UNIVERSITY OF WASHINGTON
Economics Undergraduate Board

THE ECONOMIZER

VOLUME 32, NUMBER 03 | DEPARTMENT OF ECONOMICS | SPRING 2023

Degrowth or Green-Growth: The Path to a Sustainable Economy

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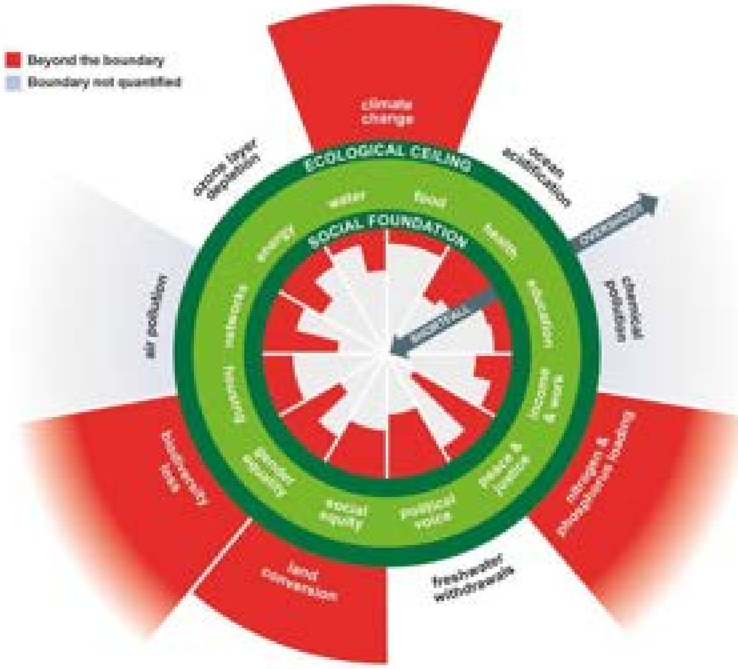
In 2021, while cities around the world were making efforts to recover following the COVID-19 shock, one prominent city made an unconventional effort for a greener recovery. Amsterdam is now the first in the world to have formally adopted a "doughnut" economic model, whereby an economy operates independently of economic growth to support social and environmental well-being. The city is implementing a new suite of goals and policies, including a commitment to reduce overall consumption by 30% and food waste by 50% as of 2030. Deputy Mayor Marieke Van Doorninck explained to PBS News ". . . this is a time where people start thinking about what is important in life. Maybe money-making isn't the most important. It's about having enough. But not having everything."

The concept of a doughnut economy was first proposed in 2012 by the self-described renegade economist Kate Raworth. Raworth and many others argue that unchecked GDP growth cannot continue due to environmental constraints, because GDP growth often entails large energy and natural resource consumption. As a result, the doughnut economy presents a sweet spot (the mid-area in the diagram below) where all enjoy sufficient social benefits while maintaining environmental well-being.

Deviations from the doughnut inward represent where social needs are not being met, while deviations outward represent ecological degradation.



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Empowering Women in Economics: An Interview with Professor Christina Tapia

RACHEL McCARTHY

In a field traditionally dominated by men, Christina P. Tapia emerges as an inspiration and a driving force behind the Women in Economics (WiE) board. Partnering with the UW Economics Department, Professor Tapia recognized the need for a supportive community that would empower and uplift women in the field of economics. In this interview, we explore Tapia's personal journey, the significance of WiE, and the incredible opportunities it provides to aspiring economists. Join us as we explore the empowering journey of WiE and the vision it holds for the future.

Tell us about yourself and your academic background

I started at the University of Washington thinking that I would be either an archeologist or an accountant. On my way to completing the prerequisites for accounting, I took an introductory economics course, and it was love at first sight. I enjoyed the analytical framework and structure that economics provides, as well as its versatility in addressing challenging questions that affect significant issues for individuals and communities. I was a member of the Economics Undergraduate Board and completed a bachelor's degree in economics and history with honors.

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I then completed a master's degree in education at the secondary level. While I loved teaching, I also missed being immersed in economics and decided to return to graduate school to further develop my knowledge and skills in the subject. I first completed a master's degree and ultimately a doctorate in economics at the University of Washington. While not on campus, I enjoy tending to my bees and developing my skills as a novice beekeeper.

What prompted you to start the WiE?

I have wonderful memories of my years as an undergraduate and graduate student and thoroughly enjoyed my time on campus. Over the years, I developed great friendships with classmates, professors, and other alumni, and am grateful for my experiences through the UW Economics Department. When I was an undergraduate student, approximately 30 percent of economics graduates were women. Over the past decade, this percentage has hovered around, and sometimes surpassed 50 percent. It is exciting to see the increased diversity in economics and we want to welcome and encourage this diversification. Especially as more women enter the field, I thought that the WiE group would provide another valuable resource for students to develop connections, confidence, and community within the department, knowing that they have a support system to help them navigate difficult academic and career choices.

What does the WiE do?

