaries for Doughnut Economics - Cambridge Doughnut](#) as guidance. We will briefly go through four of the seven chapters that the Doughnut Economic model proposes.

They cover some of the core principles, critiques and solutions of this model, without requiring a deep understanding of economic theory.

You can visit the website and access video summaries of the chapters, and include others if your students have studied economics before. Overall, this unit is more suitable for older students.

After basing your lecture on the Learn texts, let students make the connection between environment and social needs themselves, through the Project.

[Here is the link to the \*\*lesson slides\*\*.](#)





# OPENING ACTIVITY

## Discuss

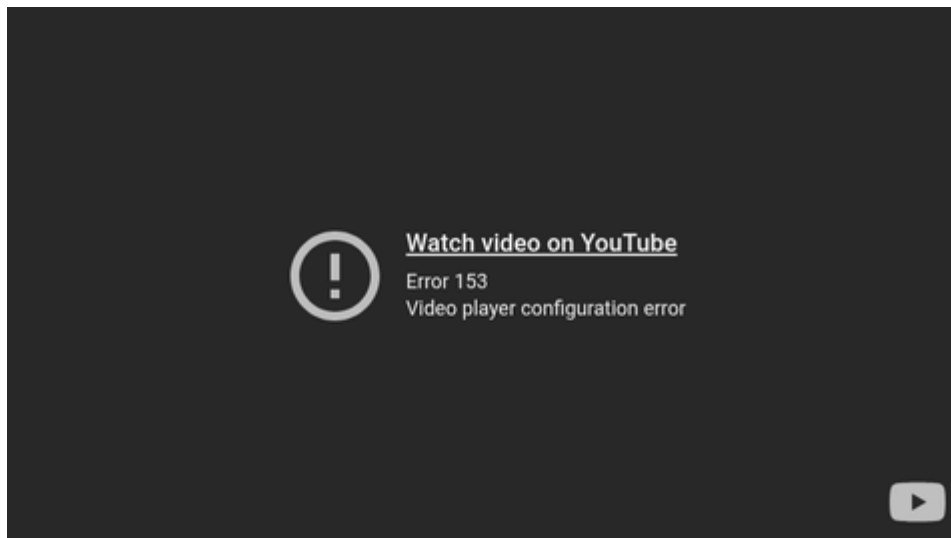
(5-10 minutes)

*"It is well enough that people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning."*

– Henry Ford

1. What do you think Ford means when he says that if people knew about the economic system, there would be a revolution?
2. Do you have any idea why he would say this?
3. Who is Henry Ford and why might it be ironic that a highly successful businessman would say the above about the monetary system?

After the discussion, watch [the below video](#), introducing the concept of Doughnut Economics:





First introduced by Kate Raworth in her paper "A Safe and Just Space for Humanity"<sup>1</sup> and later elaborated in the book "Doughnut Economics: Seven Ways to Think Like a 21st Century Economist",<sup>2</sup> Doughnut Economics combines the concepts of planetary boundaries with basic social needs.

The concept emerged as a critique of the current economic system, that is seen as not suited to manage the climate and environmental crises we currently have. It also offers an environmentally friendly and just solution by proposing another way to manage economics, putting nature and people, instead of profit, at its centre.

## 1. Change the goal: from GDP growth to the doughnut

Kate Raworth's Doughnut Economics challenges the way our current economic system puts markets, prices, and profit at the centre. In this system, anything that isn't given a price, like clean air, nature, or community wellbeing, is treated as an "externality" and ignored in the cost of making or selling something.

For example, imagine a clothes factory. To keep their costs low, they burn coal to power machines, and do not treat the wastewater well, thereby polluting air and a nearby river. The company makes money by selling clothes.

But the community that lives near the factory suffers from pollution – people may get sick from the bad water, lose access to clean water and the plants and animals are harmed as well.



However, the company doesn't pay for those damages. The costs are pushed on to the health of nature and people.

This shifting of costs to others is called a 'negative externality'. Regulations against pollution, that hold companies accountable, are now getting stronger, forcing them to clean up their 'negative externalities.' However, there are injustices here as well – while these regulations are generally strong in some countries, they are much weaker or poorly enforced in others.

