



Centre of Full Employment and Equity

MMTed

Hunter Climate Summit

MMT and a Green New Deal

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Summit questions

- What you want done about the climate change issues of most concern to your sector:
 - Use public money for public purpose
- Who you need to do it (policy / government / person):
 - All of us - community and all levels of government.
- What your plans are to make this happen & what you need help with:
 - Widespread education about macroeconomic reality and the fact that we are constrained by real resources – money is not the issue!



What would a good economy look like?

- Publicly owned renewable power industry
- Publicly owned ocean and environmental regeneration programs
- Social and economic justice for Indigenous Australians
- State of the art public transport system including fast train links between all major cities
- Well funded public education from early childhood through to university and beyond
- Well funded public arts programs
- State of the art public hospitals
- Comprehensive and flexible public options for people with disability, and older Australians
- Publicly funded transition program for unsustainable industries, eg. big agriculture, cotton, mining
- Public investment to build our productive capacity in new industries, eg green manufacturing and technology
- Public investment in environmentally sustainable, low income housing
- Publicly funded research and development programs to support all of the above
- Ethical and environmentally sustainable trade and immigration policy
- Increased regulation for financial and banking sectors
- A federally funded – and locally organised – job guarantee program to ensure that unemployment never exceeds 2 per cent

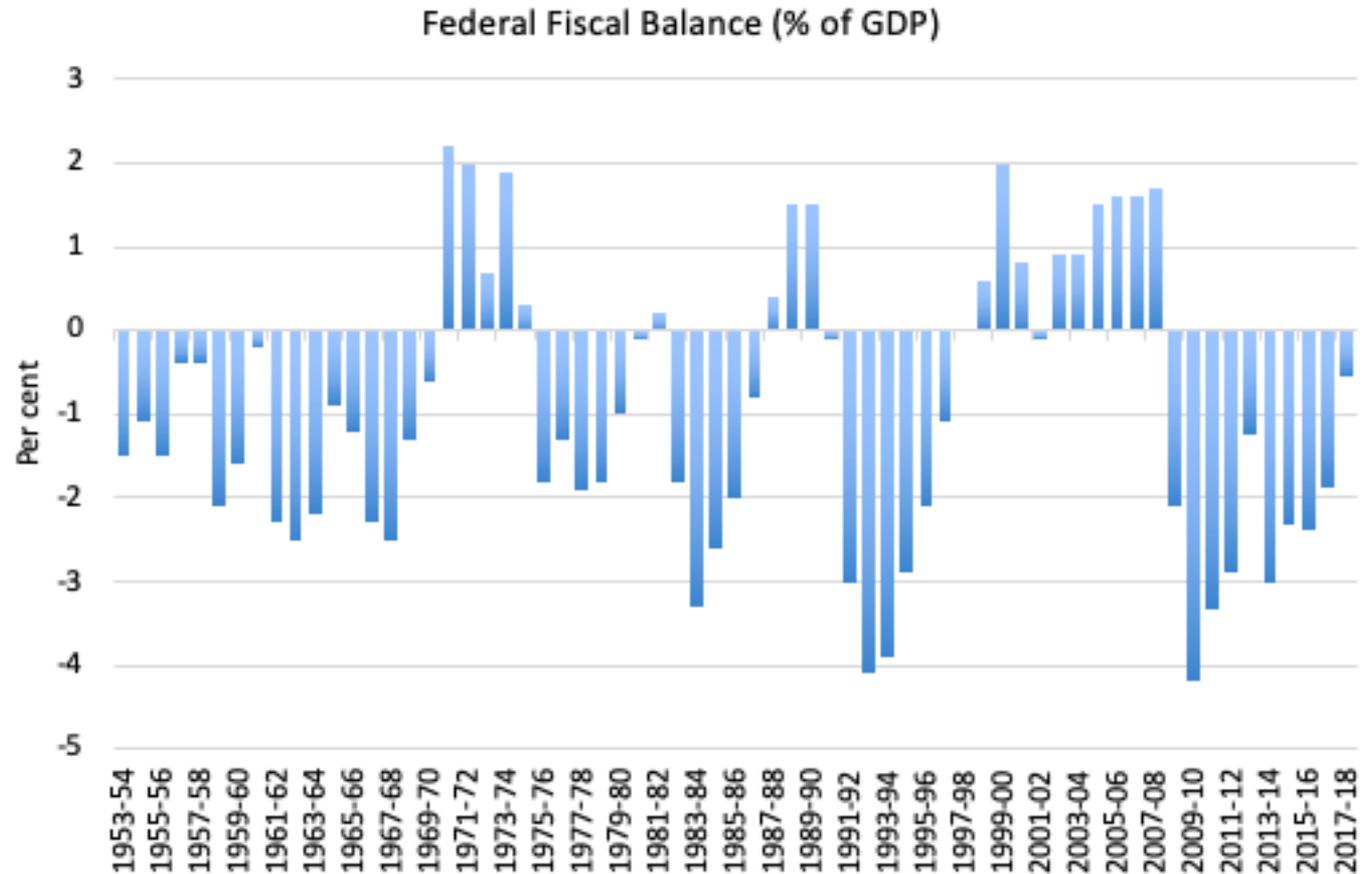


What is money?

“When we’ve look at your record of six years in office, you’ve had deficits every year you’ve been in power”
(Leigh Sales to Scott Morrison April 2019)



How did we pay for full employment historically?



MMT and sovereign currencies

- The Australian government:
 - Issues its own currency
 - Collects taxes in Australian dollars
 - Only issues bonds denominated in Australian dollars
 - Operates under a flexible exchange rate system
- The Australian government is a **currency issuer**
- We are **currency users**

