Towards a wellbeing economy that serves people and nature

Building a human environment that is socially just and ecologically sustainable

COP 25 climate rally in Madrid, Spain, 2019. © Pablo Tosco / Oxfam
Europe is currently living as though we had 2.8 planets, consuming too many natural resources and trashing the environment. Exploitation of the world’s resources is skewed in favour of those who are already rich, with millions of people in less-advantaged countries toiling to service high-income country markets while bearing the brunt of worsening environmental conditions and an unstable climate. But we only have one Earth, and if we are to sustain it, we need to change our economies in order to live within planetary boundaries, while ensuring that basic needs and social wellbeing are taken care of, for everyone. Only in this way can we avert disaster and ensure a just world for all.
The economy depends on people, who depend on nature and the resources taken from it. Decades of unfettered growth of extraction, production and trade have fuelled a cycle of large-scale destruction. This overexploitation is the result of political choices. We as civil society organisations from many parts of Europe demand political change that will steer us away from the current destructive economy towards a socially and ecologically just one.

Oxfam Germany and the European Environmental Bureau (EEB) have examined the root causes of the current crisis: past and present injustices between and within countries, the spiralling social, economic and political inequality and associated concentration of power, and a fixation and structural dependency on economic growth. This report focuses on the European economy and its role and responsibilities, both globally and locally. It covers the domains in which people produce, distribute and consume products and services, whether this is done via the market economy or through other mechanisms.

The safe and just space for humanity has a just social foundation and a hard ecological ceiling. To understand how we can arrive there, we need to see the bigger picture. Our interconnectedness today is unprecedented, but the ugliest realities are kept well out of sight and mind for European consumers.

How we steer our economy, and what corporations headquartered in the EU are allowed or not allowed to do, affect the lives and livelihoods of people and the integrity of nature around the world. Currently, the economies of the 27 EU member states plus the UK are massively overshooting planetary boundaries.

For the EU as a whole, we live as if there were 2.8 Earths. Overconsumption in Europe and other high-income regions fuels environmental degradation elsewhere, which leads to large numbers of people in less-privileged countries losing their livelihoods.

The wealth of European nations partly rests on exploitative global structures that export the worst environmental costs to other parts of the world. Meanwhile, the interdependence of economic and political power and their concentration lead to a vicious downward spiral. Maintaining these injustices and this dependency on growth are against the interests of the vast majority of people, but very much in the narrow, short-term interests of a powerful and extremely rich minority.

The economics of the climate crisis are clear: the world’s richest 10% (around 630 million people) were responsible for over half of cumulative carbon emissions between 1990 and 2015. The correlation between growth of the global economy and the increase in greenhouse gases in the atmosphere is close to perfect.

The world has a problem of extreme affluence. The role of the rich in global warming is symptomatic of a broader reality: they have largely caused the climate crisis, and its solution lies mainly in their hands due to their political power. Meanwhile, hundreds of millions still suffer the ravages of extreme poverty.

Oxfam and the EEB investigated four sectors that exemplify the systemic problems plaguing our economies: farming, textiles, buildings and digitalisation. These showcase the extent and depth of the changes needed.

Future-proofing farming: For many farming still has a rustic image, but industrial farming is fuelling global warming, polluting the environment, destroying biodiversity, hurting small farmers, damaging communities and concentrating wealth and power in the hands of large corporations. Studies and realities on the ground show that through agroecology we can feed society, provide farmers with a fair living and restore the environment.

Tailoring the textile sector to the natural world: Producing our clothing and footwear consumes vast amounts of raw materials, fossil fuels and water and generates enormous quantities of waste throughout the product lifecycle. Fast fashion is a major culprit. Its adverse social footprint is massive, and includes sweatshops, dangerous or unhealthy working conditions and even forced labour. But there is a way to refashion the textiles industry and cut it from a different cloth.
Building back better: Buildings swallow up massive quantities of space and resources, but lockdowns during the COVID-19 pandemic have also highlighted the serious impact of unequal access to living space, daylight and ventilation. A housing crisis, combined with speculative property markets, has forced many people into living in substandard housing or locations. The built environment and the construction sector have a profound impact on the wider environment and the climate. But there are ways to make our built habitats more compatible with our natural habitat and to build back better than before.

The invisible side-effects of the digital revolution:
The green promises of the digital revolution, such as the paperless office, have been overhyped. Negative impacts include the mushrooming energy demands of digital technologies and the destruction and damage caused by extracting the minerals required for their manufacture. At the socioeconomic level, digital technologies have a tendency to widen inequalities and also to raise serious concerns about privacy. But we have it within our capacity to upload a new operating system and reboot the digital revolution.

These examples highlight the three pillars upon which a wellbeing economy must be built. We need to dismantle the exploitative structures that perpetuate inequality between countries, genders, races and classes. We need to democratise the economy by placing greater economic and political power in the hands of the many rather than the few. We need to make the economic system independent of growth to allow for a reduction in the resources it consumes.

When thinking about change, we need to think in terms of three layers: niches, regimes and cultures. Niches are where the trailblazers operate, sowing the seeds of the new economy. Regimes are the political, economic and social structures that stabilise the economy. Cultures are the commonly shared values and worldviews that influence what we are able to imagine and what we want. Change needs to happen at all levels, and change in one layer can often lead to change in another.

To break up existing exploitative structures, we urge policy-makers to:

- Reverse financial flows from those countries that have benefited or are benefiting the most from these unjust structures to those that have been disadvantaged
- Allow for more just trade and associated structures of production
- Allow people to exercise their freedom to movement

To democratise the economy and reduce inequality, we urge policy-makers to:

- Ensure much more equal access to productive assets
- Ensure universal access to essential services and social security

To become independent of the need for continual growth and to reduce material use, we urge policy-makers to:

- Shift the political mindset from ever growing gross domestic product (GDP) to aiming directly for wellbeing within planetary limits;
- Approach trade not from the perspective of a fixation with growth but one that realises commerce’s potential to support the transformation towards a wellbeing economy

Let’s be honest: these proposals for change are political at their core and, thus, themselves are a question of power. They touch upon questions of ownership and privilege, things that are rarely surrendered voluntarily. It is, therefore, not just about the right argument or the most plausible analysis; it is also about building a counterweight – in the political sphere, in public discourse and in everyday contexts. For this, we need to rally together around this common cause: we need organisations that can work together in alliances, strong movements that prepare the ground for change and people who support the fight. We hence invite people to join us or similar campaigns and movements that demand those policy changes needed to build an ecologically and socially just economy.
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>6</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>7</td>
</tr>
<tr>
<td>ASSESSING WHERE WE SHOULD BE AND WHERE WE ACTUALLY ARE</td>
<td>9</td>
</tr>
<tr>
<td>A new understanding of ‘the economy’</td>
<td>9</td>
</tr>
<tr>
<td>The doughnut economy</td>
<td>10</td>
</tr>
<tr>
<td>ECONOMIC DANGER ZONES</td>
<td>11</td>
</tr>
<tr>
<td>Europe’s global footprint</td>
<td>14</td>
</tr>
<tr>
<td>IDENTIFYING ROOT CAUSES</td>
<td>18</td>
</tr>
<tr>
<td>The neo-colonial foundations of European wealth</td>
<td>18</td>
</tr>
<tr>
<td>Europe’s unfair advantage</td>
<td>18</td>
</tr>
<tr>
<td>Neo-colonial structures</td>
<td>18</td>
</tr>
<tr>
<td>Extreme inequality: Rules and rulers</td>
<td>21</td>
</tr>
<tr>
<td>Economic inequality</td>
<td>21</td>
</tr>
<tr>
<td>The link between economic and political power</td>
<td>23</td>
</tr>
<tr>
<td>Patriarchy and gender injustice</td>
<td>25</td>
</tr>
<tr>
<td>Growth dependency and material acceleration</td>
<td>26</td>
</tr>
<tr>
<td>The economics of the climate crisis</td>
<td>29</td>
</tr>
<tr>
<td>Who is paying the price for this consumption?</td>
<td>30</td>
</tr>
<tr>
<td>ILLUMINATING THE PATH AHEAD</td>
<td>32</td>
</tr>
<tr>
<td>The futility of the industrial food system</td>
<td>32</td>
</tr>
<tr>
<td>The trouble with industrial farming</td>
<td>32</td>
</tr>
<tr>
<td>The concentration of power</td>
<td>34</td>
</tr>
<tr>
<td>Tailoring the textile sector to the natural world</td>
<td>36</td>
</tr>
<tr>
<td>A threadbare system</td>
<td>36</td>
</tr>
<tr>
<td>Cut from a different cloth</td>
<td>38</td>
</tr>
<tr>
<td>Building back better</td>
<td>38</td>
</tr>
<tr>
<td>Impact of the built environment</td>
<td>38</td>
</tr>
<tr>
<td>Boilerplate solutions</td>
<td>39</td>
</tr>
<tr>
<td>Root cause: the market approach to the built environment</td>
<td>40</td>
</tr>
<tr>
<td>The invisible side-effects of the digital revolution</td>
<td>40</td>
</tr>
<tr>
<td>Impact of digital technology on people and the planet</td>
<td>40</td>
</tr>
<tr>
<td>The true costs of smartphones</td>
<td>41</td>
</tr>
<tr>
<td>Rebooting the digital revolution</td>
<td>41</td>
</tr>
<tr>
<td>THE ROAD TO THE WELLBEING ECONOMY</td>
<td>42</td>
</tr>
<tr>
<td>Making change happen</td>
<td>42</td>
</tr>
<tr>
<td>The power(lessness) of the individual</td>
<td>43</td>
</tr>
<tr>
<td>Grown-up alternatives</td>
<td>44</td>
</tr>
<tr>
<td>Breaking up exploitative structures</td>
<td>44</td>
</tr>
<tr>
<td>Democratizing the economy and deconcentrating power</td>
<td>46</td>
</tr>
<tr>
<td>Reducing the fixation and dependency on growth</td>
<td>47</td>
</tr>
<tr>
<td>Making the right political choice at every crossroads</td>
<td>48</td>
</tr>
<tr>
<td>REFERENCES</td>
<td>49</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>AI</td>
<td>Artificial intelligence</td>
</tr>
<tr>
<td>BIPoC</td>
<td>Black, Indigenous and People of Colour</td>
</tr>
<tr>
<td>CAP</td>
<td>Common Agricultural Policy</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil society organization</td>
</tr>
<tr>
<td>EEA</td>
<td>European Environment Agency</td>
</tr>
<tr>
<td>EEB</td>
<td>European Environmental Bureau</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign direct investment</td>
</tr>
<tr>
<td>GBV</td>
<td>Gender-based violence</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse gas</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and communications technology</td>
</tr>
<tr>
<td>ILC</td>
<td>International Land Coalition</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IOM</td>
<td>International Organization for Migration</td>
</tr>
<tr>
<td>IPR</td>
<td>Intellectual property rights</td>
</tr>
<tr>
<td>M&amp;A</td>
<td>Mergers and acquisitions</td>
</tr>
<tr>
<td>MNC</td>
<td>Multinational corporation</td>
</tr>
<tr>
<td>MtCO2</td>
<td>Metric tonne carbon dioxide equivalent</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organization</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and development</td>
</tr>
<tr>
<td>SAP</td>
<td>Structural adjustment programme</td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
INTRODUCTION

The word ‘economy’ comes from the Greek words for ‘manage’ and ‘household’. A history of globalisation has given new meanings to concepts of ‘the household’ – from family and tribe to city and country. In this hyper-globalised era in which we are all connected, from resource conflicts to migration and from climate change to pandemics, the very meaning of the word ‘economy’ is changing again. Economy, “the managed household” is now about all of us, humanity. And as humanity is facing growing risks and widening inequality, we must ask what is wrong with our current management of our resources and how to manage things better.

The COVID-19 pandemic has shaken societies worldwide, and more shocks are in store as our environment destabilises. But this unfolding disaster presents an opportunity for constructive change. We need to rebuild our resilience to cope with the upcoming biological, political and economic emergencies.

The economy depends on people, and people depend on nature. Consumption, mining, deforestation, biodiversity loss and pandemics are all interlinked.1 Exponential growth of trade and production oils this wheel of destruction. The quantity and quality of the things and services we extract from the Earth really matter. Planetary health affects human health. Tackling the root causes of climate change does not harm the economy; rather, it helps to fix the way we live on this Earth and that truly is ‘the economy’.

Exploiting people and the planet until they burn out is a consequence of political choices. When governments give businesses money to cut down trees and burn them to make electricity or to grow biofuels, what they are subsidising is the destruction of the vital ecosystems we rely on and accelerating the ongoing mass extinction of wildlife. This is where we get to the ‘why’ of this report. We all shape ‘the economy’, but big political choices steer it in certain directions. The economy is not a God-given system or one based on natural laws. Different political choices exist, and everyone has the right to have a say. ‘Political’ means that we as citizens can change this design.

Our livelihoods and wellbeing, and those of future generations, crucially depend on us now respecting the carrying capacity of the planet to fulfil human needs. We have to stop destroying the things we depend on. Through our economic activities and sheer numbers, we have a massive impact on nature, and with that impact comes great responsibility. To transform the system, we need to look for solutions that are ambitious and innovative. We need solutions that are built on sound science and citizen support.

We need an economy that is fit for the most crowded, connected and nature-stressed century in the history of humankind. The economic model of exponential growth has brought us to the brink, but we now have an opportunity to heal and to thrive.

This report by Oxfam and the European Environmental Bureau (EEB), which looks specifically at the economy of Europe, shows that no national economy is currently in a good state. The next section below assesses the current economy, explains our understanding of it and introduces the specific idea of the ‘doughnut economy’ as a way of setting concrete criteria and concepts to assess the quality and state of our existing economies. The report then identifies three root causes of the current situation: past and perpetuated injustices between and within countries, a vicious cycle of ever-increasing concentration of economic and political power, and a fixation and structural dependency on GDP growth. These ideas are then illustrated by four short and concise sectoral analyses (farming, textiles, building and digitalization). The concluding sections explain the authors’ understanding of systemic change, envisioning ways forward and identifying key policy aims and associated interventions to bring us closer to an economy that is socially and ecologically just.
Research is never free from a certain degree of limitations and bias as our findings will always be interpretative and partial. It is therefore important to reflect about our own identity, biases, cultural background as well as data and references.

Firstly, this report is written by three white authors from Europe as part of a project with 12 European CSOs from different sectors. The purpose of this report is to clarify the positions and provide reasoning and evidence for the political conclusions. This report focuses on the European economy and its role and responsibility in the larger world economy, because an impulse for changes of the global economy can and should come from Europe due to its economic and political importance. The problematic aspects that it describes – be it the violations of human rights or the destruction of nature, historical debt from colonial times or the concentration of power in ever fewer hands – are by no means unique to the European economic system. However, this report is written for an audience living in Europe. It targets allies and the wider interested public that demands transformative system change. That is why the report, focuses on the change needed and the changes that are possible in the European economy, while acknowledging that a socially and ecologically just global economy requires political struggle and change in all parts of the world.

