

# Fathom book club: Raworth, Rebanks and Sheldrake

15 August 2022

Sam Morris



Generally, Fathom’s research notes aim to share our current findings for you to read. This time, however, we thought we’d mix things up – sharing our thoughts about our own reading.

Since Fathom held its first book club meeting a few months ago, a range of books have been in the limelight, prompting vigorous debate about the division of the world’s resources, the blight of bad economics and the power of networks.

Here are the books, and what different Fathom economists have taken from each discussion.



## ***Doughnut Economics* – Kate Raworth**

Our society has overshoot planetary boundaries in its use of resources, yet the share allocated to many of society’s members falls unacceptably short of life’s essentials. Kate Raworth’s considered response takes the shape of a doughnut – an outer boundary that limits consumption behaviours to what is safe for the planet, and an inner boundary that ensures that no-one’s share of the world’s resources falls below a threshold consistent with social justice. The resulting ‘doughnut’ encloses a living space for humanity that is both environmentally safer and socially fairer than now.

Raworth frames the challenge of changing the way we live; and points the way for companies like Fathom to move firmly within the doughnut by embedding social and environmental initiatives within its business strategy, and giving them the same focus and attention as other aspects of its business model. Since we discussed this book, Fathom has switched to green cleaning products, recycles its coffee pods, and has participated in local volunteering projects. (Reviewed by Ellie Hassell, Junior Economist)

## ***English Pastoral* – James Rebanks**

As a boy, my holidays were usually in the Lake District, in a farmhouse called Low Ground, up on the moors above Eskdale. The house was what we would now call ‘off-grid’ – no electricity, no mains water or mains services of any kind. We would be there every summer and many Christmases and Easters too. It was part of me, as familiar and natural to me as the back of my hand.





But, of course, there was nothing natural about it. The farmhouse was no longer a working farm, although it was surrounded by hill farms, mostly raising sheep: tough, wiry Herdwicks for the most part. And the landscape all around had been shaped, for millennia, by those hill farms and the farmers who worked them. We were tourists, although to me it felt like home: the place really belonged to the hill farmers who had mixed their blood and sweat, toil and tears, with that landscape for generations. All I have contributed is love – but you don't own something just because you love it. You have to earn it, the hard way.

In *English Pastoral*, the Lakeland hill farmer James Rebanks, who has earned it the hard way, describes in really beautiful prose — at times angry and raw, at times elegiac — his experience of how farming has changed that landscape and the people who farm it. He notes how the ways of doing things that he grew up with seemed natural and inevitable but were nothing of the sort; how farming had got into a bad equilibrium, driven by bad economics to become an alienating way of life that ground away at the souls of the farmers, undermined the diversity of flora and fauna and, ultimately, damaged nature's capacity to regenerate itself. If you really work at it, over generations, you can erase even the most fundamental, natural processes. If you really try you can in the end kill the thing that supports us all.

The wheels of bad economics grind slow but they grind exceeding small. One of the characteristic missteps of bad economics is to focus on 'intermediate targets' or 'proxies' because they are easier to measure than the things we really care about. It's the step from using proxies to throw light on what we really care about, to caring about the proxies themselves.

For example: monetary aggregates matter only so far as they throw light on what's happening to nominal aggregate demand. It is a mistake to focus policy on monetary aggregates, as if they matter in their own right.

Another example: test results at schools matter in so far as they indicate how well pupils are being educated. It is a mistake to focus on maximising the test results themselves! It means you've lost sight of the thing you really care about.

Another: the crop yield per acre of farmland is important in so far as it tells us something about how well the farm is being managed. But the moment you focus on the yield as an end in itself you have lost sight of the thing that really matters: the robust health of the farmland.

That lazy step, characteristic of bad economics, is visible time and again in bad policy choices in every field. And it has been baked into agricultural policy in this country and many others for decades. It's time for lazy charlatans to get out of the way: the adults have arrived, led by Mr Rebanks. More power to your elbow, sir. (Reviewed by Erik Britton, Managing Director/CEO)

### ***Entangled Life* – Merlin Sheldrake**

This is a genuinely fascinating book, in an area that I thought would be at best tangentially related to my day job as an economist. I was wrong. It's right there in the middle.

