



Centre of Full Employment and Equity

MMTed

MMT and the Green New Deal

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Setting the broad purpose

- The progressive starting point has to be the social purpose of the policy framework.
- What is a good society?
- What are the functions of government?
- A good society is about what we strive for as a nation, both now and for future generations.
- A good has the expectation that governments will work to ensure that social and economic progress is pursued in such a way so that emerging social, economic and environmental problems are minimised.

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to be permanent supports to regions and communities and as non-government spending returns, the fiscal intervention was withdrawn.

Green New Deal

- Not about resolving a cyclical shortfall in aggregate spending.
- A structural program designed to significantly change the patterns of industry output, employment and the consumption patterns of households and firms.
- Fundamentally altering the line between government and market responsibility for resource allocation.
- Will require a fundamental reconfiguration of the concept of government.

Central role of government

- The government will thus have to play a central role.
- This is appropriate because it brings the responsibility for action and the currency-issuing capacity together.

Why not rely on the market?



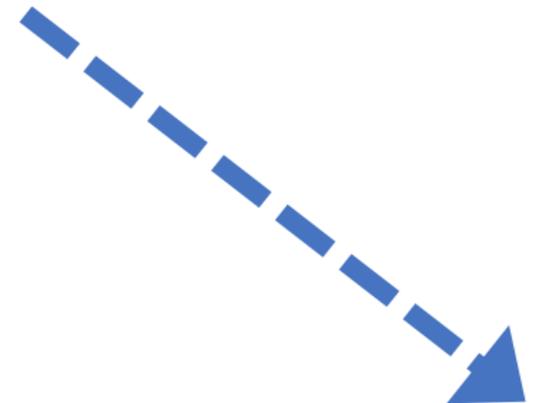
Market-based schemes are neo-liberal constructs which claim that a free market is the best way to organise allocation

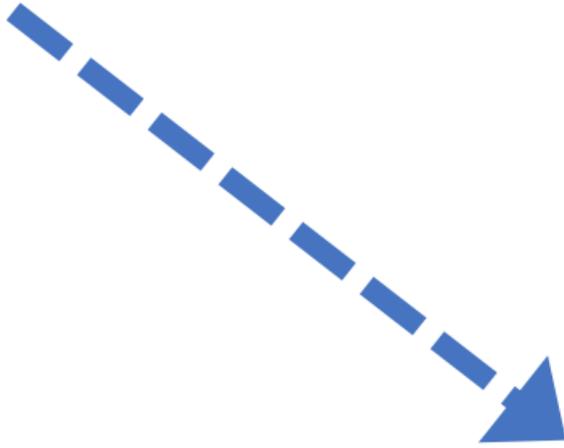
Emission trading schemes amount to privatisation of the commons asset which we call the atmosphere.

Offset credits have disastrous effects in poor countries and regions.

Market-based systems are insensitive to equity issues.

Markets are insensitive to biological systems.



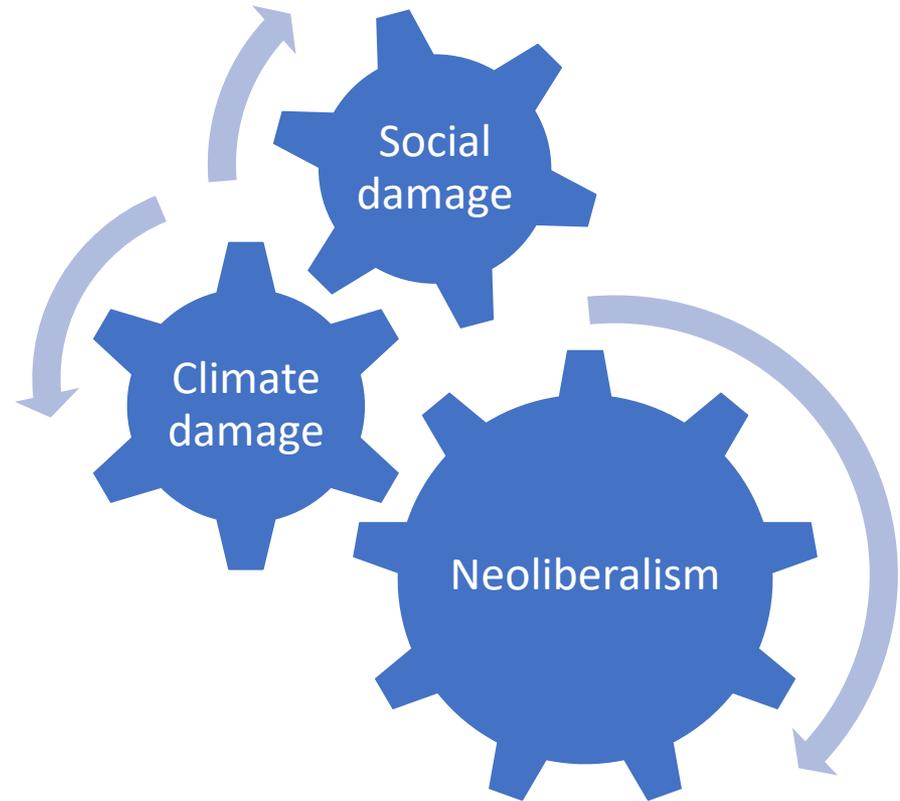


If the science is right major changes are required now and thus require a regulative, rules-based approach.