Secondly, we, the authors, are not free from our own beliefs. We approached this research with a particular Western perspective which guided the report process. We attempted to be inclusive by taking into account perspectives from the Global South. However, we acknowledge the fact that the report gives little space for direct voices from the Global South. Hence, this report can be only a first step of assessing where we stand today and the vision for a future and needs continued work with partners and allies in the Global South.

Finally, we, the EEB and Oxfam, decided to focus on the wellbeing economy as concept as this report was written in the context of a European project and with; first and foremost, a European audience in mind. In a wellbeing economy, all policies are framed in terms of human and ecological wellbeing, not in terms of economic growth. All businesses provide dignified lives for their employees and exist to meet social needs and contribute to the regeneration of nature. A lot of the innovations in economic theory have emerged from the academic community that identifies itself under the banner of “degrowth”, where the fundamental operating systems of nature are finally brought into the economic models. However, we want to acknowledge the positive reality of many economic wellbeing alternatives from the Global South that are emerging in the forms of social movements, political parties or local strategies to transform the economic system in their best interests. South critiques of growth such as “Buen vivir” or “post-extractivism” in Latin America or “Ubuntu” in Southeast Africa are inspiring examples for alternative post-growth frameworks. These alternative practices can open perspectives in which people from the Global North and South can work together to challenge the status quo.
ASSESSING WHERE WE SHOULD BE AND WHERE WE ACTUALLY ARE

A NEW UNDERSTANDING OF ‘THE ECONOMY’

An internationally used, and narrow, definition of ‘economy’ is “the state of a country or region in terms of the production and consumption of goods and services and the supply of money”. 2 This ‘economy’ is commonly measured by the even narrower construct of gross domestic product (GDP). All this narrowing down of ‘the economy’ obscures the inherently social dimension of humans interacting to create the economy. It also treats the goods and services that nature provides to people as an abstraction.

People are intricately linked to economies in many different ways: for example, as consumers buying clothing or food, as workers or entrepreneurs working for businesses or owning them, as citizens voting or actively engaging in the processes that lead to economic policies, as carers looking after others or engaging in other forms of labour, as activists protesting outside corporate headquarters. The economy is far more than what can be bought and sold in shops: of course, it is partly about things that come with a price tag, but it is also about the vital care work done within households, about the joint management of common resources such as lakes and forests, about having access to well-run schools and hospitals provided by the state or by communities. It is about having a roof over your head, having enough healthy food to eat, being safe and being looked after when you need help. Care and community are all a part of this.

The ‘economy’ is thus so much more than anything a narrow GDP figure can capture. In this report, ‘the economy’ is understood in a far broader sense: by economy, the authors mean the entire ‘realm in which people produce, distribute and consume products and services that meet their wants and needs’,3 regardless of whether or not this is done via the specific mechanism of markets. A socially and environmentally just economy allows for a good life for all, leaving no one behind and enhancing gender, environmental, social and global justice, and fostering peace rather than conflict. In particular, as this report argues, a socially and environmentally just economy is organised in such a way that:

- It overcomes past injustices and structural discrimination instead of perpetuating or deepening them
- It ensures that economic and political decision-making power is dispersed in democratic ways rather than concentrated in ever fewer hands
- It ensures that human economic activity is embedded in nature rather than destroying it through never-ending material acceleration and GDP growth.
THE DOUGHNUT ECONOMY

In this understanding, economies are expected to fulfil the social needs of all people, reflected in human rights (the social and political dimension) while respecting planetary boundaries (the ecological dimension). The safe and just space for humanity has a just social foundation while also respecting the ecological ceiling, as illustrated in the doughnut model developed by economist Kate Raworth.

Figure 1: The doughnut economy

As Raworth explains, “The doughnut’s inner ring – its social foundation – sets out the basics of life on which no one should be left falling short.” She defines these 12 basics as:

- Access to sufficient food
- Clean water and decent sanitation
- Energy and clean cooking facilities
- Adequate education
- Healthcare
- Decent housing
- A living income and decent work
- Access to networks of information and social support
- Gender equality
- Social equity
- Political voice
- Living in peace and justice

The great majority of these human rights are enshrined in international human rights norms and laws and are reaffirmed as political aims in the Sustainable Development Goals (SDGs), agreed by all United Nations member states in 2015. The doughnut’s outer ring – its ecological ceiling – builds on the concept of planetary boundaries, the nine critical processes identified in 2009 by an international group of Earth system scientists:

- Climate change due to greenhouse gas (GHG) emissions
- Ocean acidification, which endangers ocean ecosystems
- Chemical pollution of the biosphere, such as by heavy metals and synthetic organic pollutants, which endangers ecosystems on land and in the oceans
- Nitrogen and phosphorus loading, mostly from agricultural fertilisers, which leads to toxically low levels of oxygen in water
- Freshwater extraction drying up lakes, rivers and aquifers and altering the climate
- Land conversions, such as turning forests and wetlands into cities, farmland and roads, which destroy wildlife habitats and undermine the land’s role in continually cycling water, nitrogen and phosphorus
- Loss of biodiversity, a declining number and variety of living species, which irreversibly changes ecosystems
- Air pollution through smoke, dust or pollutant gases, which damages ecosystems and affects weather patterns, such as the timing and location of monsoon rains
- Depletion of the ozone layer through human-made chemical substances, such as chlorofluorocarbons (CFCs), methyl chloroform \((\text{CH}_3\text{CCl}_3)\) and halon, which exposes us to harmful UV rays

With this doughnut concept in mind, the question is to what degree our global economy and the European economy, which is part of it, fall within or outside the bounds of the doughnut.
Research by a team at the University of Leeds in the UK provides empirical evidence that, while some countries are doing better than others on the ratio of social benefits to environmental damage, ultimately, all 151 of the national economies they investigated fall short of being in the ecologically safe and socially just space of the doughnut. Countries are either failing to provide for basic social needs and violating corresponding human rights or massively overshooting planetary boundaries, or both.7

This echoes empirical evidence captured by another metric, the Ecological Footprint, as defined by the Global Footprint Network.8 The simplest way to define an ecological footprint is the amount of resources necessary to produce the goods and services necessary to support a particular lifestyle. It is a very comprehensive indicator and it is the most commonly used as a proxy for all ‘planetary boundaries’.9 Using this measure, humanity as a whole is currently living as if there were 1.75 planets, instead of just one. As can be seen from Figure 2, no national economy is both within environmental limits in terms of its ecological footprint and sufficiently highly rated (‘living well’) on the UNDP Human Development Index (HDI).

Figure 2: Living well vs living within environmental limits

The most common way of communicating around the ecological footprint is through Earth Overshoot Day, which marks the date each year when humanity’s demand for ecological resources and services exceeds what the Earth can regenerate in that year.11 Once we have passed this annual milestone, we are eating into the Earth’s natural capital, making it harder to achieve future sustainability. In doing this, we are using up some of the stock of natural materials formed on Earth over the past four billion years. Back in 1970, all was going well until 29 December, but in both 2018 and 2019 the regenerable portion of the Earth’s resources was finished up by 29 July. After decades of this day arriving earlier each year and speeding up our decline, 2020 was very different. The global economy took a massive hit due to the coronavirus pandemic, with huge disruptions to supply chains, and as a result Earth Overshoot Day fell more than three weeks later than the year before, on 22 August. This shows how, even in a time of lockdown and recession, humanity still took far more from the Earth than the Earth can regenerate. It is as if we only briefly slowed down a comet that is still going to hit us, and we did it in a way that multiplied human suffering.

**BOX 1**

**ECONOMIC QUICKSAND**

Overstepping planetary limits always comes with a massive social cost, even if cause and effect can be geographically far removed from one another. This can be illustrated with the case of sand, the most mined material on earth: more than 50bn tonnes of sand and gravel are mined every year.15 River sand is used to produce concrete, and this is what most sand is used for. But the amount of sand extracted from rivers by humanity each year is double the quantity of new sand made by all the rivers in the world. Most of the world’s beaches are fast disappearing, in many places directly linked to overextraction of sand from nearby rivers.16 At the mouth of the Maha Oya river in Sri Lanka, more than 1,000 people lost their homes as their beach eroded at a rate of 12-15 metres a year due to heavy sand mining.17

Another result is that illegal sand mining is now, in economic terms, the largest environmental crime in the world.18 A multitude of sand mafias have killed hundreds of people in India alone.19 Thousands are trying to stop them. The bravest, such as Sumaira Abdulali, continue their struggle even after suffering attacks and intimidation. As she was being beaten, one man asked: “Do you know who I am?” His father was the owner of a construction materials company with a near monopoly in the area and also a prominent local politician. The point being hammered home was: don’t mess with us. But that’s exactly what Abdulali did. Two years later, she launched a lawsuit and in 2010 the High Court of Bombay banned sand extraction, a ban which remained in place until 2015.

The reach of the sand mafias does not stop at the country’s borders. One of them tried to silence an author of this report following the publication about sand mafias on the UK website The Ecologist – by putting pressure to take the article down.20 Globally, illegal sand mining is estimated to be the largest environmental crime by far, bigger than all other environmental crimes combined.21 There are thousands of stories similar to that of Sumaira Abdulali.

Environmental defenders all around the world face discrimination and violence, though the threat level varies from place to place, and female defenders in particular face gendered challenges rooted in patriarchal cultural norms.
As long as governments fail to regulate so that sufficient resources are kept in the ground, people will increasingly refuse to sit back and wait until the proverbial comet hits us. They will take things into their own hands, uniting in what scientists are calling “the global movement for environmental justice”, which has received broad support in the scientific community. Some systems scientists, like Brad Werner of the University of California, have stated that our best hope of avoiding a total collapse are resistance movements, which he describes as ‘environmental direct action, resistance taken from outside the dominant culture, as in protests, blockades and sabotage by indigenous peoples, workers, anarchists and other activist groups’.

Human rights violations do not affect only environmental defenders or local communities negatively impacted by environmental destruction but are also a core feature of working conditions in the global economy. It is well documented that workers are being denied basic rights such as freedom of association, adequate health and safety provisions, living wages or freedom of movement and that they are subject to gender discrimination and physical and psychological violence when producing goods and services that are sold in high-income countries. Taking a closer look at human and workers’ rights in the production of goods – be it tea from India, cacao from West Africa, pineapples from Costa Rica, bananas from the Philippines, grapes from South Africa, textiles from Pakistan, mining in Brazil, or meat and poultry production in the USA – it becomes evident that the violation of rights is not an aberration but a structural feature of the global economy.

Box 2
Poor Pickings for Indian Tea Workers

Workers on tea plantations in the Assam region of India are being systematically denied their rights to a living wage and to decent working and living conditions, according to a 2019 report by Oxfam. The fact that they are unable to cover their basic living costs is starkly illustrated by the finding that 50% of the households visited by the researchers owned ‘below poverty line’ ration cards issued by the state government. Tea workers also struggle to obtain timely and good quality healthcare, to access clean drinking water and to provide their children with a decent education.

The root causes of this are deeply embedded in the (colonial) history and evolution of the Indian tea industry, which has led to a pervasive inequality of power between the women and men who produce tea and the Indian as well as international brands and supermarkets that sell it to consumers. For every kilogram of packaged Assam tea that is sold, tea brands and supermarkets take the lion’s share – up to 95% in some cases – while a marginal cut – less than 5% – remains on tea estates to pay workers. These inequalities in how shares of the end consumer price of tea are distributed contribute to poverty and suffering for the women and men working on Assam tea estates, descendants of those families brought to Assam as forced labourers under British colonial rule. Additionally, this is creating a sustainability crisis for the wider tea industry in parts of India. Women bear the heaviest burden of this systemic inequality, as they are concentrated in the lowest-paid tea-plucking roles and must also shoulder most of the unpaid domestic care work.

Migrant workers from across the world face a heightened risk of human rights violations because their circumstances render them particularly vulnerable to exploitation and abuse, as elaborated in depth in a 2019 report by the International Organisation for Migration (IOM). Contemporary in depth in a 2019 report by the International Organisation for Migration (IOM). Contemporaneous with this vulnerability are the heightened risks of human rights violations because their circumstances render them particularly vulnerable to exploitation and abuse, as elaborated in depth in a 2019 report by the International Organisation for Migration (IOM).34

Inequalities both globally and within the European Union mean that some migrants may be prepared to take on jobs with wages and conditions that many nationals would not consider or, for undocumented migrants, would be illegal under local labour legislation. This can lead to many migrants becoming ‘precarious workers’, who are exposed to potentially exploitative control by employers. This both produces and exacerbates the vulnerability of migrant workers.

This vulnerability can have different specific causes: a person’s right to stay in a country might depend on their employment status, making them wholly dependent on a particular employer. They may have no legal right to stay, making it dangerous for them to report to the authorities in case of rights violations. National laws protecting workers in the country of destination may not apply to migrant workers or are not properly enforced, or migrant workers may not be informed about or aware of their rights. The costs of migrating or arranging an employment contract mean that they can fall into de facto debt bondage due to excessive fees. They may not speak the local language and there might be structural discrimination and racist attitudes in the country they migrate to. They are rarely unionised and are more likely to be employed on temporary contracts, to earn lower wages, to lack job security and to carry out tasks that are not compatible with working from home.

One illustrative example are the rights violations in the South Asian seafood sector, where migrant workers are subject to acute physical and verbal abuse, unsafe working conditions and deprivation to the point of hunger while working in the production of shrimps, which are sold internationally.35

Another example is the lack of protection during the COVID-19 pandemic, with protection measures often not covering migrant workers.36 Migrant domestic workers in Lebanon, for example, especially Ethiopians and Nigerians, were left stranded on the streets by their employers, with no shelter or compensation and unable to return to their own countries.37 Migrant workers form a significant part of the workforce – more than a quarter of the world’s farm work is done by migrants.38 For example – but they are not adequately protected.

Other dimensions of structural discrimination also play an important role here, as analysed by the same IOM report, which points to the particular risks faced by women and girls.39 Other research commissioned by Oxfam and undertaken by the French research institute BASIC came to similar findings. It examined 12 product sectors across different continents and found that wages are particularly low in sectors where women form the majority of the workforce.40 Research also shows that women’s rights are particularly at risk in the textiles industry.41 One sector where this discrimination is especially visible is the care sector, which is explored in more detail below.

**EUROPE’S GLOBAL FOOTPRINT**

Globally, economic activities have become so radically intertwined that value chains have become opaque and the harshest negative consequences are geographically removed from their sources. For European citizens, just getting dressed in the morning and having muesli and coffee for breakfast implies, within our current system, dozens of transactions all over the globe. However, the key casualties of these transactions are not in sight of the same citizens but live in the most invisible parts of the world.

For European citizens, just getting dressed in the morning and having muesli and coffee for breakfast implies, within our current system, dozens of transactions all over the globe. However, the key casualties of these transactions are not in sight of the same citizens but live in the most invisible parts of the world.