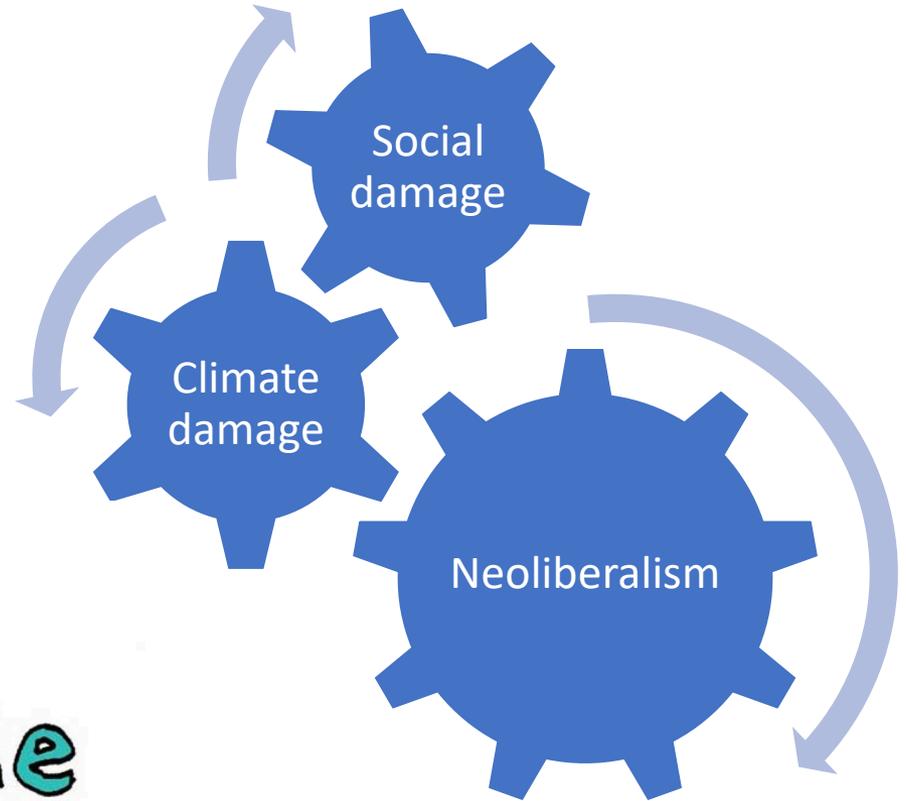


FDR and the New Deal

- New Deal was a cyclical program designed to deal with a collapse in non-government spending.
- It was not a structural revolution although it did contain aspects that were designed to change the way the financial system operated.
- The relief and recovery expenditure were not intended to be permanent supports to regions and communities and as non-government spending returns, the fiscal intervention was withdrawn.



Cannot construct the
climate and social
damage separately from
neoliberalism



Just
Equitable
Inclusive
