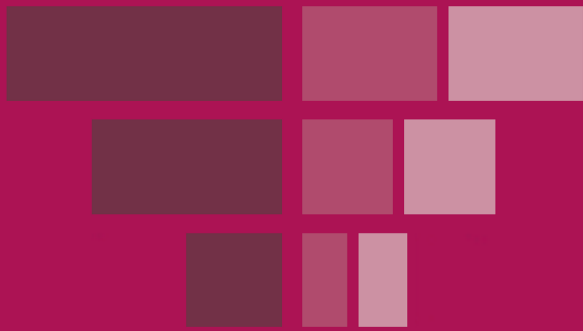


The Gower Initiative for Modern Money Studies



LAUNCH

2PM—8PM

5 OCTOBER 2018

Diskus Lecture

Theatre

HOLBORN

Welcome

We are very pleased to welcome you to the launch of the Gower Initiative for Modern Money Studies.

What is the Gower Initiative? We are a group of 5 women with a keen interest in politics and economics, but from a lay perspective rather than an academic one. We have come together from different directions but with a common understanding that the dominant economics of our day is deeply flawed. It fails to address questions of real resources and the impact of (government) policy on people's lives.

We believe that a good economic system should consider the effects of policy as an integral part of the design, not as an afterthought.

Our personal studies have brought us together as proponents of Modern Monetary Theory (MMT). It is, fundamentally, a system which looks at the interrelationships between different sectors of the economy, which integrates money creation into the system and which considers government economic policy in relation to the world's real resources: the planet and its people.

An awareness of MMT as a lens for understanding the economy is growing around the world. As the Gower Initiative our purpose is to offer a UK portal for that understanding. Our website will offer information from a beginner's level through to books, videos and contact with academics around the world who are offering their support for our project.

We aim to develop those international links whilst broadening awareness that economics has higher priorities than balancing the books and that a government's budget does not, in any way, resemble that of a household – a belief that has held sway in the UK for far too long.

Professor Bill Mitchell is here today both to help our launch and to give two seminars in the latter half of the programme. Bill Mitchell is a Professor in Economics and Director of the Centre of Full Employment and Equity (CofFEE), at the University of Newcastle, NSW, Australia. We are also delighted to have Randeep Ramesh, Chief Editorial writer at The Guardian speaking about how economic issues are addressed in the media and chairing the Q&A sessions for the seminars.

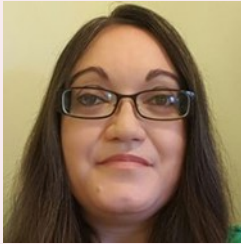
Whether you are new to Modern Monetary Theory (MMT) or an expert we hope you will have an enjoyable and stimulating afternoon. We look forward to your ongoing support and participation in our project.

The GIMMS Team

The Gower Initiative for Modern Money Studies



Sara Holland is GIMMS' social media lead. She came to MMT from a persistent curiosity on the back of home repossession and homelessness following the early '90s recessions and ERM interest rate/currency debacle. She is a carer and has worked on community youth and fundraising projects, is a keen advocate and campaigner for social housing, public services and the NHS.



Claire Jackson-Prior is GIMMS' website manager. She has a special interest in the NHS and is a steering group member of the Keep Our St Helier Hospital Campaign (KOSHH). She is determined to promote an understanding of our monetary system to help return the NHS and other public services to public provision. A member of the Green Party, Claire stood as the Candidate for the Sutton and Cheam Constituency in the 2017 General Election.



Prue Plumridge is GIMMS' events facilitator. She has a particular interest in how sustainable prosperity can be delivered through a better understanding of how a modern monetary system works. In 2015 she co-organised the first official MMT event in London where Prof Bill Mitchell gave a presentation. He joined Ann Pettifor and Richard Murphy for a panel debate. She also organized a fringe event in Brighton in 2017 at which Prof Bill Mitchell spoke about his new book co-authored with Thomas Fazi – Reclaiming the State.



Jessica Ormerod is content editor for GIMMS. She is also co-director of Public Matters, an independent research and information partnership focused on public service, with Deborah Harrington. Jessica worked in the campaign and policy team for the National Health Action Party from 2014 – 2017.



Deborah Harrington is GIMMS' blog editor. She is a director of Public Matters, an independent research and information partnership focused on public service. She is on the board of directors of the Leathermarket Community Benefit Society, a community-based organisation in London which builds small scale social housing developments. From 2014 – 2017 she was in the campaign & policy team of the National Health Action Party. Her interest in economics is a corollary of her work on health and the social determinants of health.