The European economy is not just one of many in the world: it is one of the largest economic blocs alongside with the US, China and Japan 42 and the home base of many transnational and multinational corporations whose supply chains span the globe. For the sake of gains in profit at minimal cost, these global companies headquarter themselves in high-income countries such as those in Europe but largely shift their production into (or ‘invest in’) countries where they can take advantage of cheap labour, lower social contributions and lower environmental standards. Political elites in economically disadvantaged countries often perceive foreign direct investment (FDI) as the only way to create new jobs, which gives multinationals immense power in the global economy and creates dependencies.43 The way Europe structures its economy, and what the
corporations headquartered here are allowed or not allowed to do, affects the livelihoods of people and the integrity of nature around the world.

Economic pathways and individual situations are undoubtedly influenced by many different factors, and decision-makers in business and policymakers within the EU and some of its more influential member states are not the only influencers in this game. However, what a number of empirical studies have found (and as explored below), is that production and consumption in Europe use up a disproportionate share of the world’s natural resources due to the sheer volume of material inputs they use and their partially neocolonial structures of production, which contribute to violations of rights and the denial of opportunities in more economically disadvantaged countries.

Using the doughnut concept described earlier, we can see clearly that the economy made up of the 27 EU member states and the UK significantly transgresses planetary boundaries (Figure 3).

Figure 3: EU countries and planetary boundaries, 2018

As mentioned earlier, humanity as a whole is living as though there were 1.75 planets in terms of its ecological footprint. However, the EU as a whole is living as if there were 2.8 planets – striking evidence of our disproportionate claim on nature. This transgression is taking place while Europe is failing to meet its own social aspirations. The social indicators underpinning the doughnut in Figure 3 are, for reasons of comparability, the absolute minimum social thresholds in a worldwide comparison. A relatively high performance on these minimum standards should not obscure the fact that Europe is not meeting basic social aims, as indicated by the EU’s Social Scoreboard – for example, in terms of unmet healthcare needs or the gender gap in employment.44

The human rights violations associated with environmental destruction and committed against environmental and social rights defenders, as well as the violations of workers’ rights, are intimately linked to the European economy, as a significant portion of this exploitation occurs across the supply chains of European companies. For example, violations of workers’ rights are taking place in the production of goods that are sold in European supermarkets,45 which themselves are failing to transform their business models and take adequate action to prevent these abuses.46

One does not need to look very far afield, as evidence is mounting of severe violations of the rights of migrant workers in the production of fruit and vegetables in the south of Europe itself: these include violations of health and safety regulations, unsanitary living conditions, excessive working hours and pay below the legal minimum wage, as well as physical and sexual violence.47 Again, intersectionality plays a key role. Precarious working conditions intersect with race, gender and age. Migrant workers face racial discrimination, and instances of sexual harassment are rife across diverse sectors. Migrant women working in the production of strawberries in Spain and tomatoes in Italy can face serious sexual violence and even rape, while the products they help grow are sold by retailers in many EU member states.49

This is directly linked to migration policy in Europe. Criminalising people’s mobility and denying access to resources, services, and rights to those deemed to be illegally migrating and residing in a place serves as a method for the creation of ‘cheap labour’.50 Scholars argue that Europe’s border regime effectively produces a clandestine cross-border economy, and thus “a labour market with no rights, but which increasingly performs its task within the centre of Europe’s formal economic growth”.51
People have always moved, and it is only more recently that human movement has been regarded as ‘suspect’. For instance, the 17th and 18th centuries saw vast movements across the globe as a result of European empire building, slavery and colonialism, as borders shifted and changed. Today’s migration flows often follow the trade and social pathways established during that period. Rather than signifying mobility, the figure of the migrant relates more to race, gender, class and nationality in the European popular imagination. It is a construct that is inherently racialised, deriving from migration regimes, themselves often based upon historical colonial frames of reference and cultural norms. Rather than focus upon the migrant as a problematic figure, as crisis narratives would have us do, we would do better to think about the migrant as simply a person who moves. It is the law that grants some people the right to move and others not, creating global hierarchies of movement. It is not migration per se that is problematic, but rather the means and conditions under which people migrate. Sociologist Mimi Sheller’s concept of mobility justice shows how power and inequality inform the governance and control of movement. Viewing the movement of people through a lens of historical justice shows how migration is simply a part of human life. It is unjust and immoral border controls that make migrants more vulnerable and expose them to harm, even death. For example, there is a direct correlation between the increase in irregular migrants in Europe and the implementation of stricter visa requirements following the Schengen Agreement which curtailed the legal movement of people between North Africa and Europe with seasonal labour status. Migration can be considered “an act not only of survival but of imagination”, and is a tactic of creating a future and of maintaining hope. It is simply that, for some, this hope is not accessible via legal channels, meaning that some lives are perceived as being more disposable than others.

Added to this is the relative disregard for the rights and needs of people migrating within the EU. One example of abject working conditions is the meat industry, and in particular its slaughterhouses. European migrants from member states with lower wage levels, such as Romania or Poland, move to member states with higher wage levels, such as Germany or the Netherlands, and work in these places in exploitative and abusive conditions. Often these migrants come as own-account workers, which allows employers to circumvent regulation on minimum wages, paid leave, pensions and health and other types of insurance.

Another highly problematic form of employment relates to unofficial live-in care workers, who offer 24-hour support to Europeans who can afford such care arrangements for their aged parents or relatives. Again, the care providers are often European or non-European migrants, who leave their own children in the care of relatives at home, thus creating global care chains. More generally, work in the care sector is underpaid and undervalued as well as feminised. Moreover, as both these examples show, even seemingly domestic labour relations and value chains have an international dimension.

The bottom line is that if these violations and ecological destruction were not to occur, some products and services might have a higher price tag – not because they would cost more, but because we would not be able to shift the cost onto other people or nature. Without the unsustainable extraction of natural resources and the overloading of the Earth’s capacity to absorb human-made waste and emissions, and the denial of equal rights to most of humanity, the progress in wellbeing that some have achieved through capitalist production since its very beginnings would not have been possible.
Drawing attention to such exploitation sheds light on a perverse aspect of the current global economy: over-consumption in Europe and other high-income regions as well as by rich elites everywhere is fuelling environmental degradation elsewhere, which means that large numbers of people in less privileged countries and positions are losing their livelihoods. Global production is organised in a way that exploits the vulnerable situation of those at the bottom of the economic ladder compelled to work for below living wages or forced to migrate, while restriction of the ability to move perpetuates and aggravates this vulnerability. This exploitation allows for such low prices that consumption is further fuelled, leading to more environmental degradation, including the climate crisis, and so the vicious circle continues.

Assessing the merit of the European economy – namely its ability to fulfil the social needs and rights of all while remaining within planetary boundaries – it becomes obvious that a significant part of the wealth and well-being of people living in Europe is due not to the excellence of the European economic system, its efficiency, good governance, innovative potential or the skills and willingness of the population to work well and hard, but to plain and simple over-exploitation of Nature and denial of the rights of large parts of the world’s population.57

One of the root causes of inequality is the so-called Medici vicious cycle: a situation where the already rich and powerful can disproportionately influence political rules, which due to their influence, are designed in a way as to ensure that they benefit even more in financial terms. As most of the world’s riches individuals have attained their position through the ownership of large corporations, corporate wealth and individual wealth – and influence – are intimately linked.
IDENTIFYING ROOT CAUSES

It is impossible to build a socially and ecologically just economy without tackling the root causes of the persistent, and in key aspects deepening, dynamics of exploitation: the dependency on growth and associated material acceleration of the economy, the vicious circle of economic and political concentration of wealth and power and the perpetuation of exploitative structures, which allow costs to be shifted onto others.

THE NEO-COLONIAL FOUNDATIONS OF EUROPEAN WEALTH

Europe’s exploitation of nature and people, shifting costs onto others while accruing benefits and wealth for itself, does not come from nowhere. The position of the EU economy within the world economy is partly an outcome of past colonial injustices that are perpetuated today through neocolonial structures.

Europe’s unfair advantage

Europe’s present-day prosperity is at least partially shaped by the deep historical injustices and inequalities on which the economic system is built. Current distributions of wealth and power can be traced back to a history of classism, slave trading, colonialism and exploitive terms of trade in the neo-colonial era. Without the expansion of plantations in Africa, the Caribbean and South America and the exploitation and suffering of Black slaves, the modern world as we know it would not exist. Profits from slave trading and from goods such as sugar, tobacco and cotton harvested by Black slaves fuelled industries in Western countries and helped them to transform their economies. In the 18th century, slavery was a significant engine of economic growth in Europe. For example, by 1770, around a tenth of GDP in the Netherlands was based on the transatlantic slave trade. Britain’s Royal African Company was able to buy a slave for an average of £3 and sell them for £20, and so the profits made on each journey were substantial. Some of the wealth and assets accumulated from this trade by European countries still exists today. And when slavery was abolished, it was not slaves who were compensated for decades of unpaid forced labour, violence and oppression, but slave owners for losing their ‘property’.

The abolition of slavery and the end of colonialism did not end the exploitation of Black people. For example, racial capitalism, which can be defined as “the process of deriving social and economic value from the racial identity of another person” is a very common phenomenon in our everyday lives. Using images of Black people in advertising or marketing is a common example of racial capitalism in practice – for instance, when a company or a university uses pictures of Black people in its marketing materials or on its website to make it appear more diverse, and hence attract more customers or students. The rapid expansion of the Black Lives Matter (BLM) movement only underscored this fact. Although BLM emerged as a direct response to police violence, it also links economic injustices and racial capitalism to historic oppression.

Neo-colonial structures

Political hegemony, structural adjustment, free trade and investor dispute tribunals were common mechanisms for former colonial powers to secure economic power in the neocolonial period, and they still are. For example, structural adjustment programmes (SAPs) imposed by the World Bank and the IMF on low-income countries saw loans provided on the condition that recipient governments introduced far-reaching policy reforms and liberalised their economies, including through privatisation, opening their markets to trade and financial flows and making cutbacks in public expenditure. However, many of these countries soon found that SAPs had detrimental effects on livelihoods and led to increasing levels of inequality. The same structural problem applies to the global trading system. In many respects, the strings attached to so-called ‘free trade’ deals undermine the policy space needed for environmental protection and for the protection and fulfilment of human rights in disadvantaged countries. Trade deals usually promote economic structures that favour large corporations and the tiny elites that own them, be it local or international elites, rather than fostering sustainable and inclusive local and regional economies for the benefit of all. This means that the current international trade and investment structure works to the detriment of low-income countries, and lower income workers as well as marginalised groups within those countries, and that financial flows and flows of resources aggravate injustice.
BOX 4
GLOBAL NORTH AND SOUTH

The terms Global North and Global South are used to refer to the different experiences with colonialism and exploitation. The term “Global South” is used to describe a social, political and economic position in the global system. “Global North” defines a position with advantages. We use these instead of terms like “developing countries” which express a hierarchical Eurocentric conception of “development” which these countries have to follow. Moreover, the division into South and North is only limited as a geographical concept. On the one side, Australia, e.g., like Belgium, belongs to the majority of the Global North, but there are also people in both countries who are part of the Global South, e.g. Aboriginal Australians and illegalized persons. On the other side, there are countries with a majority of people from the Global South, with people who enjoy the advantaged position of the Global North, either because they are white or because they belong to the globally privileged class.

Source: Glokal. (2013). Mit kolonialen Grüßen.65

The United Nations Conference on Trade and Development (UNCTAD) has estimated that, due to asymmetries built into the World Trade Organisation (WTO), with financially privileged countries maintaining market protections while denying the same to economically disadvantaged countries, the latter were losing around $700 billion annually in potential export revenues.66 Economists Zak Cope and Timothy Kerswell estimated that in just one year (2012), a sum of $1.46 trillion was transferred from countries of the Global South to economies in the Global North through ‘unequal exchange’, i.e. artificially low wages in low-income countries created by non-beneficial terms of trade. As a result of the international debt regime, for example, economically disadvantaged countries were paying more than $200 billion in interest on external debts each year, according to the World Bank’s International Debt Statistics Database, mostly to banks in New York and London. Furthermore, financial liberalisation was allowing foreign investors to repatriate profits worth nearly $500 billion from countries of the Global South each year in the period 2008-13. On top of this, these countries lose up to $2 trillion each year in illicit financial flows, which robs governments of tax revenues, finance and investment.67

Another dimension is the flow of natural resources. Between 1990 and 2008, the EU was the leading importer of products linked to deforestation, causing the loss of a forested area around the size of Portugal.68 In 2012 alone, according to a report by Fern, the EU imported €6 billion worth of soy, beef, leather and palm oil that had been grown or reared on land illegally cleared of forests in the tropics – almost a quarter of the total world trade in illegally sourced agricultural commodities.69 Over the 60-year period between 1950 and 2010, Western Europe imported 15% more, in tonnes of biomass, than it exported.70 In the same period, the largest net exporters in tonnes of biomass were Northern Africa and Western Asia, with minus 28% on their physical balance sheets, taking both above-ground and underground biomass such as petroleum into account. As the authors of the study note, regions such as Western Europe “have generated an ecological debt – to their own environments as well as to foreign environments – through their excessive resource use”.71

One example of how this transfer is facilitated is through land grabbing. This is the appropriation of land by foreign governments or foreign and domestic companies for mostly agricultural production and export, with often devastating environmental and social impacts for local communities. According to a 2020 analysis by Oxfam and the International Land Coalition (ILC),
“historically, land inequality is tied to legacies of colonialism, conquest, and division”.72 While land redistribution policies led to a steady decline in land inequality up until the 1960s and 1970s, inequality has been on the rise again since the 1980s. The analysis shows that this has resulted principally from large-scale industrial farming models, supported by market-led policies and open economies, that have prioritised agricultural exports, along with a growing volume of corporate and financial sector investments in food and agriculture. At the same time, public institutions and mechanisms have been too weak to resist growing land concentration.73

That the world economy is working to the advantage of some regions and to the disadvantage of others can be seen in the rise of inequalities between the different regions of the world. Looking at what economic anthropologist Jason Hickel terms the gap between the core and periphery of the world system, global inequality has tripled since 1960.74 Maintaining these problematic structures is intimately linked to a culture of racism in so-called ‘development aid’ that is supposed to bring about ‘economic development’ in economically disadvantaged countries. The aid/charity sector, often unwittingly, perpetuates the power dynamics of the colonial era through its work.75

BOX 5
NEOLIBERALISM’S WILLFUL BLINDNESS

Neoliberalism has been the dominant economic model since the 1980s. It is centred around the expansion of markets and individualism, which has led to increased rights, mobility and freedoms for corporations and moneyed elites, and a corresponding reduction in collective action, state regulation and government intervention in the economy. The current political and socio-economic system is racialised - meaning that White people enjoy structural advantages and rights that other racial and ethnic groups do not, at both a collective and an individual level. This is relevant to understanding the current dominant capitalist economic model, which is connected to centuries of colonialism. Neoliberalism has deconstructed the political categories of class, ethnicity, race, gender and community to prioritise the ideals of individualism and effort in which the citizen is reduced to the status of a consumer and/ or producer. This doctrine assumes that markets are self-regulating, fair, colour-blind and gender-blind,78 and states that a person’s position in life is the product of effort, talent and choice. As such, economic, political and cultural structures are supposedly built on merit and fairness, where race or gender are no longer an issue. As the economist Darrick Hamilton puts it, neoliberal ideology promises that economic prosperity will act as “a rising tide that lifts all boats” – but in many countries like the USA, this promise has never materialised for millions of Black people.79

There is ample evidence that specific groups in society have poorer outcomes over their lifetimes, regardless of effort, and that specific groups accumulate benefits and privilege, equally regardless of effort. Neoliberal economic thinking disregards the existence of structural discrimination and privilege, and the importance of community and collective action in challenging and dismantling it. These entrenched systems sustain the multiple and interlinked forms of inequality that are the root causes of poverty and injustice.
Another root cause of inequality is the so-called ‘Medici vicious circle’: a situation in which the already rich and economically powerful can disproportionately influence political rules which, due to their influence, are designed in such a way as to ensure that they benefit even more in financial terms. Corporate wealth and individual wealth – and influence – are intimately interlinked: most of the world’s richest individuals, such as Jeff Bezos and Elon Musk today or the Rockefellers and Gettys before them, attained their position through the ownership of large corporations. Structural discrimination based on class, gender and race is enshrined in our economies and translates directly into social injustice and a dearth of policies to transform these structures.