Cotton<sup>3</sup> and textile<sup>4</sup> production, produced in countries such as Mali, Burkina Faso, Peru, Bangladesh and Pakistan, even use child labour to keep their costs at the minimum, which is contrary to children rights, unethical and has many negative social costs or 'externalities.'



Figure 1: Example of a negative externality

## 2. Critique: profit at the centre

Economic growth, or Gross Domestic Product (GDP) increase, is at the centre of our current economics.

GDP measures the market value of goods and services produced within a country over a period of time, typically one year.

GDP has become more than just a monetary measure of how much we produce and consume within a country, but a measure of a country's 'progress' and 'development'.

Never ending economic growth is not possible in our world with finite resources.<sup>5</sup>

Wealthier countries may be labelled 'developed' based on high GDP, yet this often masks big ecological consequences, sometimes displaced onto 'poorer' countries, as well as growing social divides.

GDP as a measure does not account how this created income is distributed among the population, nor does it incorporate any direct measure of wellbeing of the population or the environmental degradation that economic growth causes.<sup>6</sup>

According to the Intergovernmental Panel on Climate Change (IPCC)<sup>7</sup> economic growth as measured by GDP is a main cause of increasing CO<sub>2</sub> emissions.<sup>8</sup>



The model begins with asking oneself – How big can the economy be so it doesn't disrupt climate, biodiversity and earth systems? This is defined by the planetary boundaries - the economy should be embedded within these boundaries.

Within Planetary Boundaries, for a society to be just and equal, we need to cover everybody's basic needs.

The planetary boundaries used are taken from Rockström's groundwork<sup>9</sup>, whilst the social indicators are based on the United Nations' Sustainable Development Goals (SDGs).<sup>10</sup>

In sum, as a society, we should aim to live within 'the doughnut', that is to say within the planetary boundaries' limits, whilst still fulfilling societal needs<sup>11</sup>(Figure 2). By living inside the 'doughnut', a society can be sustainable, both ecologically and socially.

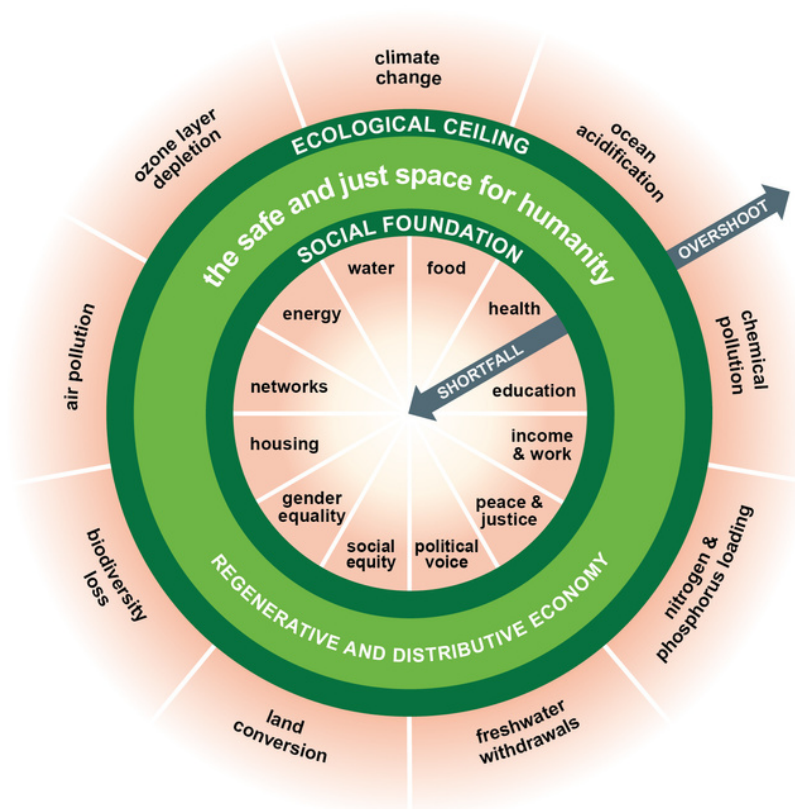
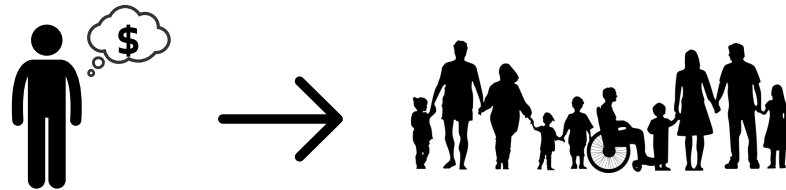