Through WiE, we aim to expand opportunities for women in economics, provide networking opportunities and a community to discuss common issues, support research of interest to women in economics, and encourage diversity in the field of economics. In meeting these goals, we hope to bring together students who are looking to enter the "real world" after graduation, with Economics alumni who have valuable wisdom and experience to share. Events in recent years have included panels on a variety of topics of interest especially to students. These have included discussions about graduate-school options for economics majors, how to prepare for the job market and internships, and hearing from the work experiences of recent graduates. These panels have provided a helpful venue for students to ask questions and make smart decisions as they progress in their academic and career paths. Pre-pandemic, WiE also organized a series of workplace visits which enabled students to visit economists in the field and hear more about a variety of economics-related career paths. These included visits to Zillow, BNY Mellon Wealth Management, Morgan Stanley, and Badgley Phelps Wealth Managers.

In addition, we have hosted keynote speakers from, for example, the Federal Reserve Bank of San Francisco, Premera Blue Cross, and Vulcan Real Estate. Through networking events, we have brought together students and alumni in order to build a stronger community and to provide opportunities for growth among women in economics.

What is the WiE board? How do we get involved?

The WiE board currently includes several student members, along with alumnae, faculty, and staff advisors. Together, we have been working to develop student leadership, focusing on student-driven ideas, events, and activities. We recruit student board members each year to assist with strategic planning, organizing events, and social media outreach. Student board members also have the opportunity to connect with alumni and fellow students, while applying individual initiative to topics and issues of interest. Students have found it to be a rewarding experience and a great way to develop community within the department. Personally, it has been exciting to see student board members succeed after graduation in various career paths and graduate programs around the world. We are in the process of collecting applications for the 2023-2024 WiE board. If you are interested, send me an email (ctapia@uw.edu) expressing your interest in serving on the board and I will make sure you get an application. We would love to see more students involved, even if you're not on the board please reach out and let us know if there is an event or topic that you would like to see discussed. We encourage you to reach out directly via email (ctapia@uw.edu) if you have a suggestion or contact us via our social media on LinkedIn, Facebook, and Instagram (see https://econ.washington.edu/uw-women-economics).

What do you see for the future of the WiE?

Moving forward, we want to continue with student-driven ideas, events, and activities to make sure that Economics students are finding support and community during their time on campus, and successfully navigating the transition beyond the University of Washington. We also hope to build relationships with similar programs at other schools, and possibly collaborate on future events to further develop our network in economics. In addition, we are always looking for more opportunities to connect our students with alumni as they are a great source of wisdom, experience, and inspiration. If you have an idea for an event or speaker, please reach out to us with your suggestion. We look forward to ramping up our planning and activities for the coming year and hope to meet you at one of our events.

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Raworth's ideas have gained traction in what is known as the "degrowth" movement who argues that developed, growth-addicted economies often produce and consume in a wasteful manner because the system is overly dependent on growing GDP. They argue that for this reason, advertisers and policies can encourage unsustainable levels of consumerism. For example, it is well-documented that if everyone in the world were to match American-level consumption, we would need 4 additional earths. For this reason, degrowth proponents suggest that developed economies, such as the U.S., plan for the downscaling of financial growth in place of social and environmental goals.

Degrowth would not take us back to the stone ages; a 2020 study found that, with technologies currently available to us, reducing excess consumption could provide the global population of 2050 quality of living standards with global energy usage reduced to 1960s levels. The paper concludes that, with a fraction of our current emissions, we could provide 10 billion people with highly efficient cooking and food storage, low-energy lighting, sufficient clean (and heated) water, air conditioning (regardless of geography), internet access, effective transportation networks, and education for everyone aged 5-19 years old. According to the authors, cuts in energy consumption of ~95% seem possible in high-income countries while still providing these living standards to all.

While doughnut economics and degrowth have become increasingly popular in recent years, they are still relatively fringe ideas. Many have instead put their hopes into "decoupling" efforts, which in theory, would make GDP growth less reliant on the usage of energy and resources. People in the decoupling camp generally believe that innovation will allow for increasingly efficient resource use and that growth goals do not need to be antithetical to sustainability goals.

Since decoupling efforts have been around for some time, numerous studies have shed light on whether decoupling has worked historically, and generally, it hasn't. A 2020 review synthesized the results of 835 peer-reviewed articles on the subject. They determined that complete decoupling is rarely found, only occurring in times of low GDP growth. There is some evidence for partial decoupling, e.g., global GDP grew faster than CO_2 emissions from 1960–2014, but the two still moved positively with each other. Many studies found decoupling was not strong at the national level either; while some did find national decoupling evidence, the review highlights that a portion of this can be attributed to countries outsourcing energy-intensive activities. Despite most of the research reporting an absence of decoupling, very few studies offered policy recommendations consistent with their own findings.

In reference to this, the reviewers noted that ". . . the large majority of this literature does not question the GDP growth paradigm, even if the empirical evidence suggests that it contradicts officially committed climate policy goals."