**Economic inequality**

Extreme inequality of wealth and income is well documented. According to Oxfam, in 2019, the world’s billionaires, only 2,153 people, owned more wealth than 4.6 billion people worldwide. Billionaire wealth is highly concentrated in just a few nations, and wealth inequality – with the exception of a super-rich elite in countries of the Global South – is still geographically concentrated in the Northern hemisphere and Australia. Also, within these countries, wealth is distributed in an extremely unequal way – it is not shared. For example, in the United States there is a massive disaccumulation of wealth, between Black, Indigenous and People of Colour (BIPoC) and White Americans. Moreover, globally men own 50% more wealth – in land, shares and other capital – than women, while in some places the law prevents women from owning such assets.

**BOX 6**

**BIPOC AND WHITE – FIGHTING BACK AGAINST PRIVILEGE**

The terms BIPoC and White are used to name racism and racist power relations: BIPoC, short for Black, Indigenous and People of Colour, is a resistive collective term for people who have negatively experienced racism. This contrasts with White people who (as a global minority) are privileged and positively affected by racism. It is a positive political self-designation of racially discriminated against people that represents the ongoing struggle of these groups against racism. It does not denote biological categories or skin colours, but rather social positions that are created by racism. Black is an inclusive, socio-political and cultural identity that includes African descended people in the diaspora and on the continent of Africa. Indigenous is a way of life for peoples and communities who are in relationship with land and nature that predates colonialism, and Euro-American knowledge systems and infrastructure. People of Colour is a form of collective self-identification and expresses global solidarity among historically marginalized communities who are fighting colonialism, racism and white supremacy. The abbreviation BIPoC recognizes common, but also group-specific, experiences of racism and makes them visible. In contrast to BIPoC, White is not a self-designation but a critical category of analysis that describes those people who hold a privileged position in racist circumstances.
Incomes as well as income gains are also very unequally distributed between people and countries. Alvaredo et al. (2018) show that more than a quarter of all income growth between 1980 and 2016 went to the top 1% of income earners, as can be seen from Figure 4.85

Figure 4: income growth and its distribution, 1980–2016

Moreover, even despite some gains in absolute income among those with the lowest wages, differences in income widened over this period. Extreme inequalities in income and wealth result in unacceptable levels of social inequality, which further hamper the ability of disadvantaged groups and individuals to improve their situation. Access to basic services, such as healthcare and education, is highly unequal, leading to reduced life chances.87 In a joint article published in October 2020, six current and former UN Special Rapporteurs pointed out how the COVID-19 pandemic has exposed the catastrophic fallout from decades of privatisation and market competition.88 For many years, vital public goods and services have been steadily outsourced to private companies. In many cases, this has resulted in inefficiency, corruption, diminishing quality, increasing costs and subsequent household debt, further marginalising people living in poverty and undermining the social value of basic needs.

The COVID-19 pandemic has exposed the catastrophic fallout from decades of privatisation and market competition. The COVID-19 pandemic has exposed the catastrophic fallout from decades of privatisation and market competition. Moreover, even despite some gains in absolute income among those with the lowest wages, differences in income widened over this period. Extreme inequalities in income and wealth result in unacceptable levels of social inequality, which further hamper the ability of disadvantaged groups and individuals to improve their situation. Access to basic services, such as healthcare and education, is highly unequal, leading to reduced life chances.87 In a joint article published in October 2020, six current and former UN Special Rapporteurs pointed out how the COVID-19 pandemic has exposed the catastrophic fallout from decades of privatisation and market competition.88 For many years, vital public goods and services have been steadily outsourced to private companies. In many cases, this has resulted in inefficiency, corruption, diminishing quality, increasing costs and subsequent household debt, further marginalising people living in poverty and undermining the social value of basic needs.

The pandemic has also made it painfully clear that economic and social inequality is not just an abstract concept but that it literally kills people, as Oxfam’s recent report The Inequality Virus highlighted.89 In the United States, for example, age-adjusted hospitalisation rates due to COVID-19 in the early stages of the pandemic were five times higher for Black, Latinx and Native Americans than for White people.90 COVID-19 mortality rates among Black people were found to be twice as high as among White people.91 In Brazil, Pardo and Black people admitted to hospital with COVID-19 had a significantly higher risk of dying than White people.92 Rates of infection among long-neglected migrant and refugee populations have also been disproportionately high. Up to April 2020, the percentage of confirmed COVID-19 cases among Somalis in Norway and Finland was 10 times higher than their percentage share of the population, and they accounted for a significant proportion of deaths.93 Vulnerability intersects not only with race but also with class and gender: COVID-19 mortality in the most deprived 10% of areas in England, for example, was twice that of the least deprived 10%.94 Similar trends have been reported in France,95 Brazil,96 Nepal,97 Spain98 and India.99

High levels of inequality lead to an unacceptable variety of societal problems. In their 2009 book The Spirit Level, professors Richard Wilkinson and Kate Pickett used mathematics to show that a country with less financial inequality also enjoys lower levels of illness and mental health problems, drug use, social problems, obesity, academic underachievement, teenage pregnancy, murder and imprisonment. With equality comes trust, longer lifespans and greater compassion for the plight of other countries.100
The link between economic and political power

A key reason for the persistence of unequal structures is the disproportionate influence of the rich in political decision-making, which ensures that political rules are designed in a way that ensures their continued accumulation of wealth. To understand the link between economic, social and political inequality, it is important to look at wealth distribution: roughly 1% of the world’s population controls over around 45% of its wealth. Much of this wealth is in the form of productive assets, particularly businesses and their operations, so political rules that favour big corporations mean rules that favour those who are already rich. Extreme wealth inequality means that there is highly unequal access to the sources of wealth, such as natural resources and land, technology, and knowledge and ideas. Some of the key questions we need to ask are who owns natural resources and appropriates the benefits derived from them, who owns the robots and other key technologies, and who owns patents and other forms of private appropriation of ideas. All of this, of course, is highly dependent on political rules regulating the rights to use and benefit from these sources of wealth.

Generally, if growing market concentration and corporate power are left unattended, this can give rise to a Medici vicious circle “in which money is used to gain political power and political power is then used to make more money”. The recent proliferation of a range of financial and non-financial corporate rent-seeking strategies – such as the strategic use of intellectual property rights; the raiding of public sectors through ineffective subsidy schemes, dubious privatization schemes and abusive tax-related practices; and systematic stock market manipulation to inflate remuneration for CEOs – suggests that such a vicious circle is well under way, as reported by the United Nations Conference on Trade and Development (UNCTAD) in 2018.

According to UNCTAD, a vicious circle of market power begetting lobbying power has meant that the economic underworld of corporate rent-seeking is becoming legitimised, systematically contributing to growing income inequalities and power imbalances in the global economy. Intense lobbying by the patent community has been a major force driving the consolidation of market power (Box 6), along with regulatory capture by large corporations. When political rules favour large businesses, which in turn are owned by a small elite enjoying the benefits derived from them, wealth inequality inevitably rises.

---

BOX 7 THE POWER OF PATENTS

One very enlightening example of a key mechanism used for consolidating market power is the global regime of intellectual property rights (IPR), which has encouraged concentration of the ownership of ideas in the hands of a small number of corporations rather than the public at large. In the agricultural sector, the advent of plant hybrids, combined with the introduction of IPR for plant varieties in the 1960s and 1970s, resulted in increased consolidation. Private firms increased their research and development (R&D) expenditure in the seed industry because the new IP protections enabled them to recoup their costs by giving them exclusive market rights for their varieties over periods of 20–25 years. By the mid-1990s, following approval for the commercial planting of genetically modified (GM) crops in a number of countries, another wave of mergers, acquisitions and joint ventures transformed the sector again. Companies in this wave of consolidation sought to capitalize on economies of scale in the face of high R&D costs for agricultural biotechnology.

Another example of the problematic consequences of a system that puts profits and patents over people has unfolded during the COVID-19 pandemic, with patent rights hindering the speed of production of vaccines urgently needed for everyone, rather than going almost exclusively to populations in financially privileged countries.
Another telling example is taxation. The international advocacy group, the Tax Justice Network, has shown that more than $1.3 trillion of corporate profit is shifted into tax havens annually. Researchers at the University of California, Berkeley and the University of Copenhagen estimate that nearly 40% of the profits of multinational corporations (MNCs) (more than $700bn in 2017) are shifted to tax havens each year. Tax injustice of this kind deprives states of the resources needed to provide decent healthcare, education and social protection for all. Economic elites have used their lobbying power to influence politics to establish a deregulated international tax system, allowing the existence of tax havens and encouraging a disastrous race to the bottom on tax rates and other tax incentives, such as tax holidays.

Furthermore, policymakers often avoid introducing proper taxation regimes due to their belief in growth and their economies’ real structural dependencies on it, and a fear that higher taxation will discourage investment or lead to capital flight. Between 1985 and 2019, the global average statutory corporate tax rate fell from 49% to 23%; and in the USA the top rate of personal income tax has almost halved since 1980, from 70% to 37%. These trends lead to corporations and rich individuals (who are often the main owners of large corporations) disproportionally benefiting from the current broken system, and thereby fuelling inequality.

There is also a self-reinforcing tendency at work here: due to lower rates of tax collection, the power of the state is weakened, while increased profits have allowed the expansion of the political influence of businesses through lobbying and corporate and billionaire philanthropy (which influences research agendas, education and so on). While in times of crisis the state is expected to bail out private companies in distress, such as during the financial crisis of 2008–09 or the COVID-19 pandemic, many economic associations, corporations and influential think tanks resist tax increases or advocate even lower corporate tax rates, using the broken logic that reductions in taxation will lead to growth and prosperity for all.

An economy that puts people and the planet at its centre and tackles inequality requires governments to agree global reforms. Closing tax havens and ensuring fair levels of taxation on MNCs and the wealthiest individuals must be at the heart of this transformation, including global measures to tackle profit shifting, fair minimum corporate tax rates, taxes on excess profits, cross-border carbon taxes, financial transaction taxes and increased tax transparency by making key data publicly available to allow public scrutiny. These measures must be designed in a way that enables countries to tax all types of corporation fairly, including businesses that are highly digitalised and diffused across countries.
An overall analysis of lobbying power by large corporations within the EU is provided by the Corporate Europe Observatory. This shows how corporate interests are routinely channelled via EU member states and how their advocacy outguns that of other organisations, such as trade unions representing the interests of workers or civil society organisations (CSOs) representing wider societal interests, on account of their sheer size and their symbiotic relationship with governments. This lobbying influences policy initiatives that should be key to transforming our economies but instead are cementing or even aggravating the status quo, such as with agricultural policy.112

This is not simply about good lobbying contacts; it is about the structural dependence of our society on individual corporations and sectors. The economic power of companies is derived from a variety of sources: they dominate supply and procurement, or they occupy key positions in trade. They make themselves indispensable to the functioning of entire sectors or they profit from threatening to relocate to other jurisdictions.

As well as inequalities of economic power being translated into inequalities of political power, there is a direct link between economic power and the exploitation of workers and the violation of human rights. As explained in Oxfam’s Ripe for Change report (2018), a high degree of market concentration and the corporate power associated with it in agriculture and food production allows buying companies in high-income countries to suppress the prices paid to producers in lower-income countries, to the extent of creating significant risks of violations of human and workers’ rights.114

**Patriarchy and gender injustice**

Another core dimension of the unequal distribution of sources of wealth and wellbeing is the systematic oppression and objectification of women, as the world economy is still in many respects patriarchal. Patriarchy is a system of oppression built around male privilege and dominant masculinities that perpetuates sexist and hierarchical power relationships. It legitimises discrimination against and the exclusion of women and gender non-conforming people through harmful social norms, policies and institutions. It cannot be reduced to a sum of individual acts. Rather, it is a coherent system that affects many aspects of life for individuals and groups.

One such aspect is the violation or absence of women’s rights. While the rights of women in Western Europe have significantly improved, many women around the world are still struggling for the rights to vote, unionise and work, and for equal participation in work, family or public spheres. Patriarchy also perpetuates a binary gender system in which two genders are defined in opposition to each other; this leaves no room for gender fluidity.

Another aspect of patriarchy is labour, as the current economic system does not acknowledge the most important form of sustaining life, i.e. reproductive labour – giving birth and taking care of other human beings. Our economies are characterized by a separation between a productive sphere that includes all market goods and services and a reproductive sphere that includes largely non-monetised, unpaid and unrecognised caring activities.
Historically, women have mostly borne the responsibility for the reproductive or maintenance economy. While formal equality between women and men has been won in many countries and legal spheres, the impacts of this artificial divide into productive and reproductive economies are still apparent today. Women have been encouraged to join the ‘productive’ labour force, but they remain responsible for the bulk of care activities. More than three-quarters of all unpaid work is done by women, and women spend more time doing unpaid care work than men in all regions of the world. According to Oxfam research, women and girls, especially those living in poverty and from marginalised groups, are putting in 12.5 billion hours of care work every day for free, and countless more hours for poverty wages. Women’s unpaid care work alone is estimated to add at least $10.8 trillion a year to the economy, a sum three times larger than the global technology industry. Yet all this care work goes unrepresented in GDP figures, as long as it is not done through formal jobs or markets.

While the contribution made by women to the economy is massive, they are rewarded poorly. Unpaid care responsibilities significantly increase the likelihood of women living in extreme poverty and of being unemployed. The picture is not any better when looking directly at the economy. According to the World Economic Forum’s (WEF) Global Gender Gap Report for 2020, on average only 55% of adult women are involved in the labour market, compared with 78% of men. In addition, a wage gap of over 40% (the ratio of a woman’s wage to that of a man in a similar position) and an income gap of over 50% (the ratio of the total wage and non-wage income of women to that of men) are yet to be bridged. Similarly, in 2018 women held just 34% of managerial positions in countries where data were available.

The time that women spend on unpaid care not only reduces their incomes, it also reduces their participation in political decision-making. For example, in Bolivia 42% of women say that care work is the biggest obstacle to their political participation. In the 153 countries assessed by the WEF’s 2020 Global Gender Gap Report, on average just 21% of ministers and 25% of parliamentarians were women. Over the past 50 years, in 85 of the countries assessed, there has never been a female head of state. This lack of representation in both the economic and the political spheres reduces women’s chances of having a say in how the economy and society should be structured. An economy that fails to recognise and reward the majority of labour performed by women is a sexist economy.

