



No. 132, June 2018

# Sustainable Population Australia - Newsletter

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## Just how bad is mainstream economics

By Stephen Williams

It will be obvious to most readers that economics plays the major part in governments of all stripes promoting population growth (immigration) in Australia. It is well understood that population growth guarantees increases in GDP, while at the same time favouring certain influential sectors of the business community, such as banking, real estate speculation, construction, and retail. And as a handy side benefit for business, it puts downward pressure on wages and sidelines trade unions by ensuring a nice pool of unemployed and underemployed.

If there was any doubt about economic thinking motivating governments to ramp up net migration, we only have to remember that the immigration quota (currently 190,000) is set as part of the budget process. Peta Credlin explained this on *The Bolt Report* in March, saying immigration numbers were simply ramped up to give a 'favourable' bottom line to the budget, with no thought to other tedious concerns like infrastructure, service delivery, science and the wellbeing of the citizenry. (Other news reports linking immigration numbers and

'desirable' budget outcomes have recently been highlighted in SPA's eNews.)

Those of us who are population-focused, and therefore environmentally focused, tend to favour something like a steady-state economy, or even degrowth, as we are mindful of limits to growth and overshoot. Even if we accept mainstream accounts of what a healthy federal budget looks like – usually a balanced budget over the economic cycle – we are still against perpetual growth.

But, putting our objections to growth to one side (and the privileging of GDP), what if the mainstream beliefs as to what a healthy budget is, and indeed economy is, were almost totally wrong as well?

Sure, most readers of this newsletter will be opposed to the current neoliberal agenda of 'small' government, privatisation of public assets, deregulation of financial markets, restricting welfare, and so on. But even a left-of-centre (progressive) outlook does not usually give one an antidote to neoliberalism: progressives in recent decades have tended to accept many core elements of neoliberalism as verities, while arguing for a kind of 'neoliberalism lite'.

A powerful critique of neoliberalism has emerged in recent decades – Modern Monetary Theory (MMT) – which demands nothing less than root and branch reform rather than a softening of neoliberalism. MMT

claims to provide the best available account of how modern economies actually work and what policy options sovereign governments actually have.

Therefore MMT is not a set of policies – and is not necessarily left or right – although it is more likely to be embraced by those on the left because it teaches us that modern governments have immense power to discipline markets and to provide the services average people want – including environmental services – as well as full employment (while acknowledging there are ecological constraints).

Perhaps this is why GetUp! has recently embraced MMT in designing its new economic plan: see <https://futuretofightfor.org.au>

On the following pages you will find (1) an introduction to MMT by economics lecturer Steven Hail; (2) a synthesis of MMT and steady-state economics by ecological economist Phil Lawn; and (3) an outline of MMT and the job guarantee by economics professor L. Randall Wray.

*Stephen Williams is the editor of this newsletter.*

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## Modern monetary theory basics

By Steven Hail

There is a school of thought among economists who aren't worried about the so-called 'budget black hole', where tough choices have been called for to reduce government spending. Proponents of modern monetary theory (MMT), like Bernie Sanders' chief economic adviser Professor Stephanie Kelton, claim the Australian government need not balance its budget and are instead calling for the government to balance the economy, which they argue is a different thing entirely.

MMT is an approach to economic management developed since the 1990s by Professor Bill Mitchell, alongside American academics like Professor Randall Wray, Stephanie Kelton, and investment bankers and fund managers like Warren Mosler. It builds on the ideas of a previous generation of economists, such as Hyman Minsky, Wynne Godley and Abba Lerner, whose interpretation of the work of the famous economist J. M. Keynes was very different from that which became dominant by the 1980s.

By the 1980s, most people saw Keynes as an advocate of budget deficits only during periods of high unemployment. Lerner, as early as 1943, in a paper entitled 'Functional Finance and the Federal Debt', had argued that Keynesian economics involved running whatever government deficit was necessary to maintain full employment, and that deficits should be seen as the norm. Keynes, in a letter to fellow economist James Meade written in April 1943, said of Lerner, "His argument is impeccable. But

heaven help anyone who tries to put it across".

While the theory has attracted its own interpretations and criticism, it's also gaining traction in a global economic environment that continues to defy the efforts of policymakers to restore sustained economic growth.

There are three core statements at the heart of MMT. The first two are:

- 1) Monetary sovereign governments face no purely financial budget constraints.
- 2) All economies, and all governments, face real and ecological limits relating to what can be produced and consumed.

