

TRANSCRIPT

Redesigning Society: The Embedded Economy

Rohan Hazell:

According to Oxford economist Kate Raworth, the economy, reliant on the Earth's resources, must operate within ecological limits, adhering to principles of sustainability and circularity. She proposes that the economy is a social invention, embedded within human society, which in turn is a part of the Earth's biosphere.

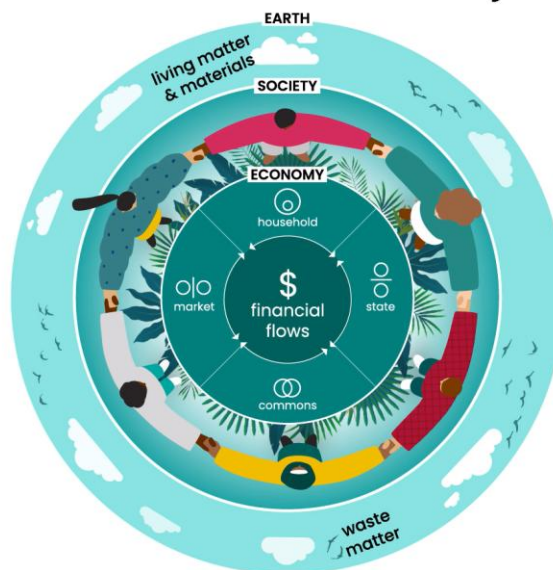
This is known as the Embedded Economy, which moves beyond traditional economic understandings to recognise the interconnectedness of market, state, household, and commons.

Kate Raworth:

If we want to create a world that lives in the Doughnut, that's our goal, what would we create as the first system map of the economy? I believe it should not be supply and demand of the market. It should be this diagram. I call it the embedded economy diagram. What's going on here?



The Embedded Economy

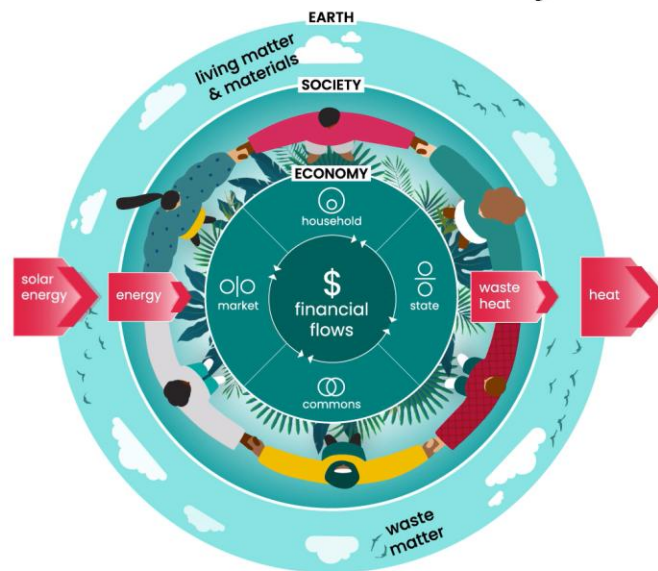


First, crucially, we recognise that the economy is a subsystem of human society. It's a social invention. We created it and we can recreate it. And human society is a subsystem of the rest of the living world. So, the economy is a subset of earth and the biosphere, and therefore must be compatible with life on Earth.

And as you can see, there's solar energy. We are hit by a stream of energy every day from the sun that comes in, and we must be genius and capture the sun's energy and transform it into energy that we can use in life.



The Embedded Economy

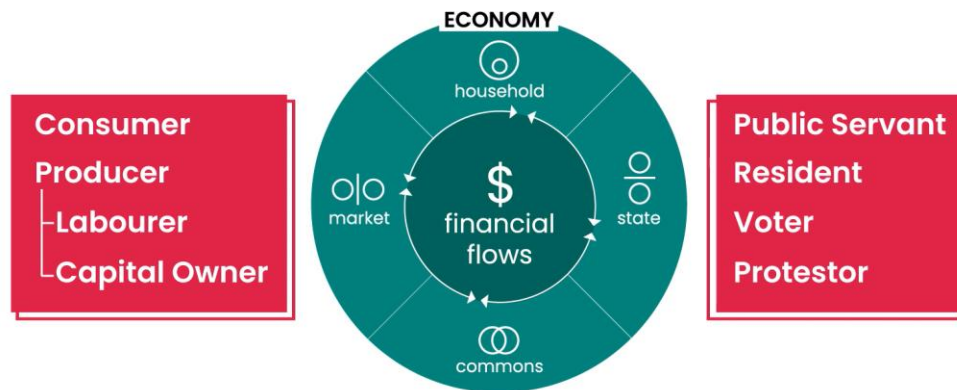


We are drawing in everyday materials and matter from earth into the economy, and we are putting out waste and pollution.

So, the 101 of ecological economics says the economy cannot draw in any more energy matter than the Earth can create and should not put out any more waste than the Earth can assimilate. These are very clear guidelines for the stream of materials that flow through the economy. That's why we need circularity.

So, let's zoom in. The economy is not just the market, where we show up either as consumer or producer, and in the space of producer, it really matters whether you are labourer, earning a wage, or you are a capital owner earning the rents and the returns of profit.