Figure 2: Raworth, K. (2017), Doughnut Economics: seven ways to think like a 21st century economist. London: Penguin Random House.



A metaphor for Doughnut Economics can be the habitable zone, also known as the 'Goldilocks zone'. Planets that are in this zone are at the 'just right' distance from a star - just like our planet is from the Sun - so that it's neither too hot nor too cold to host liquid water. If planets are too close to a star, the water turns to steam, and if they are too far away, it freezes.

The idea behind Doughnut Economics is that, just like with the Goldilocks zone, we should keep at this sweet point, between meeting everybody's basic needs, and crossing the boundaries our planet has.



### 3. Critique: The Rational Economic Man

Another critique made by the Doughnut Economics concept is the portrayal in mainstream economics of the individual as a 'rational economic man'. The 'rational economic man' is a man, is self-centered, competitive rather than cooperative, rational and exists above nature.

Even the primary idea behind this man, that he is rational, is debatable. I know I am not rational all the time, especially when I get bombarded by commercials that use psychological theory to make us buy things we probably do not need.

In economic theory, this character is often used to predict how people will behave in markets, assuming that the way humans make decisions is by rationally assessing how to maximise personal gain.

Economies today present a sad picture of humans: "he stands alone, with money in his hand, a calculator in his head, ego in his heart, and nature at his feet."<sup>12</sup>

What is worse, is that as people are told they are like this, they truly begin to replicate the behaviour of a 'rational economic man.' There is evidence to suggest that studying economics makes people more selfish,<sup>13</sup> accept greed easier,<sup>14</sup> cooperate less,<sup>15 16</sup> and be less concerned about fairness and justice<sup>17, 18</sup>

### 4. Solution: Socially acceptable humans

Human nature is much more nuanced than what economic assumptions tell us we are.

We can be altruistic, reciprocal, dependant on each other, make decisions based on emotions and are part of the living world around us.

Economics should nurture and bring out the best aspects of us, not the worst. Instead of focusing on individual gain, which fosters higher greed among people, we should turn towards an economic model that is designed to support cooperation and equity, bringing out the parts of us that want to share, distribute and work together towards collective wellbeing. Doing so will give all of us on our planet a better chance of living together.



## Example you can research:

*Time Banks* are systems where people exchange time instead of money. For example, someone can offer an hour of gardening in exchange for a language class. These systems are based on mutual trust, care and cooperation, all qualities that the rational economic man overlooks.

## 5. Distributive by design, and created to regenerate

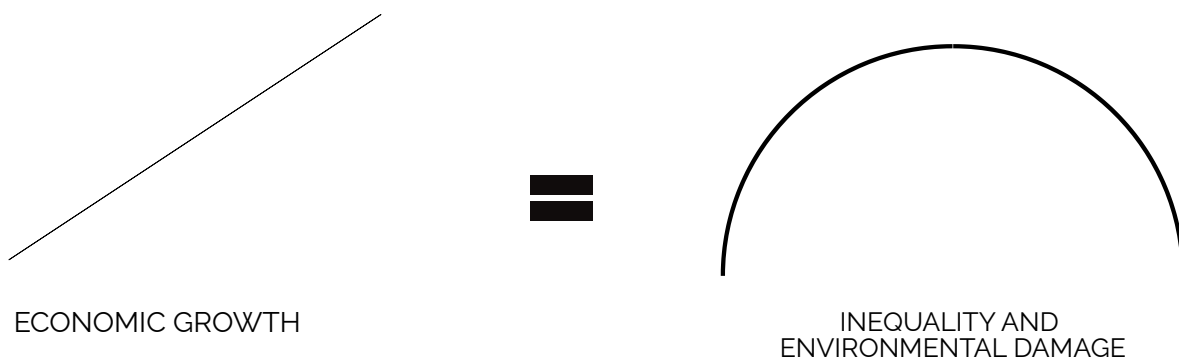
### 5.1 Critique: Assumptions of what GDP growth will bring vs reality