This analysis of the interdependence of political, economic and social inequality and power shows that we need to address the extreme levels of income and wealth inequality that exist — often in the form of corporate power — in order to create a just economy.

**GROWTH DEPENDENCY AND MATERIAL ACCELERATION**

In terms of tonnage, the extraction of materials is increasing, on average, by 3.4% each year. Growth in extraction usually leads to growth in conflict, as empirical evidence from Latin America has clearly illustrated. The connections between growing GDP, growth in extraction (the material footprint) and higher levels of emissions are illustrated in a recent briefing paper by the European Environment Agency (EEA).
Creating a world where people and planet can thrive together requires us to reduce drastically both our material footprint and our GHG emissions. According to the EU’s own environmental agency, this will not work by expanding GDP. The EEA writes that “The ongoing ‘Great Acceleration’ in loss of biodiversity, climate change, pollution and loss of natural capital is tightly coupled to economic activities and economic growth. Doughnut economics, post-growth and degrowth are alternatives to mainstream conceptions of economic growth that offer valuable insights.”

The EEA’s conclusions have not been taken lightly: they are based on very serious science. There is a peer-reviewed paper entitled *The trajectory of the Anthropocene: The Great Acceleration*, for example, in which Professor Will Steffen and his team collated socio-economic and ecological trends from the past 250 years. All 12 socio-economic and all 12 ecological parameters they selected show, to a greater or lesser extent, some form of exponential rise in the past 50 or 70 years. There is no way that these trends can be reversed while retaining a policy goal of GDP growth.

This issue has been studied by other scientists too, and the findings have been encapsulated in an EEB report, *Decoupling debunked.* Examining all the claims made about the so-called decoupling of economic growth from environmental harm, the authors conclude that this has never happened at anywhere near the scale required and it is extremely unlikely that it will ever be achieved. Rising energy expenditures, rebound effects, problem shifting, ignoring unpaid care and reproductive activities, the underestimated impact of services, the limited potential of recycling, insufficient and inappropriate technological change and cost shifting are all trends that give rise to scepticism that economic growth and environmental degradation can be decoupled to the degree necessary to stay within planetary boundaries.
The misguided aim of GDP growth persists not simply because decision-makers and large parts of the public are unable to imagine any alternative, but also because the European economy is structurally dependent upon continued GDP growth in real and powerful ways. Looking at employment and work, our economic system can best be seen as an endless treadmill: the growth-driven market system continues to work as long as we become more productive. As gains in productivity lead to the loss of formal jobs if overall production is not expanded, expansion thus becomes a necessity to avoid mass unemployment, but it has devastating effects for both the environment and for workers.132

The same applies to the social security system, which is directly linked to income or tax revenues. For example, the direct linking of social contributions to wage income and employment numbers means that any change in either of these metrics (for example, due to recession) has a direct impact on social security revenues. Hence public budgets, and in particular public social security systems, need steady revenues that are strongly linked to general economic output. In order to maintain their ability to function at a socially acceptable level in the long term, given an increasingly ageing population, these systems depend on increasing revenues in future years. At the same time, social protection is often linked to formal employment rather than to all kinds of meaningful labour, making formal job losses unacceptable. Currently, reductions in poverty are mostly achieved by distributing gains from economic growth, not by securing more equal access to the sources of wealth and their benefits. A third important dimension of growth dependence is state funding, where debts are supposed to be paid back through gains in economic growth and an associated increase in tax revenues.

Changing strategy is important not only for the EU and Europeans, but it is also essential for the rest of the world. The EU wants to make the linear economy circular by implementing its Circular Action Plan, which aims to reduce waste, GHG emissions and environmental impact by maintaining resources in the economy for as long as possible.133 But it has to be serious about this and recognise that currently the economy is like a massive pipeline: we put more and more new resources into the pipeline and then try to deal with the problems that come out the end of it. But we cannot bend this massive pipeline economy into a circle if the pipe is two to six times too thick to do so. This is the factor by which we need to reduce the amount of resources we use, if the goal is for everyone to live a good life within our planet’s limits.134

At present, the world economy is only 9% circular. The bulk of the economy is about digging up more scarce resources, cutting down more forests, using up more soil and dumping more waste at the end of the massive economic pipeline. We can only be serious about making the economy circular if it is a lot smaller than it is today. As the physical economy usually starts with digging something up, that is where we have the best chance of making the pipeline smaller, because once, for example, a drop of oil is extracted, it will then be processed, sold and burned. Avoiding this requires keeping resources in the ground, even if they have a monetary value.

Bringing us into and keeping us within the doughnut is what the economy should be designed to do, rather than striving to add to GDP. This does not mean that no sector or economy or business should be allowed to grow: some sectors may need to grow while others may not. For instance, overall production and consumption of goods may need to grow in some national economies (such as low-income countries) while it may need to shrink in others (such as high-income countries). Some scholars argue that consumers in high-income countries have an ‘imperial mode of living’, whether or not they individually want this to be the case.135 A report published by SDG Watch in 2019 demonstrates the negative impact of the current EU economic model for 13 different sectors that all tell the same story: Europe is living beyond its means and it is living at the cost of others.136 It is important to note again, that there are high inequalities within Europe with winners and losers.
While shrinking consumption in high-income countries might also lead to short-term frictions in production in other countries, the answer cannot be ever-expanding growth in consumption that perpetuates the pattern of exploitation. This brings us to a growth-agnostic position – what we have to do is “to create economies that make us thrive, whether or not they grow”, as Kate Raworth puts it, rather than economies that grow whether or not they make us thrive.

Achieving a paradigm shift in policy making in the EU requires a shift of mindset. Nature is not a bank but a living system, and the key thing to remember is that humans neither own nor control it. We use nature to our own benefit, but we also depend on it for our survival. As well as changing our mentality, it is necessary to transform relevant economic institutions and structures – most importantly social security, state funding and labour markets – so that they remain stable and functioning in economies that are not growing or that are shrinking from their current levels. At the same time, it is of the utmost importance to compensate for the disproportionate claims on nature that have been made by high-income countries in Europe since colonial times.

THE ECONOMICS OF THE CLIMATE CRISIS

Economic, social and political inequality cannot be separated from the ecological crisis we are facing – they are inextricably interlinked. Those who have gained income and wealth, and have thus been privileged economically, have a much bigger ecological footprint. This is very visible in the climate emergency: it was the world’s richest 10% (around 630 million people) who were responsible for 52% of cumulative carbon emissions between 1990 and 2015. In those 25 years alone, they depleted the global carbon budget by nearly a third (31%). Within this group, the richest 1% (around 63 million people) were responsible for 15% of cumulative emissions, and 9% of the carbon budget – twice as much as the poorest half of the world’s population (some 3.1 billion people), who were responsible for just 7% of cumulative emissions and used just 4% of the available carbon budget. A good illustration of the scale of carbon budget inequality can be found at the boarding gates: just 1% of the world population causes over 50% of aviation emissions.

---

1 The maximum amount of cumulative emissions that can be added if the rise in average global temperature is to be kept below a certain level, such as the 1.5ºC goal of the Paris Agreement, after which net emissions must be zero.

---

Figure 6: Who has been driving the rise in emissions?

The hard truth is that all of this happened when the world was already aware of the disastrous impacts of climate change. The 25 years from 1990 to 2015 saw a rapid escalation of the climate crisis, as global carbon emissions grew by around 60% annually and the total emissions added to the atmosphere since the mid-1800s approximately doubled. Global GDP doubled in this period too, while the number of people living below the poverty line (now set at $5.50 per day) has stagnated at nearly half of the world’s population.

The highest emitters live all around the globe, and the nationalities of the global top 1% and top 10% diversified over this period. However, a large proportion of the richest globally and those responsible for the highest emissions are Europeans. The EU was collectively responsible for 15% of cumulative consumption emissions globally over this period, while being home to just 7% of the world’s population. Within the EU, the richest 10% of its citizens were responsible for over a quarter (27%) of its emissions, as much as the poorest half of the EU population combined. And perhaps most strikingly, in the period between 1990 and 2015 total annual consumption emissions fell for all Europeans except for the richest 10%, whose emissions grew. The largest emissions reductions came from the poorest 50%. The highest emitters in the EU by far are the richest citizens of Luxembourg, followed by the richest citizens of Belgium, Estonia, Malta and Germany.

However, high emitters, and rich and poor Europeans, can be found in all member states, reflecting the stark inequalities within European countries, as well as between them. For example, absolute emissions are high among the richest 10% in small member states such as Belgium and the Netherlands, as a result in particular of these countries’ high dependency on imported oil and gas, especially for the use of heating of residential and commercial buildings and the production of iron and steel. The richest 10% in these two countries (around 3.7 million people) are responsible for higher emissions in absolute terms than the total population of many other member states, including Hungary (9.9 million people), Bulgaria (7.3 million), Greece (10.9 million), Denmark (5.7 million), Sweden (9.9 million) and Finland (5.5 million). On the other hand, some member states that have lower per capita emissions, even among their higher-income groups, are relatively rich; these include countries such as Sweden, Portugal and Spain, where renewables make up a larger proportion of their energy mix, including for residential heating. This demonstrates that it is possible to achieve lower per capita emissions even in relatively affluent countries.

The richest 10% of EU citizens have a per capita footprint that is over 10 times larger than the level we need to achieve by 2030 for an emissions pathway consistent with the target of 1.5°C, while the footprint of the richest 1% is 30 times larger. By contrast, the footprints of the poorest 50% of Europeans will need on average to be halved by 2030. This still means, however, that adjustments cannot aim only at addressing the inequalities in emissions driven by economic inequalities between people: overall levels of emissions also have to shrink dramatically.

Who is paying the price for this consumption?

Climate-fuelled disasters have been the number one driver of the internal displacement of people over the past decade, forcing an estimated 20 million people from their homes each year. Today, people are three times more likely to be internally displaced by cyclones, floods and wildfires than by conflict. Millions more have been driven away by drought, rising sea levels and other ‘slow-onset’ climate-fuelled disasters.

The risks of people being forced from their home are spread very unequally, though these risks are also coming home to polluter countries, with some Californians, for example, now considering to migrate due to the damage caused by extreme weather events in their region induced by climate change. However, the bulk of the risk is borne by vulnerable groups in low- and lower-middle-income countries. In the decade between 2008 and 2019, these countries saw over 11 times more of their people displaced by extreme weather events than high-income countries. The vast majority of those displaced – around 80% – lived in Asia. “Overall, people in low- and lower-middle-income countries, such as Somalia and India, are over four times more likely to be displaced by extreme weather disasters than people in high-income countries, such as Spain and the USA. Small island developing states, such as Cuba and Tuvalu, account for seven of the 10 countries that face the highest risk of internal displacement as a result of extreme weather events, and people are 150 times more likely to be displaced by such events than communities in Europe.” Those who bear little to no responsibility for global carbon pollution are facing the highest risks of climate-fuelled displacement.
Worldwide, vulnerability to global warming is much higher in many countries and regions in the Global South, and their readiness to respond is lower due to a lack of public and private resources to cope with disasters. Those most responsible for causing the crisis will not be forced to pay the price, – or, as one might say, those happy to accept Noah’s flood probably possess a yacht.

The role of the rich in the climate emergency is symptomatic of structural inequalities. As a recent article in the journal *Nature* put it: “The affluent citizens of the world are responsible for most environmental impacts and are central to any future prospect of retreating to safer environmental conditions.” Meanwhile, those who earn less are also more exposed to the negative impacts of environmental degradation, which is caused primarily by richer people. This is true within many countries: people with lower incomes typically live in areas that suffer from higher levels of pollution or are more prone to flooding. The struggle to bring the global economy within the parameters of the doughnut and the fight against growing inequality are not two separate fights but are one and the same.

Looking at the causes and effects of the climate emergency, and the inability of decision-makers to respond adequately to it, we can see the same root causes at work. First, the societies most responsible for GHG emissions are able to avoid paying their fair share of compensation to finance adaptation and mitigation due to their powerful role in the world economy. Second, within countries, the sectors blocking the policy changes that are needed – among them agriculture and energy – are highly concentrated. Take agriculture, for example: According to a study by GRAIN/IATP, the combined emissions of the top five meat dairy companies are on par with those of ExxonMobil and significantly higher than those of Shell or BP. Taken together, the top 20 meat and dairy industry emitters produce more emissions than many OECD countries. Market concentration is high in retail and in brands across the whole of the food sector, yet industry is blocking the transformation that is needed to meet emission targets. Third, interlinked with the lobbying power of these industries is the overall dependence of the economy on growth: politicians fear that regulating these sectors will lead to job losses and thus to social unrest. There is always a fear of change and the power of inertia, but these cannot be used as excuses to keep a deep and persistent injustice continue eternally. Responding to the climate emergency requires addressing these root causes, and it requires a structural transformation of the economy.
Although it is important to transform all sectors of the economy, we have selected four for our sectoral analyses because they illustrate the fundamental features and dynamics explored in this report: agriculture/food, clothing and housing, as they are linked to basic human necessities and are thus particularly vital for building a wellbeing economy, and digitalisation, which has been added as it is sometimes mistakenly thought of as propelling humankind into a post-material world. It is important to stress that all sectors of our economy need to change, but it was decided to focus on these four sectors as good examples of the kind of economic transition we need. As all the examples below illustrate, the changes that we need go far beyond simply ‘greening growth’ or ‘trading fairly’.

THE FUTILITY OF THE INDUSTRIAL FOOD SYSTEM

We now live in a world where having too much food is just as big a problem as being too poor to have enough to eat. More than 690 million people regularly go to bed hungry and over 100 million suffer from acute hunger. Meanwhile a similar number, more than 672 million people, suffer from obesity, largely due to the consumption of highly processed food. Even before the COVID-19 pandemic, industrial agricultural production, which is heavily reliant on chemical inputs to grow vast amounts of monocrops for export, was failing to provide food security and to alleviate poverty for millions of people. Small-scale producers grow an estimated 80% of the food consumed in Asia and sub-Saharan Africa together, but according to latest estimates a staggering 3 billion people or more cannot afford a healthy diet. Inequality is rampant across the globe, and the agrifood sector is no exception. Meanwhile, the beneficial owners of retailers and brands become rich in the current system. Take, for example, the Schwarz Group, the fourth largest retailer in the world, whose assets include the discount supermarket chain Lidl. Its owner Dieter Schwarz is the second richest person in Germany, right behind the owners of rival food discount giant Aldi.

Agrochemical and seed companies, food brands and retailers across Europe are among the most powerful players internationally. Policies in Europe determining how European agricultural companies operate have a profound impact on people’s rights and the protection of nature all over the world, yet these same companies are working to block any transition to a more just and sustainable model of agriculture.