Timetable

- 12.30 Registration and Buffet Lunch
- 14.00 Welcome and Introduction
- 14.15 The Value of Public Services
- 14.35 Guest speaker Randeep Ramesh, Chief Editorial writer at The Guardian
- 15.00 Guest speaker Professor Bill Mitchell, Professor in Economics and Director of the Centre of Full Employment & Equity (CofFEE), University of Newcastle, NSW, Australia
- 15.30 Video messages of support from Stephanie Kelton & Warren Mosler
- 15.45 Q&A
- 16.00 Short break before the seminar for coffee and registration.
- 16.30 Professor Bill Mitchell seminar: What is MMT ?
With Q&A chaired by Randeep Ramesh
- 18.00 Short Break
- 18.15 The Job Guarantee
With Q&A chaired by Randeep Ramesh
- 19.15 Closing Remarks

A brief introduction to Modern Monetary Theory

What is 'the economy'? If you listened to any Chancellor since the late 70s, you would be forgiven for gaining the impression that it is all about 'debt' and 'deficit' and how the country has to 'live within its means' and 'pay down its credit card'. But under these conditions inequality has soared, public services have been de-funded, the UK failed to recover its living standards post-2008-crash, and it has suffered the biggest drop in average real wages of any OECD country except Greece.

Whilst accepting that living within your means may be a good rule for households, the reality is that a government like ours, with its own currency and its own central bank, is not at all like a household. The economy is a far broader subject, covering not just what the government spends but what we spend too, as private individuals and the wider non-governmental sector, including how much debt we get into. After all it was private debt, not public, that caused the 2008 crash.

It is time for the public to have a better understanding to replace the clichés about the government 'having no money of its own'. In a sovereign currency nation like the UK with its own central bank it is, in fact, the sole currency issuer. Its spending is not limited by its ability to tax.

MMT is not a political theory, but a description of how money creation works and why missing it out of the economic equation leaves classical economic thinking disconnected from the real world; while the real world suffers from that disconnect in terms of unemployment, loss of key services and environmental degradation.

The conventional view is that public spending must be paid for through taxation, government sales of assets, and issuing government bonds – in other words, through taxes now, 'selling off the family silver' now, or borrowing money now at interest which will have to be repaid in the future, which is presumed to create a burden of additional taxation for future generations.

A right-wing response to this conventional position might be an austerity programme to keep government spending down, and privatisation, in order to keep taxes low; or a left-wing one, which is to say tax the rich and the multinationals much more highly, because the Government needs more money from the rich so it can pay for our public services.

Both the right and left-wing reactions are wrong, or at least misleading. They are based on the conventional view of public sector finance which is accepted as being valid by many people of all shades of the political spectrum. It is a view which a majority of highly credentialed economists, including Nobel Prize winners, knows to be incorrect, but which many of them justify as a mechanism for imposing some restraint on politicians. They believe that if politicians knew the financial options which are actually available to them, they would abuse these freedoms, 'spend like drunken sailors', and wreck the economy.

The sets of conventions and rules which have been applied down the last few decades, particularly since 1979, have, to a greater or lesser extent, obscured the truth which can be summarised in two 'laws' of public finance.

1) A government with its own currency (like the £ sterling), its own central bank (like the Bank of England), a floating exchange rate, and no foreign currency debt, faces no financial budget constraint at all.

2) Such a government faces real and ecological constraints. As a society, we cannot run out of pounds, but we can run out of – or misuse - people, skills, technology, infrastructure, natural and ecological resources. There are limits, but the limits are 'real' and not financial. Governments should therefore focus their policies on human and ecological resources not the deficit.

We have to be clear that nothing in the above restricts any policy choices that any government may make. A party intent on low state intervention, allowing private sector providers to compete for public service contracts and a low tax regime has as much right to their political stance as a statist one or one which promotes subsidiarity or full public ownership. However, all should be obliged to argue their case on grounds other than 'affordability', 'sustainability' and 'how are you going to pay for it'.

What is The Job Guarantee & what does it have to do with MMT?

A Job Guarantee (JG) is central to MMT. Employment rates are important in any economic analysis. For many decades economists and politicians have conducted economic policy on the basis that unemployment is an economic stabiliser. This has been under the assumption that allowing just enough unemployment in the economy prevents inflation from rising above a target figure. It is known as the Non-Accelerating Inflation Rate of Unemployment (NAIRU). Under such policies both working people and the unemployed have paid a heavy price in terms of job insecurity and reduced standards of living, whilst governments have compensated for low wages (and subsidised the companies that pay them) through tax credits and other benefits.

The Job Guarantee turns this current thinking that unemployment is the stabiliser in the economy on its head and argues that full employment does this better. In academic terms, a JG acts as a macroeconomic stabiliser when aggregate demand falls below the level required to maintain full employment - expanding during economic downturns and shrinking during economic booms. It smooths out the fluctuations that occur during the business cycle by helping to stabilise aggregate wages and consumption. In plain English, the public sector becomes the employer of last resort to provide jobs for the unemployed population in areas of the economy and community where demands are not being met.

The JG is an institutional vehicle, nationally funded and locally administered that provides socially beneficial work at a living wage and an income floor for the economy as a whole. It is a partnership between central and local government. It establishes a basic minimum standard for a decent job with decent pay in the public sector, a standard which the private sector must match, (at a minimum) to attract workers. That would include good working conditions, a basic retirement income and wage benefits.