#### Kuznets Curve – 1950s

Economists who support GDP as a measure of progress often claim that as GDP grows and countries become wealthier, inequality will first increase, then decrease. They suggest we should "grow now, and fix inequality later."

A similar idea applies to the environment: that nature will be damaged during early growth, but will eventually recover once countries become wealthy and they can invest in cleaner technologies, environmental education and improve their environmental regulations.

This economic theory, proposed by Simon Kuznets in the 1950s, is known as the Kuznets Curve.





*How does the Kuznets Curve stand in the 21st century?*

In reality, the assumptions behind the Kuznets Curve don't always align with reality. When we count global pollution and the pollution caused by imports, nature keeps degrading. Rich countries continue to grow their economies even after reaching high levels of wealth, pushing the costs of pollution and resource extraction onto others, essentially only displacing environmental damage.

We also live in a society that is deeply unequal: the richest 1% own half of the world's wealth. They also own more wealth than 95% of people on Earth. And their wealth is growing while a lot of people are getting poorer: the wealth of the richest 5 people had doubled since 2020, while 60% of humanity, around 5 billion people, got poorer. Also, the number of people experiencing poverty remains relatively unchanged since 1990<sup>19</sup> while the world's GDP has grown from US\$27.5 trillion to US\$109.7 trillion. If growing GDP is supposed to lead to a better and more comfortable life for all, how could this happen with so much inequality?

This shows that GDP growth doesn't always lead to fairness or environmental recovery and may even hide how unsustainable and unequal the idea of never-ending growth really is.

Economic growth can bring a lot of good things- such as roads, schools, hospitals and modern medicine. Some countries still lack good health care and education, and should be able to grow their economies to build these essentials. But all these good things should be accessible for all, and they are not, even in very rich countries.

Maybe it's time to use a different way of measuring progress to guide our economies — one that shows whether people actually have access to these things, and whether growth is helping everyone, or is just making the rich richer. We have a limited amount of resources on our planet, and we should make sure we use them in a way that meets everyone's needs without destroying the planet for future generations.

**Discuss:** What do you think of the Kuznets Curve? How does it differ to the ideas behind Doughnut Economics?





## 5.2 Solutions to inequality: Design to distribute

With Kuznets Curve having a disappointing turnout today, with little evidence to suggest it actually works, it looks like extreme inequality is more of a design failure than something that we cannot escape. There are many ways we can design economic systems that are more distributive than our current model. Distribution shouldn't be an afterthought but something that happens from the start.

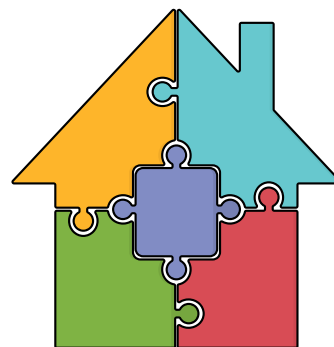
This means we should continue rethinking how we redistribute income, such as through increasing taxes for the ultra-rich and large corporations, but also how we pre-distribute wealth: the assets and rights that shape economic power long before income is earned. That includes land ownership, the structure of enterprises, access to affordable houses, and control over money creation and investment.

For example, half of England is owned by less than 1% of the population, which is typically comprised of members of the aristocracy and corporations. These few influence housing and food prices, while corporations have higher influence on local neighbourhoods than its citizens.<sup>20</sup> With this as a starting point, it is very difficult for fair distribution to come further down the line.

Instead of relying on economic "trickle down," (theory according to which wealth and benefits will trickle down from the rich to the rest of the population) distributive design actively channels power and resources across society, helping to reduce inequality, boost resilience, and empower people to meet their needs while respecting planetary boundaries.

