

**Book Review - Doughnut Economics: Seven Ways to Think Like a 21<sup>st</sup>-  
Century Economist**

**Author: Kate Raworth**

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This book is taken up for review here although it is not a latest entry into the intellectual-market, because of the overwhelming attraction to its non-negotiable ideas of ecological economics over the last five years.

In the contemporary cacophony about inculcating green behaviour to save the world from the impending doomsday, Kate Raworth is a sane economic teacher's voice. She has responded positively to the unrest among intelligent students as to whether they can concretely reach a future rooted in "justice, well-being and ecological resilience". No wonder that student-demand has outstripped supply for her highly sought-after eight-week lectures at the Oxford University's Environmental Change Institute.

In other words, students want a credible answer to the question: What is the safe and just space for humanity to achieve inclusive and sustainable economic development? Kate Raworth's proposition that people in modern societies need to live above decent minimum living standards (social floor), and below the planet's biophysical limits (ecological ceiling) is useful in this regard as it incorporates aspects such as inequality, poverty, and decent work into an understanding of biophysical limits. Social and

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environmental issues are interrelated in the “Doughnut Economy” that meets “the needs of all within the means of the planet”.

Kate Raworth, hailed as a renegade economist, passionately discusses seven mind-shifting commandments in the seven chapters of her book respectively—drops the GDP goal, drop the neoliberal narrative, nurture socially adaptable human nature, embrace dynamic complexity, design to distribute, create to regenerate, and drop growth addiction.

In doing so, she humbly qualifies her viewpoints thus: “These seven ways of thinking...don’t lay out specific policy prescriptions or institutional fixes. They promise no immediate answers for what to do next, and they are not the whole answer. But I am convinced that they are fundamental to the radically different way of thinking about economics that this century demands. Their principles and patterns will equip new economic thinkers—and the inner economist in us all—to start creating an economy that enables everyone in the house to prosper. Given the speed, scale and uncertainty of change that we face in coming years, it would be foolhardy to attempt to prescribe now all the policies and institutions that will be fit for the future: the coming generation of thinkers and doers will be far better placed to experiment and discover what works as the context continually changes.”

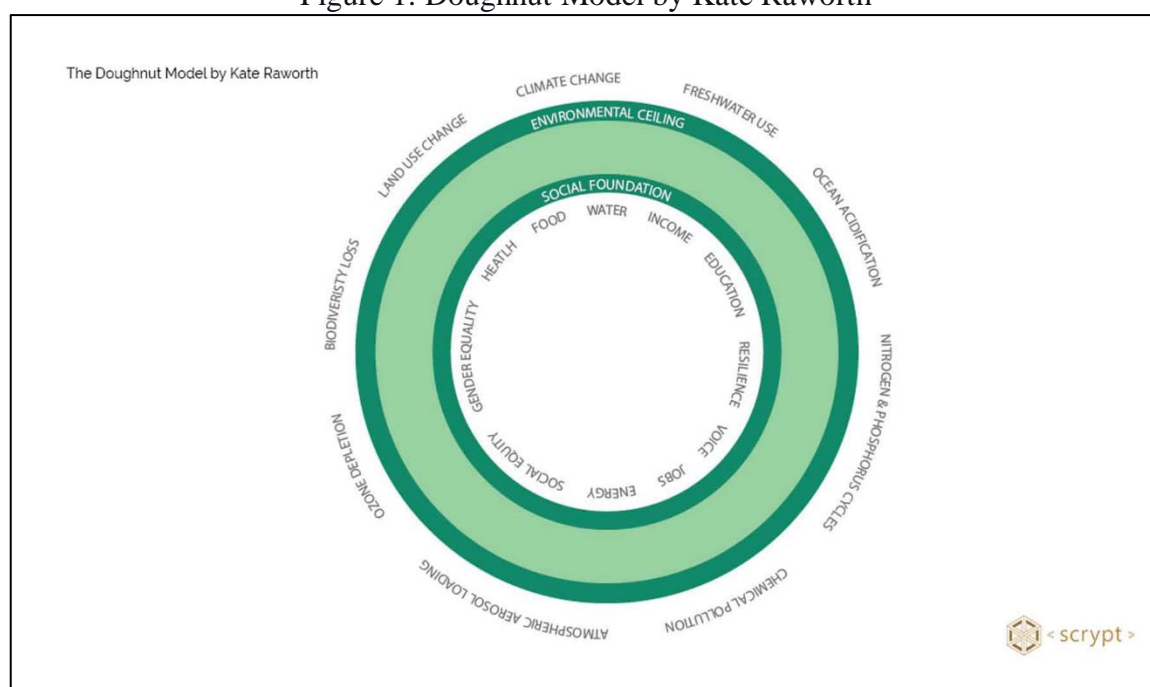
The Introduction and Epilogue of the book titled “Who Wants to Be an Economist” and “We are All Economists Now” respectively are also most interesting. The “Appendix: The Doughnut and Its Data” and the “Notes” reflect the factfulness as also the vast literature underlying Kate Raworth’s erudition.