The trouble with industrial farming

Social impact

- Research into working and living conditions across food supply chains paints a bleak picture.
- Despite producing food themselves, small-scale farmers face high levels of hunger: two-thirds of people facing hunger are smallholder families in rural areas.
- Squeezed small-scale farmers often resort to the use of child labour or increase the burden on unpaid women’s labour.
- Employers at plantations and processing plants or on fishing vessels refuse to give employees permanent contracts, curtail freedom of association, cut wages or impose piece rates that necessitate excessive working hours.
- Women are concentrated in informal roles, often with male supervisors, and face heightened risks of sexual harassment and violence.
- Use of forced labour remains all too common, with the International Labour Organization (ILO) estimating in 2017 that more than 1.1 million people were working under such conditions in the agriculture sector.
- Globally, suicide rates are higher among farmers and farm workers than in any other occupation.
- The agricultural sector has high rates of occupational injuries and diseases, for example poisoning through pesticides. About 385 million cases of unintentional, acute pesticide poisoning occur annually worldwide, including around 11,000 fatalities.
Deeply entrenched patriarchal norms mean that the impact is most severe on women, in particular those racialised and in poverty. Compared with men, women are more often denied the right to own land, are less likely to enjoy trade union representation, shoulder a greater share of unpaid care work, face discrimination over pay and progression to more senior roles, and are more likely to live with the threat of sexual harassment and violence. Women are concentrated in the lowest-paid, least secure roles across the agrifood sector, providing a reserve of cheap, flexible labour on which modern food supply chains are built.

Another problem is the growing prevalence of land grabbing by transnational corporations or other actors, forcing communities off the land they have used for generations. In most countries land inequality has been growing again since the 1980s, and this trend directly threatens the livelihoods of an estimated 2.5 billion people worldwide. Concentration of land ownership results mainly from large-scale industrial farming models supported by market-led policies that prioritize agricultural exports, along with increased involvement by corporate and financial sector players investors in food and agriculture, and weak institutions and mechanisms.

Europe is the continent most dependent on imported land, according to Friends of the Earth (FOE) – with roughly 60% of the land it ‘consumes’ being outside of Europe, mainly in China, the Russian Federation, Brazil and Argentina. As FOE argues, this is due to the ‘overall over-consumption of products, but also our rising consumption of products with large land footprints such as meat and dairy, and demand for agrofuels’. Europe is the continent most dependent on imported land, according to Friends of the Earth (FOE) – with roughly 60% of the land it ‘consumes’ being outside of Europe, mainly in China, the Russian Federation, Brazil and Argentina.

Trashing the environment

The negative effects of industrial models of agriculture include water shortages; farming is responsible for 70% of freshwater consumption. Over two billion people are affected by water shortages in over 40 countries, with the extensive extraction of water for agriculture drying up supplies for other human needs, such as drinking, washing, cooking and sanitation.

The food system is estimated to be responsible for up to 30% of GHG emissions. Intensive farming also results in health-damaging air pollution from livestock rearing, mechanization, transportation and other factors. In addition, modern farming is a major factor in land degradation and the single largest driver of biodiversity loss in Europe, while industrial fishing is wrecking marine ecosystems and demand for farmland is a major driver of deforestation globally.
Factory livestock farming, driven by booming demand for cheap meat, is a major cause of environmental destruction. Its rise has gone hand in hand with the adoption of intensive farming practices based on excessive use of pesticides and synthetic fertilizers. Enormous increases in the yields and efficiency of arable farming in the twentieth century made it possible, and cheaper, to disconnect farm animals from the land needed to feed them, leading to the intensification of livestock rearing and, in extreme cases, the creation of mega dairy farms, feedlots and pig or poultry factories. This huge growth in livestock farming is extremely resource-intensive: in the EU, around 70% of agricultural land (pastures and arable) is used to feed farm animals rather than people. Even that is not enough, as the EU imports vast amounts of soya for livestock and poultry feed. Moreover, the rearing of animals at high density causes major air and water pollution.

This industrial agricultural model, which has involved an astronomical increase of 800% in the use of mineral fertilizer over the past 50 years, has led to the oversaturation of the biosphere with nitrogen, setting off a cascade of impacts from species shifts, changes in ecosystems and extinctions to ocean dead zones and algae-clogged lakes. Nitrogen flows are among the three areas where humanity has most overstepped the planetary boundaries, by a factor of two. Europe exceeds safe levels by a factor of seven.

These multiple environmental pressures reduce the ability of ecosystems to adjust to the already noticeable effects of the climate emergency, and they damage the livelihoods and rights of small-scale farmers and communities living nearby.

The concentration of power

The suppression of prices paid to suppliers due to power imbalances all along the food supply chain, coupled with inadequate government support for small-scale farmers and workers, leads to labour and human rights violations. Through a process of consolidation based on mergers and acquisition (M&As), large companies in the food sector have grown to control different parts of the food production chain and have expanded their geographical reach. This process has shaped food production, stretching from the provision of agricultural inputs like seeds, machinery, pesticides and fertilizers to international trading of raw materials, food product manufacturing and, ultimately, to retail. Market concentration has now reached extreme levels. Mega-mergers among the agrochemical giants has left just three conglomerates controlling more than 60% of the global seed and pesticide markets. Just four companies account for 70% of the trade in commodities such as wheat, corn and soybeans. Only 50 food manufacturers account for half of all global food sales, and in many countries, a handful of supermarket giants dominate retail sales of food products. Large corporations owe their expanding empires as much to ineffective antitrust legislation, excessive protection of IPR and aggressive M&A strategies as they do to their own technological prowess.

This corporate power translates into extraordinary negotiating clout. This can be seen from the way that economic value is distributed across food supply chains. The share of the end consumer price taken by supermarkets increased from 43.5% in 1996–98 to 48.3% in 2015, for example, while that of small-scale farmers and workers fell from 8.8% to 6.5%. The results hint that this trend has taken place alongside increases in the cost of production, with evidence to suggest that the rising costs of inputs are linked to the market concentration and business models of seed and pesticide corporates. This squeezes producers from both sides. With this diminishing share of value reaching producers, it becomes impossible to produce food in a way that is socially just and ecologically sustainable. To address this, we need to break the stranglehold on the food supply chain of brands, retailers and input providers. The disproportionate economic and political power of corporations allows them to employ business models that directly undermine the right to health. A recent study directly linked pesticide poisoning of South African farm workers and Indigenous groups in Brazil to the exports of agrochemical giants BASF and Bayer. A Greenpeace investigation, meanwhile,
found that the world’s five biggest pesticide manufacturers (including BASF and Bayer of Germany and the Swiss company Syngenta) are making more than one-third of their income from selling pesticides that pose serious hazards to human health and to the environment. Some of these chemicals are banned in European markets but are sold in low- and middle-income countries, such as Brazil and India.

Moreover, large corporations are competing with small-scale producers for scarce resources needed to produce food, not least land. The largest 1% of farms operate more than 70% of the world’s farmland and are integrated into the corporate food system, while over 80% of farms are smallholdings of less than two hectares.

There are also more indirect political links. Due to their power, large corporations are able to influence policy and regulation, including a continuous focus on the export of cash crops around the world, as well as an export-oriented Common Agricultural Policy (CAP) in the EU, not to mention the forced dismantling of protective tariffs through unfair trade agreements and politically promoted surplus production.

From the 1980s to the early 2000s, under the strong influence of neoliberal ideas promoted by institutions such as the World Bank and the IMF, governments in many countries pursued policy agendas based on trade liberalization, the deregulation of agricultural and labour markets and the rolling back of numerous state support measures for small-scale farmers and workers. One of the principal results of this has been a weakening of the bargaining power of small-scale farmers and workers in international and regional food markets.

In the home countries of supermarket chains, large food suppliers and agrochemical corporations, governments have consistently ignored or failed to use the policy tools at their disposal to prevent these large players from abusing their dominant market positions. In Europe, the use of competition or antitrust legislation has diminished over the past three decades. Furthermore, any application of competition law has focused largely on the protection of consumers rather than abuses of power in other parts of the supply chain. Despite the existence of laws that have the potential to counter the supermarkets’ power, it seems that they are not proving as effective as policy makers envisaged.

Last but not least, this input-intensive model of agriculture fits well into the overall paradigm of never-ending growth and material acceleration. This highlights the need for a conceptual leap in favour of alternative visions for agriculture.

The future of farming – agroecology

The alternative to industrialized agriculture is agroecology, developed and adopted by rural social movements, especially in the Global South, and increasingly taken up by international organisations such as the Food and Agriculture Organisation of the United Nations. This holistic approach weaves together the many dimensions of farming: environmental, social, economic and political. At the environmental level, it actively sustains ecosystems rather than just extracting value from them. This eliminates the dependency on synthetic inputs and boosts climate resilience. At the social and cultural levels, it is based on principles rather than fixed rules, which allows it to be adapted and better integrated into the local context. It is knowledge-intensive and promotes horizontal (farmer-to-farmer) contacts for the sharing of knowledge, skills and innovations.

The economic dimension involves a vision of a social and solidarity economy, promotes diversification of on-farm incomes and enables fair prices for small-scale farmers. It implies fair and short distribution networks which link to local markets, independent of external actors. Politically, agroecology prioritizes the needs and interests of small-scale farmers and people, and not corporations, from farm to fork. This involves putting seeds, biodiversity, land, water, knowledge and the commons into the hands of people rather than corporations. Agroecology encourages forms of social organization needed for decentralized governance and local adaptive management of food and agricultural systems.

Communities and movements around the world have developed and tested this concept and these practices. It is increasingly recognized as a solution by official institutions, such as the Agroecology Knowledge Hub of the UN’s Food and Agriculture Organization (FAO). With the concept gaining traction in official forums, it is important that it does not lose its empowering potential.

This vision also involves a shift in how we relate to food. Rather than a commodity to be traded on global markets, food should be seen as a fundamental right and a common good. Such a paradigm shift is needed to transform the food system from a profit- to a people-oriented system, one that is no longer shaped by powerful economic interests.
Clothing and fashion make up 60% of global demand for fibres, with the rest used for household and industrial applications. While the majority of clothes sold in the EU are manufactured beyond the bloc’s borders by women in situation of precariousness, major retailers and brands domiciled or based in Europe and EU countries represent a significant portion of the global market. Moreover, on average each EU citizen purchases 26kg of textiles a year.

This indicates that EU governments have a responsibility to ensure that the textile industry plays its part in the broader transition to a transformative circular economy within planetary boundaries, and that it helps to achieve the SDGs. This will only be possible through a radical reduction in the production and consumption of textiles.

A threadbare system

When COVID-19 lockdown measures forced non-essential shops to close their doors worldwide in March 2020, many brands responded by not paying their suppliers for either completed or in-process orders. This left millions of vulnerable textile industry workers in low-income countries, who make most of the world’s clothes, without vital income or social protection. The pandemic has compounded the existing injustices that have been associated with the textile sector for decades: poor and dangerous working conditions, low wages, long working hours and limits to freedom of association and collective bargaining, as well as human rights violations and gender-based violence (GBV).

In total, the textile industry employs an estimated 60 million people worldwide, and 75% of all garment workers are women. In 2018, the EU’s own domestic clothing production accounted for 987,000 jobs and €26bn worth of exports. Violations of labour rights are also common in Europe.

The textile sector, especially the fashion industry, guzzles huge amounts of our planet’s finite natural resources and produces staggering levels of waste. The EU’s consumption of clothing, footwear and household textiles uses 675m tonnes of raw materials every year – an average of 1.3 tonnes per EU citizen. Nearly three-quarters of all textiles eventually end up in landfills or are incinerated; about 5.6m tonnes of textile waste was generated in the EU in 2013. Textiles cause the second highest pressure on land use and are the fifth largest contributor to carbon emissions from household consumption. Their production is also responsible for using 53bn cubic metres of the world’s water every year.

The textile industry also depends on the use of a wide range of chemicals: around 3,500 different chemicals are known to be used in textiles manufacturing. Although the hazards of all these substances are not fully known, over 240 of them are considered to be of potential risk to human health and 120 of potential risk to the environment, according to EU regulations. They can linger on the textile products we buy, and using them can be dangerous for workers, as well as for the areas around production sites when released into waterways. Most pollution from hazardous chemicals occurs during production processes to treat, dye, print and finish fabric, so-called ‘wet processes’ which are also very energy-intensive.

The global production, consumption and disposal of textile products are such that forecasts made by the UN suggest that if the global textile value chain remains on its current growth trajectory, it will use up a quarter of the world’s carbon budget by 2050.

Falling apart at the seams

Today’s textile consumption patterns are a result of an economic system built around the production and sale of ever greater numbers of new products made from finite virgin resources (the linear economic model). This is the very definition of ‘unsustainable’, and is behaviour that cannot continue if we are to protect the life-sustaining functions we all rely on and remain within a safe operating space for humanity. Unchecked overproduction has been made possible by a lack of accountability when it comes to the huge patriarchal and racial power imbalances at play in the fashion industry. Rich CEOs and other beneficiaries of fashion brands (most often white men) make billions off the labour of workers who do not earn a living wage (most often women of colour in economically disadvantaged countries). Voluntary self-regulation has not been effective in addressing these power imbalances.

Since the increased global attention that has focused on systemic racism following the killing of George Floyd by a police officer in the USA in May 2020, the fashion industry has markedly increased diversity in its marketing campaigns. While more diversity in marketing is clearly a positive thing, it could also be described as ‘wokewashing’ when brands use People of Colour to market their products without addressing the systemic racism involved in the supply chain that produces those very same products.
BOX 9
FAST FASHION –
A RACE TO THE BOTTOM

The ‘fast fashion’ era began back in the early 2000s, when clothing retailers started to bring more and more new collections of clothing to the high street at a faster pace (meaning a very short delivery time from design to manufacture to shop floor), and more often (‘from four seasons a year to 52’).

The rise of fast fashion was driven by access to cheap labour in low-income countries and a reliance on fossil fuel extraction to produce cheap synthetic fibres, especially polyester. Prices were low and the business model was heralded as a ‘democratization’ of fashion, with brands able to replicate the ‘looks’ seen on the rich and famous to be worn by all. The new millennium ushered in unprecedented growth in global clothing production.™ In recent years, social media platforms have allowed a newer breed of fast fashion brands to emerge, with companies now able to reach a whole new generation of consumers who shop on their Instagram feeds rather than in city centres.

In 2019, €80bn worth of clothing was imported into the EU, with the top three countries of origin being China, Bangladesh and Turkey.™ But the hidden cost of all this cheap clothing has been paid by the workers in these and other countries.

The purchasing practices used by fast fashion brands and retailers often impose so many demands on suppliers that they are effectively forced to cut corners on labour rights (for example, enforced overtime) and cut costs when it comes to safe working conditions if they are to fulfil orders quickly enough for retailers in Europe or the USA. In 2013 in Bangladesh, the collapse of the Rana Plaza garment factory killed 1,134 workers while they were finishing orders for Western brands. The management knew that the building was structurally unsafe but workers were called in anyway. This tragic illustration of the impact of fast fashion sparked worldwide indignation about the working conditions of the unseen workers who power global fashion supply chains.