### Examples you can look up:

- Cooperative housing (e.g. Mietshäuser Syndikat in Germany)
- Worker Cooperatives (e.g. Mondragon Corporation in Spain)
- Public banks (e.g. Preston, UK)





## 5.3 Solutions to environmental damage: Create to regenerate

For much of the 20th century, mainstream economic thinking treated environmental damage as an unfortunate side effect of growth. Pollution and deforestation, it claimed, were necessary stages on the road to prosperity but as economies grew richer, they would eventually find the resources to clean up the mess.

As we've seen above, the Environmental Kuznets Curve also does not stand so well, especially when thinking of how rich countries with high GDP export their pollution and resource use to other countries. We will explore this topic further in our Unit on Degrowth.

Like inequality, environmental degradation is not inevitable, but a result of our current economic system. Most industries today operate within a linear model: extract - produce - consume - discard. This take-make-waste system relies on endless resource use and treats pollution as an afterthought. It is degenerative by design.

In contrast, regenerative design takes nature as its model and mentor. It aims to create systems that restore, renew, or revitalise their own sources of energy and materials. Instead of extracting value and leaving waste, regenerative economies cycle resources, restore ecosystems, and repair social and ecological harm.

This shift doesn't just mean doing less harm, it means actively doing good. It asks us to design homes, food systems, products, cities, and businesses in ways that work with nature, not against it.

### Examples you can look up:

- Regenerative Agriculture
- Fairphone
- Bike, clothes, shoe and watch repair shops (some solutions already existed, and just need to be brought back)





## Storytelling

### Connecting the dots

Journalists, like academics, work to connect dots all the time. They do this by asking questions like, what's the relationship between coal mining and the health of water sources? Is there a relationship between green spaces and mental wellbeing? What about between plastic use and physical health?

By asking questions that bring two concepts together, journalists and other researchers can find stories that haven't yet been told.

#### Your task:

Alone, or in groups, connect one environmental problem (like air pollution, plastic waste, or deforestation) with one social need (such as clean water, housing, or education).

Come up first with a question that connects the two, e.g. "Could increasing the number of cycling lanes decrease air pollution?" or "What is the relationship between forest biodiversity and local community wellbeing?"

Do some research to answer your question, and come up with a realistic idea or solution that helps the environment and supports people's well-being at the same time. Write a headline based on what you find.

Think about:

- What problem are you trying to fix?
- Who benefits from your idea?
- Could it have any side effects (good or bad)?
- Would it be fair for everyone?

Examples:

- Building more bike lanes lowers city air pollution and provides opportunities for healthier and low-carbon transport.
- Planting fruit trees in cities provides shelter, free food, and improves community wellbeing.

Put your headline at the centre of a poster (physical or digital) and include drawings or text for all the pieces of information you found to support your headline. Think of it like a mind map!





## Supplementary material

### Where to learn more about Doughnut Economics

Here, we have briefly described what Doughnut Economics is about.

If you want to learn more there are a lot of resources out there to look at!

First, this TedTalk by Kate Raworth on 'Why it's time for Doughnut Economics':  
<https://www.youtube.com/watch?v=1BHOflzxPjI>

The Doughnut Economic Action Lab has it's own Youtube channel with lots of interesting videos:

- They have filmed 7 videos on 'Presenting Doughnut Economics'. You can find the playlist [here](#):
- There are 2 videos on the Introduction to Doughnut Economics:
  - <https://www.youtube.com/watch?v=hBdr9FroUjU&t=189s>
  - <https://www.youtube.com/watch?v=JlgDvXCJcCU>

[Here](#) is a trailer to Kate Raworth's book on *Doughnut Economics: Seven Ways to Think Like a 21st – Century Economist*.

This book has been translated into 20 languages, so if English is not your first language, check if you can find the book in your native tongue.

There are many more tools, stories and webinars you can find on the Doughnut Economic Action Lab website: <https://doughnuteconomics.org/about-doughnut-economics>.

## Endnotes

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