Transition



The market has failed

- The market:
 - Insensitive to inequality
 - Insensitive to biological systems
 - Exists to maximize private profit not environment
 - ETS amount to privatization of the commons asset
- We need a regulative rules based approach
 - Sunset conditions
 - Regulation and closures of polluting industries



Determining the consequences ...

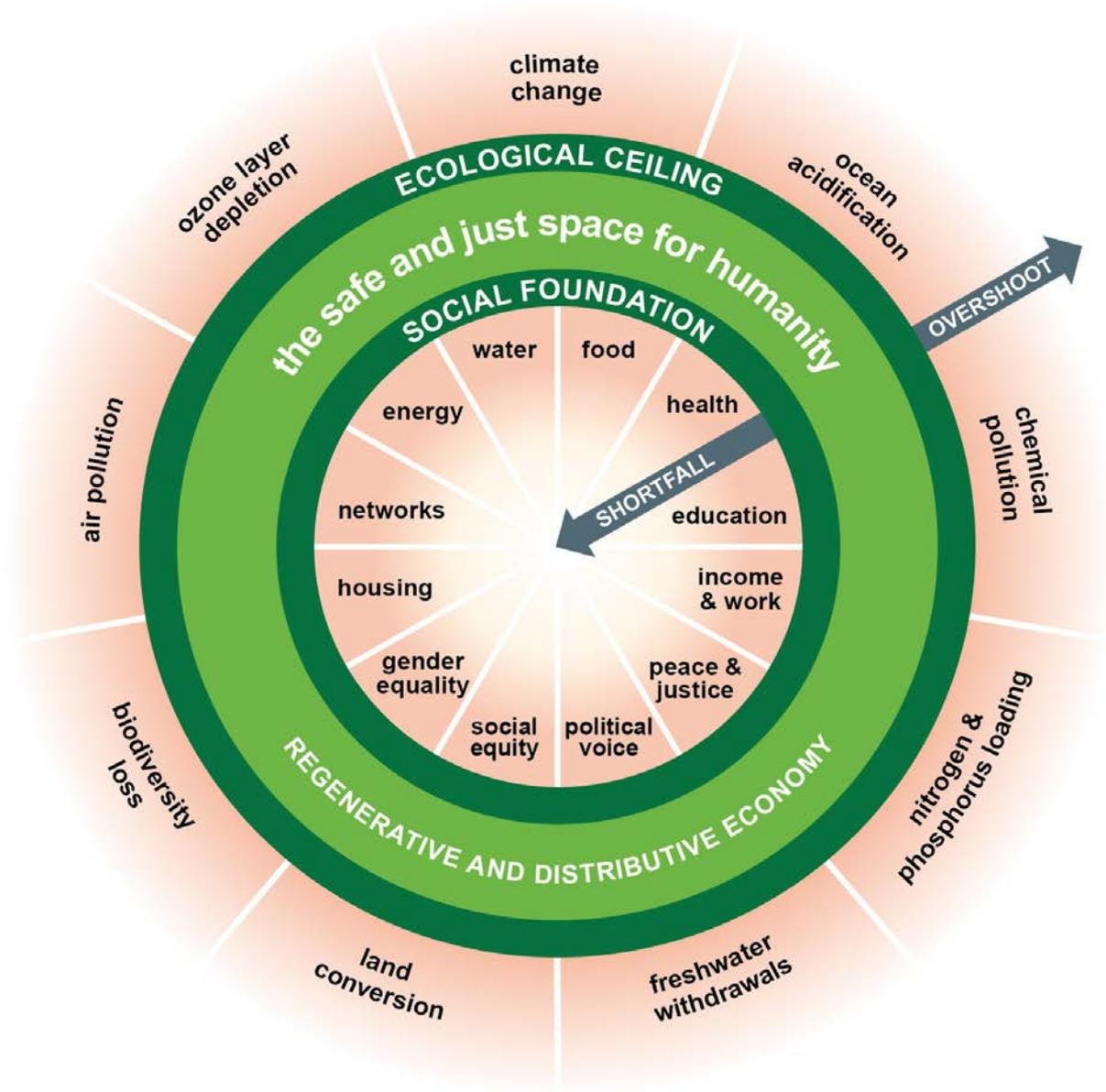
- How will society make decisions about sustainability?
- Who will pay the price of those decisions.
- The climate change debate, to this day, forces workers into difficult alliances.