Kate Raworth’s point of departure is the standard Introductory Macroeconomics that continues to be taught worldwide on the basis of the circular flow of money and goods as the framework for calculating GDP and national income accounts. She objects to it as it abstracts from the current concerns of the environment, social inequality and unpaid care economy that matter for well-being. It does not grapple with whether and how indefinite economic growth can be absolutely decoupled from natural resource use. It bypasses the possibility of how policymakers will be better served by national accounts that focus less on aggregate national production and more on the distribution of income and consumption across households. And it refuses to accept the work of feminist economists which has made clear the importance of bringing the care economy (albeit difficult to

measure) into the heart of macroeconomic thinking and accounting if we are going to create economies and societies that deliver well-being or happiness.

In the alternative economics she proposes, ‘flourishing of life’ should be the social goal, not growth for its own sake. This opens up the framework of judging the performance of an economy by the extent to which the needs of people are met without overshooting Earth’s ecological ceiling. It is rather naïve and irresponsible to teach now that the economy does not have both a biophysical ceiling and an ethico-social floor. There is no point teaching the Keynesian-neoclassical growth synthesis as it violates both of these limits. We need to teach instead that a prosperous economy is the one which meets all the twelve social foundations (water, income, education, resilience, voice, jobs, energy, social equity, gender equality, health and food) without overshooting any of the nine ecological ceilings (climate change, freshwater use, nitrogen and phosphorous cycles, ocean acidification, chemical pollution, atmospheric aerosol loading, ozone depletion, biodiversity loss, and land use change). The model of this economy is diagrammatically portrayed in Figure 1 (Gericke, 2021).

Figure 1: Doughnut Model by Kate Raworth



Source: Gericke (2021)

There are fascinating videos along with TED-talks available on YouTube, which enhance understanding of the issues dealt with in this book: a critique of GDP accounting and the anomalies of treating its growth as a social goal; the vision of the economy as a subsystem of the ecosphere or biosphere, rather than vice-versa; a critique of hyper-rational and selfish economic man; a primer on ‘systems theory’ as a means of dealing with complexity; the need for starting with just distribution instead of leaving it as a post-growth after thought; designing productive processes to be regenerative to the extent possible; and adopting a more agnostic position regarding growth.

There is a problem with this welcome-book, though. The author is not clear about the politics of her economics. Can capitalism save itself from itself? Or, is socialism required to actualise her redemptive economics? There is no “specific analysis of how power operates. When all is said and done, power is a social relationship that inevitably defines the limits of what is possible. At the same time, the possibilities of implementing policies that may look simple on paper move closer or further away. For example, although the need to reduce global meat consumption to combat climate change has been sufficiently documented, it is not easy to find an analysis that also incorporates thinking about how to put such notions into practice. In other words, analysis of the political ecosystem extending to power in its various guises (business lobbies, major production companies, productive system, mass media, political and trade union alliances, and the state itself) is lacking” (Espinosa, 2022).

The World Economic Forum of the super-rich in the world has, for example, accepted Kate Raworth’s analysis but whether the power structure with which the plutocrats of the world thrive, permits implementation of her inclusive policy prescriptions is the moot question.

To conclude, this book is immensely valuable to economics students and teachers who want to skill themselves up for the task of better managing humanity’s shared home in the interests of all. It conveys them the definitive message that economic theories must be actively interwoven with the insights arising in other disciplines such as psychology, ecology, physics, history, Earth-system science, geography, architecture, sociology, and complexity science. And it conveys them a feasible optimistic vision in the backdrop of the extraordinary situation in the economics profession that Kate Raworth has honestly

reckoned with, thus: “No other academic discipline has managed to provide its own students—the very people who have chosen to dedicate years of their life to studying its theories—into worldwide revolt. Their rebellion has made one thing clear: the revolution in economics has indeed begun. Its success depends not only on debunking the old ideas but, more importantly, on bringing forth the new.” All the same, the political framework that facilitates implementation of the alternative economics that Kate Raworth has proposed remains rather vague.

A clear and frank Political Economics, therefore, is the need of the hour. Kate Raworth has acknowledged gratefully that the paradigm-changing work of Herman Daly as the brilliant founding father of ecological economics had “flipped my little econ head inside out and inspired me to write a book on rewriting economics”. But Smith (2010) had challenged Daly thus: “Recent publications have revived interest in Herman Daly’s proposal for a Steady-State Economy. (But)... the idea of a steady-state capitalism is based on untenable assumptions, starting with the assumption that growth is optional rather than built-into capitalism... irresistible and relentless pressures for growth are functions of the day-to-day requirements of capitalist reproduction in a competitive market, incumbent upon all but a few businesses, and that such pressures would prevail in any conceivable capitalism...Professor Daly’s thesis... that capitalist efficiency and resource allocation is the best we can come up with... is misplaced and incompatible with an ecological economy, and therefore it undermines Daly’s own environmental goals... since capitalist growth cannot be stopped, or even slowed, and since the market-driven growth is driving us toward collapse, ecological economists should abandon the fantasy of a steady-state capitalism and get on with the project figuring out what a post-capitalist economic democracy could look like.” To which, there was no reply from Herman Daly till he died on October 28, 2022 much to the sadness of the community of ecological economists in the world.

## References

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