Overall, the evidence against decoupling is historical and does not mean decoupling can't occur in the future. However, it is highly concerning that decoupling is the only major narrative currently, even in the very research where evidence points against it. This lack of diverse opinions makes it harder for effective policy and research to be implemented and prevents deeper conversations that get to the core of our social and environmental issues. By being willing to explore alternative paradigms such as degrowth and new models like doughnut economics, we ultimately can begin to envision new directions for our economies and societies.

ANNOUNCEMENTS

Economics Tutoring:

The EUB offers free tutoring every weekday at various times every quarter! Check the schedule on the EUB website to see tutoring times. If you need help with an upper-level class, however, make sure you check the website to see which tutor can help.

Contribute to the Economizer:

The Economizer will be seeking guest writers for our Fall Quarter issue. Interested writers should check their emails from the department in the early Fall quarter for submission instructions.

The Economizer is a quarterly newsletter published by the Economics Undergraduate Board. The articles herein do not necessarily reflect the view of the department or its faculty.

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Washington State's Housing Issue

CHRISTIAN HEINZIG

The rise in housing costs and limited supply of affordable housing units in Washington state is a pressing issue affecting many residents. Affordable housing is defined as residential housing rented by a household whose monthly housing costs do not surpass 30 percent of their monthly income. Multiple residents have reported that housing costs are too high and have even been displaced due to it. Some municipalities have tried to resolve this issue. For example, Seattle granted taller and denser buildings in its neighborhoods in exchange for affordable housing units. However, their efforts are not able to address the scale of the statewide issue. These circumstances highlight that the housing issue requires alternative solutions.

The causes of the housing issue are widely debated. The Municipal Research and Services Center identifies some causes of this issue: rapid population growth, high demand for construction services, and lack of living-wage jobs. Alternatively, a 2023 study by Mark Harmsworth notes a different cause: government policies that promote compact development indirectly increase the cost of housing. For example, the Growth Management Act that aimed to promote density in Washington's cities actually slowed progress in increased housing affordability by 5 percent, and could be attributed to 24 percent of increases in housing prices. On the other hand, Jonathan Warren argues that the current market-based approach, which assumes more urban densification allows supply to catch up with demand, does not actually lead to more affordable housing, instead housing costs continue to rise. Although these perspectives differ, they all suggest that the causes of the housing issue have serious economic implications.

Some implications include hidden costs, externalities, and slowed economic growth. Higher housing costs pose significant cost burdens to middle- and low-income households because they are spending more of their income on housing, which reduces their budget for basic necessities, such as food or medication. 49 percent of low-income renters and 20 percent of middle-income renters in Washington are cost-burdened, meaning they are spending more than 30 percent of their income on housing costs. There are also hidden costs associated with unstable housing. For example, mothers and children in the United States who experienced homelessness or fell behind on rent had health related costs, such as increased hospitalizations. The struggle of cost-burdened renters to afford higher housing costs, coupled with their limited budget for basic necessities and hidden costs, can create externalities, such as homelessness or poverty. Government funds would then be reallocated to resolve these externalities, such as creating social programs for people experiencing unstable housing. Furthermore, as housing costs continue to rise, people have to take out larger loans to afford housing. For instance, the median price to purchase a house in Washington in 2021 was $560,000, and the average down payment on a mortgage loan is about 5 percent ($28,000) of the purchase price. $28,000 may constitute a household's entire annual income or a large fraction of their income, which would be difficult to save while living in an area with expensive housing. If more people take out mortgage loans, then that could be very risky if the economy experiences another recession. In addition, cities with higher housing costs tend to have both high incomes and high productivity rates, but these gains go towards paying housing costs, which take away from spending to create more jobs. Recent studies show that cities with unaffordable housing relative to local incomes have consistently experienced slowed economic growth. The payoff of moving to an expensive area is not worth it to many households who want to spend less. If more people cannot afford expensive housing, then the local job market and economy could suffer as firms struggle to attract or retain workers.

Since existing efforts such as added density to urban areas and subsidies for affordable housing cannot address the scale of the statewide issue, alternative solutions are recommended. First, policymakers should pass more bills like HB 1110 that allow multifamily units, such as fourplexes, to be built in more areas across the state, especially close to each city's commercial district and in areas that are exclusively zoned for single-family residences. Second, expand zoning to include more dense, mid-rise level, multi-story housing near the city centers. These first two steps would facilitate more families per housing unit and keep them closer to work so the local job market and economy can thrive. Third, decrease regulatory costs of new construction so housing prices can be more affordable. Fourth, increase joint private-public partnerships so additional funding can be available for affordable housing initiatives. Fifth, continue public investment of subways and railways into smaller areas like Snohomish and Pierce counties where property lots for housing are cheaper. For example, residents could live outside of the commercial district, but commute there via subway to reduce the financial impact of driving to work. Sixth, relocate businesses, workers, and houses to less dense areas to make both business and housing more affordable.

It is important to research this issue because households and firms are significantly impacted by it. So many middle- and low-income residents are often forced to pick between paying their expensive rent on time or saving money for food and other basic necessities. The local job market and economy also suffer as firms struggle to attract or retain workers. Policymakers can use research recommendations to inform their decisions about which policies best improve the state of the economy and quality of life for residents.