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# OUR ECONOMY NEEDS TO CHANGE TO MEET **CRISES BEYOND CLIMATE**

JO SWINSON - WWW.P4NE.ORG

Why are we beset by so many crises at the same time? It's because they all share a root cause, which is the way we have been exploiting resources and people for profit with no thought for the future. Change, however, is possible

**C**limate change is only one symptom of an economy that is, by design, extractive and exploitative of people and nature. A group of foundations is nurturing a growing field of academics, innovators and campaigners who are challenging the economic system that is the root cause of environmental destruction and unjustifiable social inequality.

Yes, we must take urgent action to reach net zero and beyond - but if we do that within a business-as-usual frame, just slightly tweaked for decarbonisation, we will continue to fail future generations.

Professor Johan Rockström published his groundbreaking work on planetary boundaries in 2009, setting out nine environmental limits of what the planet can sustain without triggering dangerous, existential consequences.

You might be surprised to learn that on this planetary dashboard, climate change isn't even in the top three areas where safe levels have been breached. Warning lights are flashing – often silently and unreported – on deforestation, nitrogen and phosphorous flows, and the fastest species extinction rate in human history.

## SO MANY COMPETING EMERGENCIES

One reason it is hard to get attention for looming environmental catastrophe is the current crop of emergencies. A nuclear power invading a

neighbouring country creates a threat to global security not seen since the end of the Cold War. 100 million people are now forcibly displaced worldwide, a grim record high. Russia's war in Ukraine has also intensified the spike in energy prices and caused massive disruption to food supplies. The UN has warned tens of millions could be tipped into food insecurity with the potential for the problems to last for years and cause famine. Two years into the covid pandemic, only 16 per cent of people in low income countries have received even a single vaccine dose. The cold-blooded murder of 10 people in Buffalo by a white supremacist targeting black lives was the latest bleak reminder of persistent and grinding racial injustices faced by black, indigenous and people of colour. The US Supreme Court threatens to roll back women's rights to the 1960s. The pandemic has deepened existing inequalities on gender, race and income. Power is concentrated, and those with the least suffer the most.



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## GLOBAL POLYCRISIS

These crises are interlinked, not standalone - some people refer to the 'global polycrisis'. At the root of the problem is an economy built on false premises: that GDP growth alone equals success, that markets will solve all our problems, that we are separate from the natural world and its constraints. This economic vision demands more, faster, forever.

Deep down many of us know that the system we have cannot be right. When we think how many resources are used to produce one takeaway cup to

hold coffee for 20 minutes, or the fast fashion bought, worn and discarded within a year. When we open our eyes to the gruesome reality of 'modern' large-scale farming methods, where precious forests are chopped down to grow soy to feed cows who themselves never see the sky, housed in their thousands in mega barns. When we think about the lives of the people who clean gleaming office buildings in city financial districts, working multiple jobs and struggling to make ends meet. When we look at the children working on rubbish heaps sorting materials for recycling instead of learning in school. When scientists raced to create covid vaccines, and we failed to find ways to share them to protect those most at risk in other countries.

*"AFTER THE FINANCIAL CRASH, ON A VISIT TO THE LONDON SCHOOL OF ECONOMICS, THE QUEEN FAMOUSLY ASKED WHY NO ONE SAW IT COMING."*

## CHANGE IS POSSIBLE

There is good news. The way our economy works is not determined by some iron law of physics: it is designed by people and can be changed by people. There is a rich and diverse history of strains of economic thought with different assumptions and analysis: complexity economics, welfare economics, ecological economics, feminist economics, behavioural economics and many more alongside the neoclassical economics which became dominant in the last few decades.

Partners for a New Economy (P4NE) was founded in 2015 by four foundations (Oak, MAVA, Marisla and KR Foundations). Laudes and Ford Foundations joined in 2020, and Omidyar Network in 2022. We fund the ideas, people and power to translate alternative economic perspectives into the kind of real-life changes that will prevent us reaching tipping points to runaway climate change and destruction of our home - and instead create a regenerative economy where nature and

all people flourish. Ensuring that the transition makes people's lives better is essential if we are to build a broad base of support for a new economy.

## WHAT DOES THIS MEAN IN PRACTICE?

Let me share some stories. Back in 2016 P4NE started funding organisations working to get sustainability onto the agenda of central banks. The Swiss think tank Council on Economic Policies (CEP), Professor Mariana Mazzucato's Institute for Innovation and Public Purpose (IIPP) and the New Economics Foundation (NEF) all worked on research and influencing, with *Positive Money* running public campaigning. There has been huge progress on this issue – a green central bankers club (NGFS) was set up and now includes more than 100 countries engaging in a race to the top. The Bank of England updated its mandate to include support for a net-zero transition. Similarly, the monetary policy strategy of the European Central Bank now has an action plan to incorporate climate change considerations.

After the financial crash, on a visit to the London School of Economics, the Queen famously asked why no one saw it coming. Indeed anyone who has ever sat in an Economics 101 class might have wondered how it related to the real world, and what answers it offers to tackle the big issues of our time, from climate change to the cost of living crisis. Shaking up the economic dogma in our universities is an important part of seeding a new economic paradigm. Led by Hewlett, some foundations are joining together to fund new academic centres. Others including P4NE are funding Rethinking Economics and other networks of students who are mobilising to change the outdated economics curriculum - and developing a pipeline of engaged young leaders with broad economic perspectives who will drive change in governments and business.

## THE DOUGHNUT PRINCIPLE

Imagine a doughnut. The inner circle is the floor of basic standards needed for human dignity – health, food, education, housing and so on. The outer ring is the

ecological ceiling, represented by the 9 planetary boundaries. The goal of our economy – according to Kate Raworth's massively successful book *Doughnut Economics* - should be to land our society in the doughnut, meeting human needs within the limits of our planet. Raworth's Doughnut Economics Action Lab is putting the theory into practice, working at all levels from local neighbourhoods to cities and governments around the world – including Amsterdam, Barcelona and Mexico City.

Doughnut principles are being embedded in EU policymaking, with a broad range of indicators beyond GDP being embraced. The German think and do tank ZOE Institute is working closely with the EU Commission, hosting co-creative workshops for senior policymakers and publishing proposals setting out how they can implement the Doughnut Economics vision.

The decision to create Partners for a New Economy seven years ago was a step into the unknown. The goal is audacious – transforming our economic system to value nature and people so that all life can thrive. It is also essential when we face existential threats on many fronts. If philanthropy doesn't take a big picture, long-term view and resource new economic thinking and practice, who will?

### JO SWINSON – DIRECTOR, PARTNERS FOR A NEW ECONOMY

Jo Swinson leads a grant-making collaborative of 7 foundations seeking to catalyse transformational change in our economy so that nature and all people can flourish. She is also a Visiting Professor at Cranfield University. Previously Jo served as a Member of Parliament, Business Minister and Leader of the Liberal Democrat party in the UK.