Fast fashion has also been criticized for making clothing ‘disposable’. While it certainly can be the case that fast fashion apparel can be of poor quality, making it destined for landfill or incineration, the emotional relationship to garments is often just as important as their physical properties.™ The line demarking where the fast fashion industry starts and the wider clothing industry begins is a blurry one, with clothes sold at higher prices certainly not intrinsically more ethical or sustainable. We have also seen the advent of ‘fast luxury’, with luxury brands increasingly adopting the fast fashion model.™ Regardless of price point, across the fashion industry there is a lack of transparency and accountability.

Of course, poor working conditions and environmental degradation predate the fast fashion era. Production began shifting from traditional manufacturing bases in Europe and North America from the 1970s, and in the 1990s the anti-globalization movement kicked off the struggle against sweatshops and modern slavery. However, there can be no denying that the fast fashion phenomenon is turbocharging the textile sector to the edge of our ecological and social limits.
**Cut from a different cloth**

There is no way around it: the sheer growth in the use of materials by the textile industry must be addressed if we are to respect ecological limits. We cannot waste time with an approach limited to cleaning up or counterbalancing the negative effects of overproduction and consumption by adding a small circular cherry on top of a polluting and exploitative cake. In other words, it is not enough for brands to switch to renewables in their supply chain, incorporate some recycled fibres into their collections or set up rental services if these sit alongside the ‘business as usual’ model.225 We must go beyond decarbonization, recycling and material innovation, towards ensuring that less is produced while value is more evenly distributed.

And while all types of fibre can be extremely polluting and resource-intensive, depending on scale, surroundings and management, we cannot ignore the fact that over the past two decades the use of synthetic fibres derived from fossil fuels has doubled.226 Without tackling the addiction of fast fashion business model, the sector will not be able to operate within planetary boundaries. We must put nature, people and workers front and centre. This means that we must truly tackle the industry’s power structures, which underpin the overproduction that is harming our planet. Recognizing the current structure of the fashion industry as a neocolonial one means recognizing the disproportionate burden it places on communities of colour worldwide, and that its growth is maintained through the extraction and exploitation of resources, from raw materials to labour.227 The future of fashion must be one that redistributes wealth more equally and puts the responsibility for change onto those making obscene profits.

---

**There is no way around it: the sheer growth in the use of materials by the textile industry must be addressed if we are to respect ecological limits. We cannot waste time with an approach limited to cleaning up or counterbalancing the negative effects of overproduction and consumption by adding a small circular cherry on top of a polluting and exploitative cake.**

The EEB has more details and policy recommendations regarding the shift towards a sustainable textile industry here: https://wardrobechange.eu/

---

**BUILDING BACK BETTER**

The built environment is where Europeans spend 90% of their time, either working, living, learning, playing or healing. It encompasses not only buildings but also other urban and public spaces, transport infrastructure, service networks, infrastructure and more.228 COVID-19 has underscored the importance of residential buildings for public health in Europe. They have enabled people to maintain physical distance and self-isolate during the pandemic. The lockdown measures implemented to avoid the spread of the virus stressed the importance of ensuring access for all citizens to healthy buildings with natural daylight, comfortable temperatures and clean air.

In 2018, the value added of the building sector to the EU27 economies reached €435bn.229 The sector is dominated by micro enterprises employing fewer than ten people, but in total that year it employed more than 10 million people, of whom 90% were men.230 Buildings (including past history) in Europe are among the oldest in the world and have the longest lifetimes. However, more than three-quarters of the existing building stock was created prior to the introduction of regulations on sustainability, and much of it will still be standing in 2050. The enormous climate and environmental footprint of buildings explains why they have been targeted by at least 17 different EU policy instruments and several supporting initiatives. For instance, the EU’s Circular Economy Action Plan aims to make the construction sector more sustainable by minimizing the environmental impact of buildings along the overall value chain.231 In addition, the wave of renovation launched by the European Commission in the autumn of 2020 aims to boost the renovation rate,232 which currently stands at less than 1%, in order to enhance the environmental performance of Europe’s building stock.233

**Impact of the built environment**

**Housing crisis (social impact)**

The continuous growth in property prices is forcing families of limited means to relocate to areas with lower housing costs, but these areas also suffer from limited access to essential services such as public transport. As a consequence, the dual financial burden of housing and mobility, especially for car-dependent families, is pushing more and more Europeans into poverty. Lower-quality dwellings usually come with increased energy costs. This is particularly true given the massive rise in energy prices over the past
decade in almost all EU countries. This means that nearly 34 million Europeans are unable to keep their homes warm enough in winter, while 30 million are falling behind with their utility bills. With global warming, energy poverty also occurs in summer, though the proportion of Europeans living in homes that are not comfortably cool in summer is unknown. Furthermore, some residents do not get enough daylight, despite its importance for mental health. There are even dwellings without baths, showers or indoor flushing toilets. Overall, half a million deaths each year are attributable to both household and ambient air pollution. Overcrowding in some dwellings and under-occupation of others are two other social phenomena that we need to consider when transforming the built environment into a sustainable one. In the absence of a sufficient supply of social housing, low-income families with children cannot afford to move to larger houses. At the other end of the spectrum, changes in social, economic and demographic realities have led to huge growth in the number of under-occupied dwellings.

Urban emissions (environmental impact)

Emissions from the built environment include carbon dioxide (\(\text{CO}_2\)), methane (\(\text{CH}_4\)), nitrous oxide (\(\text{N}_2\text{O}\)) and halocarbons. However, the only one of these emissions that is reported by EU governments and targeted by its policies is \(\text{CO}_2\), and even then only emissions related to consumption and not those linked to construction and demolition. The climate impact of the built environment would be even greater if methane emissions due to the use of gas and those from halocarbons due to heat pumps and air-conditioning systems were taken into account.

The direct and indirect emissions occurring within the built environment due to the use of gas, oil or coal, mainly for space and water heating, represented 36% of the EU’s total \(\text{CO}_2\) output in 2018. Residential buildings accounted for the lion’s share of these emissions, representing 86% of total emissions by the built environment.

There are currently no requirements for industry to declare, nor for governments to report on, the emissions embodied in construction materials and goods used in buildings. The International Energy Agency (IEA) estimates EU27 emissions from the use of cement and steel in buildings to be 133 Mt\(\text{CO}_2\) in 2019. This is a 22% decrease compared with 2010, which might be driven by a shift by the EU construction sector from the construction of new buildings towards the renovation of existing ones.
Root cause: the market approach to the built environment

The market-centred approach to policy design and the powerful influence of industry on legislative processes hinder the societal and environmental sustainability of the built environment. Real estate industry practices, such as the financialization of land and housing, which have made housing a tradeable asset when it should be a human right, have led to gentrification and the phenomenon of ‘renovictions’ (the eviction of a building’s residents in order to renovate it and sell it to wealthier buyers).

Current policies boost company profits while locking citizens into unsustainable environmental and social solutions, such as people who are forced to live in more distant neighbourhoods and thus depend on cars (and CO₂ emissions) to carry out their daily activities. Policies aimed at renovating dwellings occupied by low-income households illustrate well these unsustainable impacts. First, new and refurbished buildings that are put on the market, which are the most energy-efficient, are costly and not affordable by low-income households. Second, the privatization of electricity and gas markets has led to increases in energy prices and, third, energy prices only become lower above a certain level of demand but low-income families usually do take advantage of these cheaper rates, because they do not consume a lot. This is one reason why their energy bills are so high, despite their low consumption. The step-by-step renovation approach of the EU, which is the one privileged by existing policy and financial instruments, increases the overall cost of renovation, making energy renovation a luxury product and one not accessible to low-income households, while also increasing GHG emissions. A transformation of the Energy Performances of Building Directive into a Sustainable Built Environment Directive must ensure access to healthy, environmentally friendly and affordable housing for all.

Western Europe has a digital carbon footprint that is nearly eight times greater than the footprint of all low-income countries.

The invisible side-effects of the digital revolution

Digital technology is increasingly infiltrating our daily lives. But the growing intimacy and omnipresence of technology is not without impacts. Digitalization, or the integration of technology into the economy, and digital transformation, or the creation of new digital markets, are increasingly being defined as ‘necessities’ of modern development. For example, the EU regards digital transformation as a ‘necessary... enabler of change’. However, it is becoming increasingly clear that negative aspects of digital technology affect individuals, society and the environment, and occur throughout the value chain.

Impact of digital technology on people and the planet

Figure 9: Simplified model of the ICT supply chain

The environmental footprint associated with digital technology and content has grown exponentially. Estimates suggest that digital technology is now responsible for between 4% and 10% of global emissions, and forecasts indicate that this figure could double again by as early as 2025. Emissions associated with digital technology are unequally distributed. According to findings by the EU’s SHiFT project, Western Europe has a digital carbon footprint that is nearly eight times greater than the footprint of all low-income countries.

In material terms, there is a mushrooming in the number of connected devices, or the ‘Internet of things’. According to one estimate, there will be over 75bn connected devices by 2025, compared with 7bn in 2018. Europeans possess, on average, five times as many devices per capita as citizens in low-income countries, and more than double the world average. The value chain associated with devices results in both growing demand for and extraction of a range of natural resources – including rare minerals such as lithium, gold, copper and cobalt. A throwaway approach to technology is epitomized by informal e-waste dumps located across the globe, and by 2021 the annual total volume of e-waste is expected to surpass 52m tonnes. On average, Europeans throw away 7.2kg of electronic waste each year.
The negative social impacts of digital tech range from human rights abuses and poor working conditions to more nuanced issues around data privacy. These include conflict minerals being used to produce electronics, suicides among assembly line workers, child labour and toxic pollution at informal e-waste sites. Digital technology is also changing the way we live and work. The nature of work is being transformed completely by technology; thanks to AI and automation, it is estimated that 50% of today’s jobs could disappear and that 45–60% of jobs in the EU could be replaced by 2030.254

The true costs of smartphones

Within a relatively short span of time, smartphones have gone from being a novelty to being an indispensable everyday item for hundreds of millions of people. In Europe, it is estimated that six new smartphones are sold every second, and most smartphones in Europe are replaced within just three years. There are more than 630m smartphones in use across the continent right now. This causes annual emissions in excess of 14m tonnes of CO₂, equivalent, which is about the same as the emissions of a nation such as Slovenia.255 This is in clear contradiction with the claim that the digitalization of our society is leading to a reduction in the use of resources and materials.

Globally, it is estimated that 76% of the world’s population spend more than three hours each day using their smartphone.257 The long-term social and health impacts of spending so much time glued to our devices have yet to be established. Furthermore, the wealth of personal data that this grants to the companies behind the digital technology is unprecedented. This has eroded privacy and raised concerns about how our data are used.

Power and wealth are now highly concentrated in the digital sector. Six of the ten richest people in the world have made their fortunes from the digital transformation.258 Efforts to regulate these sectors have so far been limited and companies are geared up to resist change. In the first six months of 2020 and start of the Covid-pandemic, the Big 5 US Tech companies combined spent at least €19m on lobbying in Brussels – multiplying their spending compared with previous years and outspending any other companies.259

Inequalities, segregations and polarizations exist in the tech sector. For example, in electronics the workforce is predominantly male. Low-skilled workers in the electronics industry are men (men also represent 85% of workers in mining and quarrying, iron and steel mills, and steel product and metalworking manufacturing, and 78% of electronic precision equipment repair and maintenance workers). Just 8% of managerial positions in the electronics sector are held by women.260

In terms of racial injustice, major cases of exploitation linked to the electronics supply chain occur out of sight of European consumers. For example, global flows of electronic waste are directed towards countries such as Vietnam, China and Nigeria. One NGO estimated that over 350,000 tonnes of e-waste leave the EU illegally each year.261

Rebooting the digital revolution

Overall system change is urgently needed to deliver a socially and environmentally sustainable digital and information and communications technology (ICT) sector. The combination of a wasteful approach to the materials that make up our devices and the power in the hands of those who control our data threatens both planetary boundaries and key aspects of social sustainability.

The transition towards a sustainable digital sector must turn the tide on the exponential growth of connected devices and associated environmental impacts, while creating an open and fair digital world where individuals are able to control their technology, rather than the other way around.
THE ROAD TO THE WELLBEING ECONOMY

An economic system can only become humane or socially and ecologically just if it has built-in structures to prevent at least three vicious downward spirals identified in this report:

- shifting costs onto others by perpetuating structural injustices rooted in the imperial and colonial past;
- Economic and political inequality worldwide that leads to biased rules, which in turn increase inequality even further and undermine democracy;
- Ever accelerating material use as an outcome of the dependency on growth.

A wellbeing economy turns downward spirals into upward spirals at all levels, from the local to the global:

- Driving a process of global dismantling of neocolonial structures and to counter structural discrimination and racism;
- Democratising the economy, dispersing economic and political power into the hands of the many rather than the few; and
- making the economic system independent of growth and thus allowing a reduction in material use.

Aspiring to these central features of a just economy does not mean that there is an all-encompassing vision of what this just economy should ultimately be like. It is a never-ending pathway on which we must travel, where we need to try things out, learn lessons and refine our blueprint. Getting to a wellbeing economy is a process of co-creation that never really ends. What we want is to reduce the current intolerable level of environmental and social pressures to levels that can be sustained over time.

Why we want this is simple: if these pressures are not reduced fast enough and to the scale needed, the result will be the collapse of our civilisation, with human misery on a scale we can hardly imagine.

How do we do this? There is no easy answer. This final section attempts to give an answer, but it should be seen as a compass only, to be complemented by more detailed roadmaps for a range of activities that together make up what we call the economy. This is what the compass points to: a just transition is one in which the environmental footprint of humanity is reduced to sustainable levels within our planetary boundaries, while ensuring that all the basic needs and social wellbeing minimums are covered for everyone. This applies from housing to access to healthcare, from clean water to good food for all, from cultural life to education. The sections below unpack the common features of the changes that we need to see happen in all sectors.

MAKING CHANGE HAPPEN

Three layers are important to consider when thinking about change that will help us to move towards a more socially and ecologically just economy:

- NICHES: This is where pioneers can sow the seeds of the new economy. Niches include local initiatives, where people come together to try out more inclusive, power-sensitive ways of growing food or caring for one another. These include living in more communal structures and advancing a different lifestyle in peaceful co-existence with the Earth and its many creatures. They include more sustainable and inclusive businesses that experiment with radical workplace democracy or establish fair and just relationships with suppliers, and regional communities that experiment with new, participatory ways of governing. Niches are important so that, as a society, we can learn how to make our ideas work in practice; advocates for change can point towards them to prove the feasibility of their ideas; and we can build new networks of practitioners and political activists.