The Embedded Economy



But we are not just consumers and producers. That would have us nearly shopping and working and shopping and working and shopping and working. We are not consumers. We are full, rounded people. We are also in relation to the state, public servants, doctors, and nurses. We are residents of a place, whether citizens or not. We are residents, we are voters, we are protestors. All of these are important roles that we play in our relationship to ensuring that the state provides the public goods that are essential in our lives, that the market cannot hope to provide like healthcare for all, education for all, roads, vaccines. We need investment in public goods.

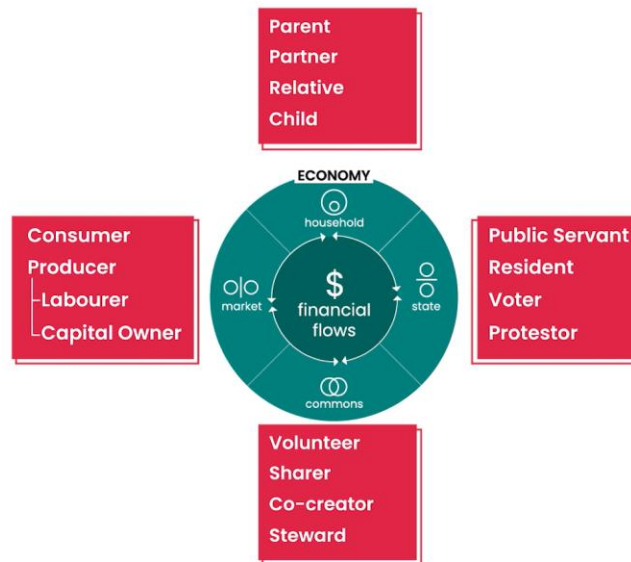
Now, these two, the market and the state, they got locked into a 20th century battle, I'd say an ideological battle. Are you a laissez-faire free market capitalist or are you a state loving socialist? It's such a boring, out of date battle. We need both, I believe, the market and the state. But in their battling, they completely ignored two other fundamental sources of our wellbeing and, and they only measure GDP along this horizontal, right? GDP measures what's sold in the market, what's produced by the state.

It completely ignores what's happening here on the vertical. We are also members of households. Every day, we begin our day as a parent, a partner, a relative, a child. We are drawn in unpaid, caring work, the work of love, sometimes the work of gritted teeth. It's the cooking, washing, cleaning, sweeping, raising the kids, doing it all again tomorrow. This is what gets labour fresh and ready for work in the market every day. And if it's ignored, we completely ignore this enormous contribution, predominantly from women historically, around the world. We must

make it visible because it's essential for life, it's essential for our wellbeing if it's ignored, exploited and overstretched.



The Embedded Economy



And we must recognise we are commoners. We volunteer, we share, we co-create. We steward shared resources, whether it's our culture and our songs and our myths, whether it's, uh, Wikipedia on the Worldwide Web, whether it's a neighbourhood garden on the corner of our block. We must protect the commons and the household. These spaces do not depend upon money changing hands, but they create so much value and they're essential to the operation of the whole economy.

And I believe that Covid was actually a really important experience, making it possible for us to see these other parts of the economy more clearly. Because when the market space got shut down, the physical market space got shut down. Of course, the online market space boomed and some people became ultra-billionaires as a result. But the physical spaces were closed due to the need for physical distancing. And then the state had to step in and step up in many countries, paying workers' wages, but also frontline workers, health workers, people replenishing essential services and shops. And everybody started asking whose work is essential work and why are they paid so little? Households had to step in and step up, caring for the sick, home-schooling children, huge times of stress. Some people found joy in this lockdown. Other people found real stress and there was a great increase in domestic violence. Again, the strains of the economy coming into the household.

And the commons. People turned to the commons. They made WhatsApp groups for their street checking in on each other. In my own street here in the UK, we became a community for the first time, thanks to a WhatsApp group created by the Covid crisis. We became a community of care. Soup kitchens, food kitchens, food banks, looking after each other. And the one thing that people have said they don't want to lose post-Covid crisis is this bigger sense of “we”.

We are not “Rational Economic Man”. We are social humans. We are depending upon each other. We thrive when we need each other and can help each other.

So, let that be at the heart of a 21st century portrait and let this richer vision of these many forms of economics and our many roles be visible every day. Because each one of us weaves them all together every day. We rarely name them, but don't let anyone tell us we're consumers.

I'm a parent. I'm a child. I am a shopper. I am a worker. I am a protester. I am a voter. I am a resident. I am a commoner. I am a steward. And I am all of these things every day. And I want to be trained in and spoken to in the values and the behaviours and the culture that enables me to thrive in all of these spaces because I believe a healthy economy requires all of them.

Rohan Hazell:

The economy is embedded in our societies, so to be a force for real transformation it must be designed with societal and planetary needs in mind.

It is our collective responsibility to be more than just “consumers”. An economy that serves its true purpose requires us to actively participate in shaping it, rather than allowing market forces or vested interests to determine our future.

Redesigning our economies is a fundamental part of redesigning society, and we can all play a part - whether in our communities, businesses, cities, or countries - to design economic approaches that will enable us to live and thrive within the Doughnut.