Governments should impose sunset conditions – industry closure regulation on polluting industries.



Cannot construct the
climate and social
damage separately from
neoliberalism



Which helps define the
scope of the initiative

Neoliberalism has failed

- Scant regard to environmental justice and security.
- People intrinsically sense social and environmental failure.
- People want government action but cannot understand the options given the neoliberal 'surplus fetish'.
- Inequality rising.
- Growth rates declining.
- Private debt levels unsustainable.
- Precarious work with flat wages growth.
- Regions are being left behind.
- Indigenous poverty is unresolved.
- Education and training system degraded.

GND Elements ...

- Social and economic equity.
- Well-paying and secure jobs for everyone who wants to work
- Meaningful and sustainable climate action.
- Community resilience and well-being for all regions
- Sustainable energy security
- Stable and ethical financial system.
- 1st-class public infrastructure – transport, communications, utilities, etc
- Government take back control of natural monopolies, strategic public assets etc.
- First-class education and training, health and aged care.

Dealing with the winners and losers

Just Equitable Inclusive Transition

A cost sharing framework

Need to ensure that costs do not fall on workers in targeted industries and their communities.

The question ...



How would you react?

A chemical plant has to invest to survive and for the workers keep their well-paid jobs with secure pensions.



environmental group has won a court order halting the new production facility from being built.

Genesis of Just Transition

Brian Kohler (Communications, Energy and Paperworkers Union of Canada)



The real choice is not jobs or environment. It is both or neither.

December 5, 1996

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.

Genesis of Just Transition

Brian Kohler to activists ...



if you attack us in our workplaces, if you fail to understand the jobs issue, you will create a confrontation that you cannot win. You will force us into an alliance with our employers and you, we, society and the environment will all be the losers.

Genesis of Just Transition

Brian Kohler to bosses ...

“ There is no “clean” production ... if you continue ... to shed jobs at every opportunity using the excuses of globalization, automation, downsizing, mergers, and contracting out; if you continue to poison our bodies and then fight our attempts to obtain even workers’ compensation in return, you will have to forgive us for being somewhat skeptical when you promise to save our jobs.

The Just Transition architecture

1. Transparency and Planning

Adequate notice of workplace change and closures to workers, communities and employers.

Consultation and full engagement of relevant unions.



2. Funding and logistic assistance

Income maintenance, redundancy entitlements and retraining allowances for workers and contractors.

Further compensation and equipment buy-outs for contractors.



3. Redressing financial barriers

Ensure that start-up renewable industries do not fail due to lack of capital.

Ensure funds are available through an appropriate funding mechanism such as a renewable energy fund.

Provide cheap loans and subsidies for new industries and employers.



4. Public banking and pensions

Widespread regulation and reform of the financial sector.

Creation of public banks and pension funds.



5. Removing price distortions

When the costs and benefits are not reflected in the final price of a good or service then under- or over-investment in various related activities can occur.

Taxation and subsidies are valid policy tools to ensure resource usage is properly appraised in this regard.



6. Research and development

Government should increase the scale of its research funding to universities and related institutions to conduct research and development to further lower the costs of renewable energy technology.



7. Redeployment and relocation

Government should introduce measures to enhance the spatial mobility of workers including housing and transport assistance.



8. Skill development

New training courses in renewable energy, with linkages into schools and potential employers.

A significant boost in funding is needed to support quality teaching, to attract students and engage employers.

Special targeted support for older, disabled and less educated workers will be required.



9. Public infrastructure development

Invest in best-practice infrastructure to provide crowd-in opportunities for renewable industry.

Increase investment in mass transit systems.

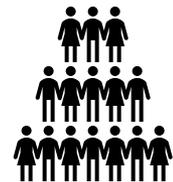


10. Public sector job creation

New public sector jobs in renewables covering all aspects – primary industry, design, manufacturing, sales, administration, maintenance and support ...

This is the way communities can retain pay levels, benefits and seniority.

Refer back to relocation initiatives.

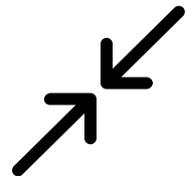


11. Public sector partnerships

Creation of public enterprises and partnerships with local not-for-profit co-operatives.

Strategies to service areas of personal and environmental care needs.