- REGIMES: This is where political, economic and social institutions interact with the economy, such as through the legal rules that define what should or should not be done in the economic sphere, the infrastructure that enables us to be mobile without a car, the established ways of decision-making that may or may not foster inclusive and just participation, and the way in which social protection is organised, which may or may not make us more dependent on economic growth. Regimes are important as they can either stabilise the old models or steer our economy in new directions. A socially and ecologically just economy requires policy change, and the right kind of businesses and activities need policy support to become the new normal. Limits are needed on the use of the Earth’s resources, and injustices and discrimination based on racial, gender, class or other divisions must be addressed through bold policy interventions.
• CULTURE: This is where commonly shared values and worldviews influence what we are able to imagine and what we want. This includes different beliefs in growth or wellbeing, the idea of either self-interest or solidarity as human nature, and our understanding of what freedom or democracy means. Culture is important as it makes system change either more or less difficult to achieve. A socially and ecologically just economy requires the fostering of values: cooperation, community, solidarity, resilience, responsibility and caring are values; economic growth is not a value. Rather than thinking of labour solely in terms of formal employment, we must recognise more the importance of work that involves caring for one another, becoming politically active or creating spiritual or artistic spaces. Rather than thinking about nature as something to commercialise and exploit, we must recognize it as a living entity of which humans are only a tiny part.

Change needs to happen at all these levels – from just doing things differently, to fighting for specific political measures, to raising awareness – and change in one layer might well lead to change in another.

Figure 10: Three layers of change towards a new economy

![Figure 10: Three layers of change towards a new economy](image)

Source: Smart CSOs Lab (2015). Reimagining Activism; adapted by Oxfam Germany.273

THE POWER(LESSNESS) OF THE INDIVIDUAL

As individuals, we are citizens, workers, carers, consumers. None of these identities is carved in stone – all are open to change. It is easy and tempting for both policymakers and manufacturers of products to define us only as consumers, but this reductionism deflects attention from their own responsibility. There already exists a whole ecosystem of labels that give those with enough spending power the option to salve their consciences by ‘buying green and fairly’. But humanity cannot just buy its way out of the mess it is in – on the contrary. Yes, positive change in consumption patterns is a powerful signifier to businesses or policymakers (for example, buying organic food). Yes, this allows alternatives to grow in niches (such as community-supported farms). But just sending signals and developing niches cannot stop a tsunami and is not a substitute for policy interventions that change relevant regimes, for at least three main reasons:

• Individually, we have little control over the consumer options available to us. One example is the public transport versus private car infrastructure available for our mobility.

• Consumer power depends on disposable income, which is distributed extremely unequally. For example, Big Pharma invests a lot in rich-country problems, such as medicine for migraines, but little in research into malaria, because it has less potential for financial return.

• Fulfilling basic needs is a right, not a charitable gesture to be made by the morally conscious consumer at his or her will.

The question thus becomes not so much ‘What do I buy?’ but ‘What policies do we buy?’. Society needs to focus not on individual behaviour but on policy interventions that have a significant transformative potential, paving the way for a gradual transformation of our current extractive, growth-focused and deeply unjust economic system into one that is socially and ecologically just.

Nevertheless, we want to highlight that meaningful systemic change and challenging the status quo requires strong transversal collective action ranging from emerging protest movements to formalised or even institutionalised organisations. Every day, activists and grassroots movements from all around the world are inspiring civic and collective action and create social change. Research highlights that social movements in the past were successful in challenging the dominant culture to improve society for a shared purpose such as the Civil Rights Movement, Black Lives matter, Occupy Wallstreet, Idle No more, Suffragettes etc.263
GROWN-UP ALTERNATIVES

Principle 1: We should focus on policy interventions that we believe have the potential to address the root causes of our problems. We should not get sidetracked into treating only the symptoms.

Principle 2: Rome was not built in a day. We need to make bold moves now, keep a close eye on the real effects of the changes we introduce and adapt our strategy along the way. This will be a process of gradual transformation, and it is important to test out how certain policy interventions affect our economy, nature and ultimately all of our lives, including through any unintended consequences. There is no clearly defined roadmap to follow.

Taking these two principles together, this report proposes three guiding questions:

- What sort of policy interventions will break up neo-colonial structures and create a new relationship between currently privileged and disadvantaged countries to allow justice and wellbeing for all?
- What sort of policy interventions will reverse the concentration of wealth and power and allow more power to flow to those who are marginalised and disadvantaged by the current political, social and economic structures?
- What sort of policy interventions will reduce our dependence on economic growth and reverse the trend of an ever-increasing social metabolism – i.e. the flow of materials and energy between nature and society?

**Breaking up exploitative structures**

Building a socially and ecologically just economy requires us to address injustices and imbalances in geopolitical power, and the way that these shape current levels of wealth and the positions of countries and groups within the global economy. A just economy recognises Europe's colonial history and the way in which the inequalities between regions and continents is partly a continuation of Europe's geopolitical exploitation of the Global South under racial capitalism. It does not falsely disconnect such histories from today's global economic and power imbalances. The EU's current migration policies and unjust, immoral border controls are a key aspect of white privilege, which permits the free movement of everything – goods, services, capital and wealthy tourists – except the less privileged. In the current set-up, consumer goods can safely cross the Mediterranean, but not human beings in search of better futures and dignified living.
First and foremost, this has to start with an active reflection on how much of our thinking and action is based on concepts and terms that (sometimes subconsciously) accept the status quo, including a linear understanding of ‘development’ in which financially privileged countries have made ‘more progress’ or are ‘richer’, and which fails to take account both of the richness of countries that is not measured by GDP or by money and the degree to which the high ranking of privileged countries depends on their breaching of planetary boundaries and the poverty and exploitation of others. This is intimately linked with a recognition of intersectional exclusion that pervades all economies, in terms of inequality and power. In this regard, a cultural shift is needed in all sectors, including the so-called aid or development sector.

Looking at global economic structures with a different mindset, it is possible to see past the illusion that justice and wellbeing, and a good life for all, are best created through the way in which the financial and trade system is currently structured.

Second, the rules governing trade and associated structures of production need to change to allow all countries to thrive:

- A transformation of international trade and investment law is needed to ensure that it fosters local and regional trade, protects and creates opportunities for those who are marginalised within economies and gives primacy to the national policy spaces needed for governments to respect, protect and fulfill human rights.
- Reversing consumption levels and the fixation on growth in privileged economic regions such as Europe is key in terms of both ecological and social justice.

Third, the criminalization of people’s mobility as a key method for the creation of a cheap labour force that is then incorporated, without rights, into Europe’s economic growth needs to stop:

- The EU’s current migration policies, which restrict access to regular routes, channelling people into increasingly dangerous and precarious routes into Europe, need to be drastically rethought.
- The EU should identify that its policies, with the vast sums of money spent on them, may increase risks for the most vulnerable people by subjecting them to human rights abuses at borders and undermining their reliance on trade, seasonal mobility and remittances.
- Instead, a just economy allows people to exercise their freedom of movement in order to improve their life chances and wellbeing. The EU should adopt safe migration policies, including enhancing regular migration channels and access to legal protection.
Democratizing the economy and deconcentrating power

An economy that is redistributive by design means that its dynamics tend to disperse and circulate value as it is created, rather than concentrating it in ever fewer hands.264 One direction in which value must be consciously redistributed is between men and women: a wellbeing economy is no longer gender-blind; it must be gender-just. In a wellbeing economy, women and girls are empowered to move out of poverty and stay out of it, and women share equal power and influence in political and economic decision-making. The same is true for other horizontal inequalities. People are excluded from equal access to resources and power due to their race, geographies, class, health status or religion. In advancing an intersectional feminist perspective with a particular responsiveness to power imbalances, it becomes clear that in a just economy people must continuously acknowledge the intersectionality of exclusion and take active measures to reverse it, addressing past and perpetuated injustices. This applies not only in terms of intra-country relationships but in all the structures that pervade our economies.

A number of important building blocks are required to achieve this continuous redistribution of wealth and the economic and political power associated with it. First, there is a need for much more equal access to productive assets (natural resources, land, technology, knowledge and ideas) through much more widely dispersed rights to access and the benefits derived from it, fostering either a wider dispersion in private ownership or collective or communal management of these sources of wealth. This means that politics should be not just about redistribution (through taxation and benefits) after wealth has been accrued, but about creating a more equal distribution of access and wealth in the first place.

Politics should be not just about redistribution (through taxation and benefits) after wealth has been accrued, but about creating a more equal distribution of access and wealth in the first place.

This partly involves allowing much greater space for ownership and forms of exchange other than markets: acknowledging and fostering the key role played by the commons, by households (especially regarding care work and reproductive labour) and by the state at local, national and international levels. Where markets are concerned, these should be shaped as ecosystems of preferably small and medium-sized and locally rooted organizations, which themselves have just and sustainable business models: sharing decision-making power with all stakeholders rather than only shareholders, following a public purpose rather than aiming to maximise private profit, and sharing the value derived from them in a way that overcomes inequalities rather than deepens them, including setting prices that allow for socially and ecologically just production of goods and services.

In order to achieve this, policy must aim to:

- Transform existing businesses into sustainable and inclusive ones
- Foster social and inclusive businesses and organisations so that they move from the niches to the mainstream
- Curb and reduce the (de facto) monopolisation of markets and other forms of corporate power to much lower levels in all sectors of the economy
- Acknowledge and foster other forms of production, exchange and consumption outside the context of the market
- Boost the acknowledgement of non-wage labour relative to other important forms of labour, especially care work
- Empower rights holders and citizens, ensuring that the protection of human rights is given priority over other policy aims and that the regulation of business actors nurtures rather than endangers them.
Another key building block is to break free of the vicious circle of inadequate access to essential services and social security, which leads to greater economic, social and political inequality, which then further reduces access for those who are vulnerable and marginalised. Governments need to truly recognize the value of care and welfare systems and invest more in them. They must resist the old formula of brutal, unfair and unsustainable austerity measures, and invest in free to use, quality public services and social protection in order to support everyone, from cradle to grave.

In order to achieve this, policy must aim to:

- Offer universal access to essential services, such as healthcare, education, housing and water through public or communal provision
- Provide security to all through universal social protection, taking into account the ecological impact of welfare policies and designing these in a way that takes account of socio-ecological needs

Reducing the fixation and dependency on growth

The management of our economic system as one that depends on the continual growth of production and consumption is no longer fit for the ever hotter, more crowded and more connected world that we already live in. A wellbeing economy abandons the idea of eternal growth and embraces people, their wellbeing and the reliance of that wellbeing on the health of nature. Making the European Green Deal, the EU’s plan to transition towards a sustainable economy, the foundation of everything that is done in the EU steers away from the old mistake of putting ‘environment’ and ‘society’ in silos next to ‘economy’. But it still needs all the legislation that will truly allow people and nature to thrive, whether or not the ‘economy’ grows. While the EEA is now calling for growth without economic growth, there is a long way to go before the European Commission, Council and Parliament truly acknowledge the best available science from the EU’s own agency.

What needs to grow is a restoration of the systems that make thriving possible: biodiversity, soils, watersheds, minerals, climate stability and so much more. To halt the degradation of these life-support systems, there is a need to degrow the absolute amount of resources extracted and used. An encouraging initiative recently came from the European Parliament, which proposed for the first time not only targets for the reduction of emissions but also for the amount of extraction. Extraction is the source of the material economy and of nearly all our most profound environmental problems, and we need to tackle our problems at the start of the pipeline that our linear economy still is.

First, at the heart of this process must be an effort to shift the political mindset away from simply growing GDP and global trade to aiming directly for the growth of wellbeing within planetary limits. Rather than environmental and social protection being subordinate to short-term economic growth targets, the logic needs to be reversed so that economic policy-making objectives are designed to achieve environmental and social targets. This partly involves looking to other measures to guage the success of our economies.

In order to achieve this, policy must aim to:

- Reframe core policy goals towards wellbeing and apply this to key European frameworks such as the European Green Deal, EU economic governance, the 8th Environmental Action Programme (8EAP) and so on
- Introduce better methods of measuring the wellbeing of people within planetary boundaries
- Decouple employment/work and social security systems from economic growth
- Build a carbon-neutral, circular, non-toxic and inclusive economy

Second, the whole logic of international trade deals needs to be stood on its head. Any trade deal needs to start with the question of how it contributes to the wellbeing economy within planetary limits, instead of simply aiming for growth and trying to address the problems in a chapter on sustainability. Just and sustainable trade must be the norm for EU trade, not a bonus point.
In a communication on trade published in February 2021, the European Commission talks about the "massive efficiency gains fuelling sustained, trade-led economic growth", but it omits the wider strategy of sufficiency in which the efficiency gains need to fit.269 An example of a sufficiency approach to trade is the need for a ‘less but better’ principle for the production of meat, dairy products and eggs in the EU, which is the opposite of trying to trade more unsustainably farmed cows from Brazil in exchange for more climate-wrecking cars from Germany – as the EU–Mercosur trade deal tries to do.

It was telling that, in the communication, de-globalisation270 and isolationism were used in the same sentence as if they mean the same thing. However, economic de-globalisation can go hand-in-hand with cultural and political globalisation which is a deeper form of multilateralism. Greater multilateral collaboration is rightly recognised as a need by the Commission, but true global cooperation is about tackling our common challenges in the best way possible, even if that means trading less.

In order to achieve this, policy must aim to:

- Redefine international trade as a tool that is only used when it makes a significant contribution to wellbeing for all, within the limits of our ecosystems
- Places the efficiency gains made through trade not in a growth strategy but in a sufficiency strategy
- To build multilateralism around the cross common human good rather than the trade in common goods.

For more detailed policy proposals on trade we refer to the World Fair Trade Organisation’s Fair Trade Principles271.

---

**True global cooperation is about tackling our common challenges in the best way possible, even if that means trading less.**

---

**MAKING THE RIGHT POLITICAL CHOICE AT EVERY CROSSROADS**

While a wellbeing economy works in a radically different way from the current one, this does not mean that the system has to be changed by means of an abrupt disruption. Bringing us into the doughnut is about shifting the path we are on. The challenge to humanity is so huge, and still growing, that we will fail if we content ourselves with trying to deal only with symptoms. Systemic change requires going to the roots of our problems not just in one sector, but everywhere.

Each and every broad policy aim mentioned above could be linked to specific policy initiatives at local, national, EU or international level. For example, do policymakers make competition law more effective by introducing an option to break up over-large companies or not? Do they fundamentally transform businesses through ambitious legislation on sustainable corporate governance, which ensures that directors of companies have an enforceable duty to balance the interests of all stakeholders in society rather than being allowed to follow the principle of maximizing profits, or do they opt for a lighter version that allows for fluffy words rather than a transformation of business models? Do they make human rights and ecological due diligence mandatory, with civil liability and a broad scope, or do they opt for a weak version that allows most businesses to continue as they are right now, exploiting people and the planet while making their owners ever wealthier? Do they push for change at the World Bank to stop it financing the private provision of social services through public–private partnerships and resist privatization of water or energy systems at local level?

The list could go on. Holistically and in individual policy areas, policymakers have a choice: do they opt for business as usual, giving in to the pressure of vested interests and outdated economic thinking, or do they choose a way forward that taps into the transformational potential of these policy interventions? Pressure and support from citizens will help them make the right choices and set us on a different path – be it through campaigning, by becoming politically active or through well-informed voting. Today’s policymakers have to play the bad cards dealt to them by their predecessors, but if they play them badly the whole house of cards could come tumbling down. They must build the future on better, more durable foundations.
This Research Report is written to share research results, to contribute to public debate and to invite feedback on relevant policy and practice. Not all organisations work on all topics covered in this report and not all details of analysis necessarily reflect official policy positions of each participating organisation.