A common criticism of the JG is that it sounds very similar to workfare. But that misunderstands its purpose. Workfare has none of the elements required to be an economic stabiliser. The JG is neither workfare nor temporary employment (unless by the worker's choice should better terms and conditions be offered elsewhere). It is not driven by a sense of the puritan work ethic either but by international studies of the effects of unemployment on the individual and on communities. The workplace is a social environment and as such has many benefits not only in combatting loneliness and mental health problems but also in promoting well-being and fostering a sense of self-worth, as long as the work is useful and meaningful.

Since the beginning of the Industrial Revolution technologies have changed our relationship to work but have not reduced the need to work. However, the modern acceleration of automation and AI has replaced stable employment with good pay with low wages and precarious employment, especially at the lower end of the pay scale. Automation may in time replace the majority of dirty and dangerous jobs and that will be a good thing and not to be feared. But we must aim to ensure it frees up human imagination and creativity to create new jobs aligned with public purpose aims for the benefit of the economy and society as a whole.

Acknowledgements and Thanks to the following for their help, support and encouragement for this project



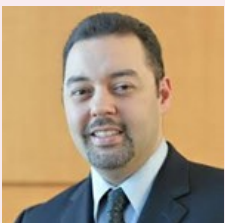
Professor William Mitchell *Professor of Economics, University of Newcastle, NSW, Australia and a leading proponent of MMT. He is a director of COfEE, the Centre of Full Employment & Equity promoting research aimed at restoring full employment & achieving an economy that delivers equitable outcomes for all.*



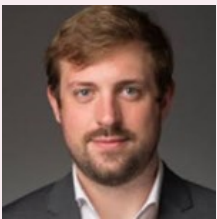
Professor Stephanie Kelton *Professor of Public Policy and Economics at Stony Brook University, chief economist on the US Senate Budget Committee 2015 and an Economic Adviser to Bernie Sanders' 2016 Presidential Campaign. She is also the founder and editor-in-chief of the blog New Economics Perspectives.*



Dr Steven Hail *Research Scholar at the Global Institute of Sustainable Prosperity and Lecturer in the School of Economics at the University of Adelaide in South Australia. He is a teaching specialist, committed to the defence of economic pluralism & the dissemination of insights from MMT to the general public.*



Associate Professor Fadhel Kaboub *Associate Professor of Economics at Denison University and President of the Global Institute for Sustainable Prosperity. His research focuses on job creation programmes, youth unemployment and the political economy of the Middle East.*



Rohan Grey *Founder & President of the Modern Money Network, a non-profit organisation promoting public understanding of economics & finance. He is a Research Fellow at the Global Institute for Sustainable Prosperity. His research explores the legal history, design and regulation of money in the internet age.*



Richard Murphy *Chartered Accountant and political economist who campaigns on issues of tax avoidance and tax evasion. He is founder of the Tax Justice Network and director of Tax Research LLP which undertakes work on taxation policy, advocacy, & research for aid agencies, unions and NGOs in the UK & abroad.*

Geoff Coventry *A proponent of sustainable prosperity, an advocate for the Job Guarantee and MMT. His writing aims to help people understand the power of a sovereign nation's currency and how it can be used to regain hope in our shared future.*

Patricia Natalia Pino *An engineer by profession, Patricia is one of the founders of the co-operative media group Reknr set up in 2018 with the aim of covering crucial issues and opinion by offering a platform to alternative, talented writers.*

Some recommended reading and links

Books

Reclaiming the State: A Progressive Vision of Sovereignty for a Post-Neoliberal World

Authors: William Mitchell, Thomas Fazi

Eurozone Dystopia: Groupthink and Denial on a Grand Scale

Author: William Mitchell

Seven Deadly Innocent Frauds of Economic Policy

Author: Warren Mosler

<https://moslereconomics.com/wp-content/powerpoints/7DIF.pdf>

Economics for Sustainable Prosperity

Author: Dr Steven Hail

The Job Guarantee: Design, Jobs, and Implementation

Author: Pavlina Tcherneva

http://www.levyinstitute.org/pubs/wp_902.pdf

Videos

The Case for a Job Guarantee in the UK: The Economics of Care, Dignity and Prosperity

Associate Professor Fadhel Kaboub Presentation at City, University of London (May 2018)

https://www.youtube.com/watch?v=h1Ux_JbHQVE

The Public Purse: Why a government budget is not like a household budget

Professor Stephanie Kelton Presentation: British Library. Part of a lecture series between UCL Institute for Innovation and Public Purpose (IIPP) and the British Library. (June 2018)

<https://www.youtube.com/watch?v=6IBEoWSiTHc>

Modern Money and The Job Guarantee: Pavlina Tcherneva

<https://vimeo.com/83813741>

Modern Money Basics Geoff Coventry

<https://modernmoneybasics.com/>



The Gower Initiative for Modern Money Studies

The Gower Initiative for Modern Money Studies is a trading name of Public Citizen UK Registered company 10954014

Website: www.gimms.org.uk

Facebook: @GowerInitiative

Twitter: @GowerInitiative

Press email: press@gimms.org.uk

Contact email: admin@gimms.org.uk