Support for innovation and partnerships for new local industries, research and development and infrastructure investments.



12. Job Guarantee

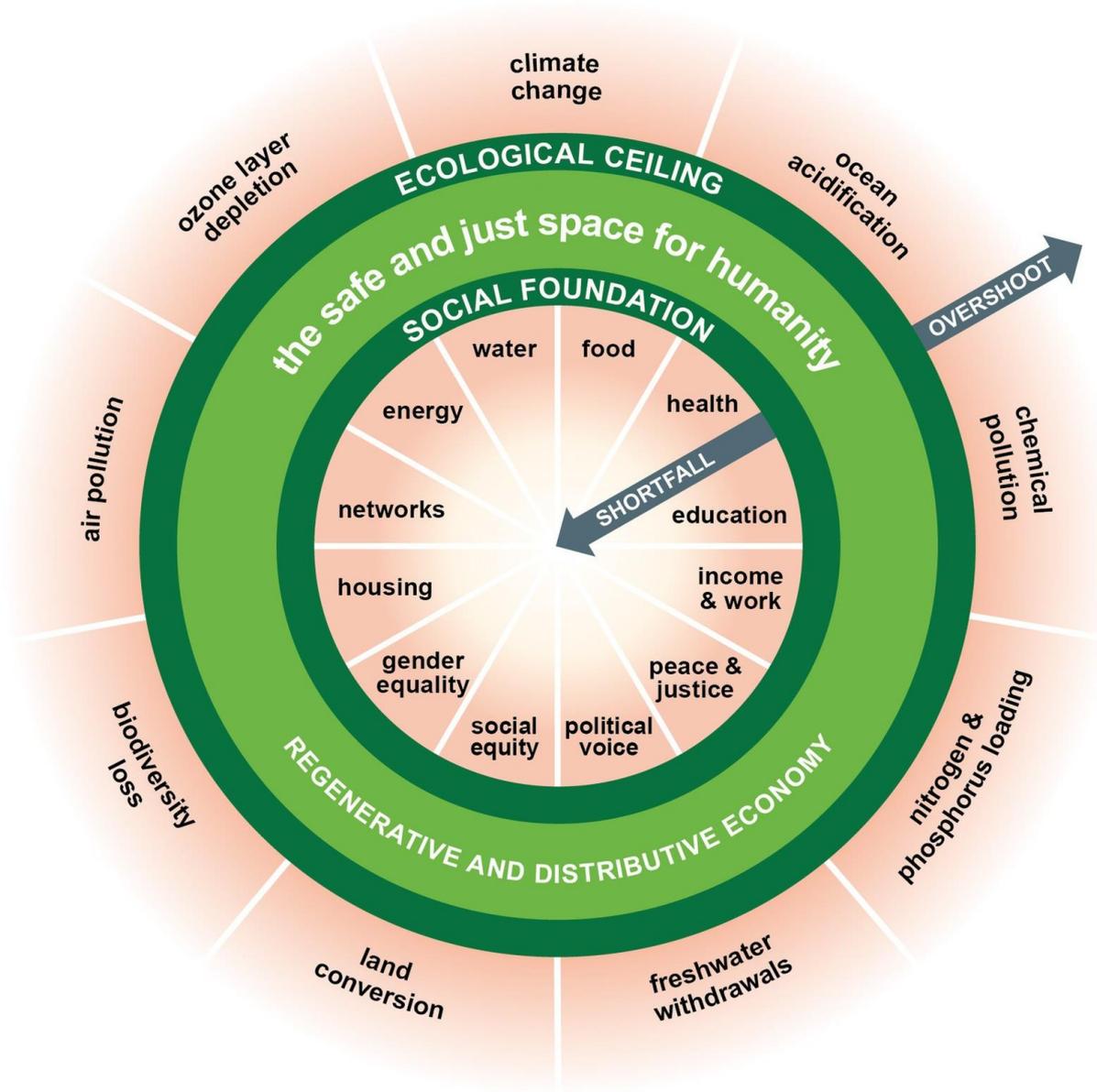
Supplements the other policies to ensure there is a jobs safety net at the bottom of the labour market – for the least skills.

It is not a panacea.



Productivity ...

- Government will have to help provide skilled work for those displaced by robotic innovations.
- 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 ----->

BUT

How are we going to pay for it?



MMT

Understanding what cost is ...

Evaluating the constraints on government spending

MMT		Is the economy fully employed?	
		Yes	NO
Does the nation enjoy monetary sovereignty?	Yes	Real	None
	NO	Financial/Real	Financial

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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 risk ...

- 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.

Further thoughts ...

- Massive transformation is required:
- Personal lives – consumption patterns.
- Social and economic settlement.
- Our understanding of the monetary system.
- The role of government vis-à-vis the ‘market’.
- It will take time ...

END OF TALK

An **MMT** Education Resource