It turns out that fungal networks identify and exploit arbitrage opportunities in commodities markets (carbon, phosphorus and other minerals), in part by influencing the behaviour of market participants (including, possibly, humans) without their knowledge. The mycelium that laces its way through the soil in networks of hollow tubes 'learns' where to find food, and 'directs' its efforts in that direction. More: it can 'solve' labyrinths, and find the shortest routes between different food sources or population centres. Given a map of the UK and the location of food centres in the major cities, mycelium reproduced the





UK's motorway network with astonishing accuracy. More: if the price of carbon in terms of phosphorus is high in one part of the mycelial network and low in another, the network will shuttle phosphorus to the area where it can achieve the most favourable exchange rate. It does all this without anything we could remotely describe as a brain or a conscious mind.

Even more than that: fungi engage in symbiotic relationships with other species. Mycelium is symbiotic with the trees that share the soil it inhabits, allowing those trees to communicate with each other about pests or disease, and benefiting from the carbon it harvests from those trees. Lichen is a symbiosis of fungus and algae, and the possible source of all life on this planet, as it can survive the rigours of the vacuum of space. Under a microscope, cells of almost all plants contain fungi, and root structures of plants merge with, incorporate and are incorporated by fungi; and the same is true for fauna, including humans. We are riddled with fungi. It is known that fungi control to some degree the behaviour of plants and some animals. And we know that psychedelic fungi can profoundly affect our own behaviour. Does it go deeper than that? Are humans, in truth, part fungi? (Reviewed by Erik Britton, Managing Director/CEO)

## Further reading

[Fathom book club: Kearns, Lee and Pasquale](#)

[Fathom book club: Copeland, Kahneman and Rozelle](#)

[A glimpse behind the scenes](#)



**Fathom Consulting**  
47 Beviden Street  
London  
N1 6BH  
Tel: +44 (0)20 7796 9561



Contact information  
[sam.morris@fathom-consulting.com](mailto:sam.morris@fathom-consulting.com)  
[www.fathom-consulting.com](http://www.fathom-consulting.com)

This newsletter is a confidential, copyright protected communication intended only for the person to whom it was originally sent. If received in error, please notify the sender and delete immediately. Its intended recipients may not make copies of this newsletter, or distribute it to third parties, without the written consent of Fathom Consulting.

Fathom Consulting is a trading name of Fathom Financial Consulting Limited, a company registered in England & Wales under the Companies Act, company number 04942817, © 2022

### Regulatory Disclaimer

FFC LIMITED and all of its affiliates (henceforth FFC) do not conduct "investment research" as defined in the FCA Conduct of Business Sourcebook (COBS) section 12 nor do they provide "advice about securities" as defined in the Regulation of Investment Advisors by the U.S. SEC. FFC is not regulated by the SEC or by the FCA or by any other regulatory body.

This research report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Nonetheless, FFC has an internal policy that prohibits "front-running" and that is designed to minimize the risk of receiving or misusing confidential or potentially material non-public information.

The views and conclusions expressed here may be changed without notice. FFC, its partners and employees make no representation about the completeness or accuracy of the data, calculations, information or opinions contained in this report. This report may not be copied, redistributed or reproduced in part or whole without FFC's express permission.

Information contained in this report or relied upon in its construction may previously have been disclosed under a consulting agreement with one or more clients. The prices of securities referred to in the report may rise or fall and past performance and forecasts should not be treated as a reliable indicator of future performance or results. This report is not directed to you if FFC is barred from doing business in your jurisdiction. Nor is it an offer or solicitation to buy or sell securities.

### Analyst Certification

I Sam Morris, the lead analyst, certify that the views expressed herein are mine and are clear, fair and not misleading at the time of publication. They have not been influenced by any relationship, either a personal relationship of mine or a relationship of the firm, to any entity described or referred to herein nor to any client of FFC nor has any inducement been received in relation to those views.

I further certify that in the preparation and publication of this report I have at all times followed all relevant FFC compliance protocols including those reasonably seeking to prevent the receipt or misuse of material non-public information.