Productivity ...

- Government will have to help provide skilled work for those displaced by technology.
- Government must ensure workers who do not work in these high productivity sectors enjoy real wages growth.
- Need to broaden concept of productive work.
- Need education to ensure that our new jobs allow workers to engage in meaningful work that both provides them with income security but also ensures that income and wealth inequalities are reduced.





More doughnuts needed



Having your own currency means ...

- There is no intrinsic financial constraint.
- Government can, intrinsically, purchase anything that is for sale in that currency, including all idle labour.
- The government chooses the unemployment rate.
- It doesn't mean that the government can purchase unlimited quantities of goods and services without consequence.



Fiscal space ...

- Refers to the available real resources that the government is able to utilise in pursuit of its socio-economic program.
- Cannot be defined in terms of financial ratios.
- IMF and OECD etc usage based on false notion that currency-issuing governments are financially constrained.



Inflation...

- All spending carries an inflation risk.
- Debt-issuance doesn't reduce that risk.
- The 'printing money' myth – governments spend through digital credits.
- Creation of base money does not increase inflation risk.
- The question is NOT “can we afford a good economy?”
- The question is...



Can we afford this?



'Extremely vulnerable': Agencies fear bigger fish kills this summer



Can we afford this?



Scientists warn ancient desert springs may dry up under Adani plan



Can we afford this?



'Death blow': Corals, algae don't acclimatise to more acidic seas



Can we afford this?



**Sydney Olympic Park Opal Tower
evacuation: 51 units deemed unsafe**



Can we afford this?



Hotter oceans, wilder weather, less ice: the IPCC upgrades projections to catastrophic



Can we afford this?



Pilbara mining town suffering boom hangover with hundreds of homes boarded up



Further thoughts ...

- Massive transformation is required at the macro level
- Our personal lives and consumption patterns will also need to change
- Social and economic settlements will need to be transformed
- To achieve this, we need a shared understanding of the monetary system and policy potential, especially the role of government vis-à-vis the 'market'.
- ... we don't have much time.



The task ahead – one example:

- Many buildings will need:
 - Replacement wiring, metering, appliances, lighting, roofing, cladding, glazing, insulation, plumbing, renewables, heat network connections or new systems
- The ABS tells us that in 2016 there were 3,059,599 private dwellings in NSW
 - If we give ourselves 20 years to retrofit existing housing and allow four visits per dwelling
 - This means we will need 611,920 home visits per year every year until 2040 to get the job done
- * Dwelling types doesn't include non-private dwellings or unoccupied dwellings in caravan/residential parks, camping grounds, marinas, manufactured home estates



END OF TALK