The first statement is the one which is widely misunderstood. A monetary sovereign government is one with its own currency and central bank, a floating exchange rate, and no significant foreign currency debt. Australia has a monetary sovereign government. So does the UK, the US and Japan. The Eurozone countries are not monetary sovereigns, as they do not have their own currencies.

The second of these statements confirms the obvious fact that governments can cause inflation, if they choose, by spending too much themselves, or not taxing enough. When this happens, the total level of spending in the economy exceeds

what can be produced by all the labour, skills, natural resources that are physical capital, technology and available. We can also destroy our natural ecosystem if we produce too many of the wrong things, or use the wrong processes to produce what we want to consume.

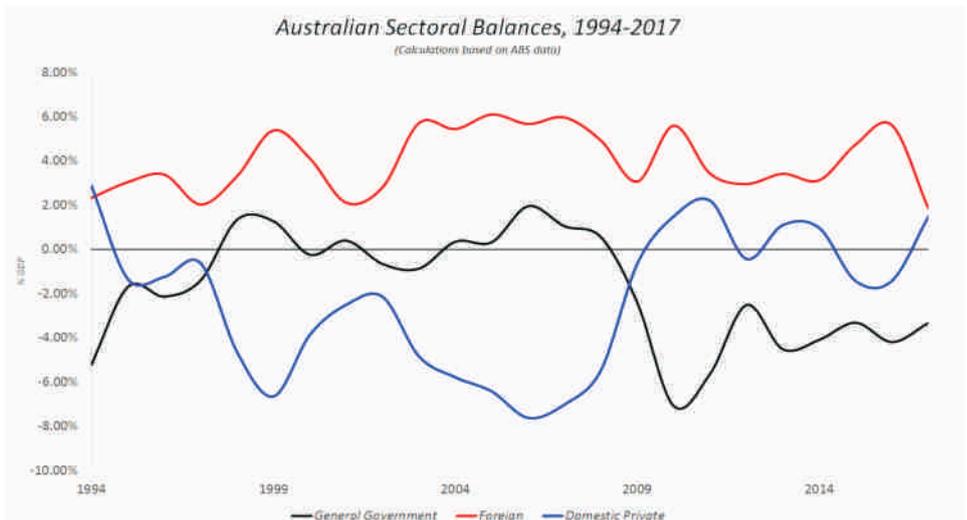
The Australian government is a currency-issuing central government. It cannot run out of Australian dollars. It's never forced to borrow Australian dollars, although it can and does choose to do so, and its debt securities play a useful role in our financial system.

It doesn't exactly need to tax us to pay for its spending either. Taxes exist to limit inflation. It's necessary for us to pay taxes to keep total spending – government and private – at a level that will not be inflationary.

This doesn't mean government spending and taxation have to equal each other, and in countries like Australia this rarely happens in practice. This leads to the third principle of MMT:

- 3) The government's financial deficit is everybody else's financial surplus.

For every lender, there must be a borrower. That means that across our financial system, surpluses and deficits always add up to zero. This is clear in the following chart, which shows the



financial balances of the Australian private sector, the rest of the world, and the Australian government sector, since 1994. For every saver who earns more than they spend, there must be somebody or some institution which spends more than it takes in. If we want the private sector as a whole to save rather than go further into debt, the government will probably have to spend more than it taxes (depending on what the rest of the world is doing). It works the other way around too. The Howard government was only able to run fiscal surpluses because the private sector went heavily into deficit.

Household debt trebled during the Howard years. Since then, we have been in a tie with a couple of other countries for the highest household debt-to-income ratios in the world.

So, the government cannot run out of dollars; that doesn't mean the government should 'spend like a drunken sailor' or that we don't have to pay taxes; it does mean balanced budgets are unnecessary. It also means government deficits can play a supportive role, allowing the private sector to build up its saving.

Australian governments have nearly always run deficits anyway. None of the above ought to be shocking. On average, governments of both left and right have run deficits, ever since federation. It just might be that you have been misled by that metaphor of the government as a household.

In a country with nearly 15% underutilisation of labour, more than 30% youth underutilisation, fragile private balance sheets, and a growing need for green and other infrastructural investments, it does imply that budget repair is a red herring. This means the government could and should be using its role as the currency issuer to promote full employment, social inclusion, ecological repair, and healthy private-sector balance sheets. Politicians are, according to MMTers, currently obsessed with something which doesn't matter (balancing their budget), and are ignoring many things that do matter a great deal for the future of the country.

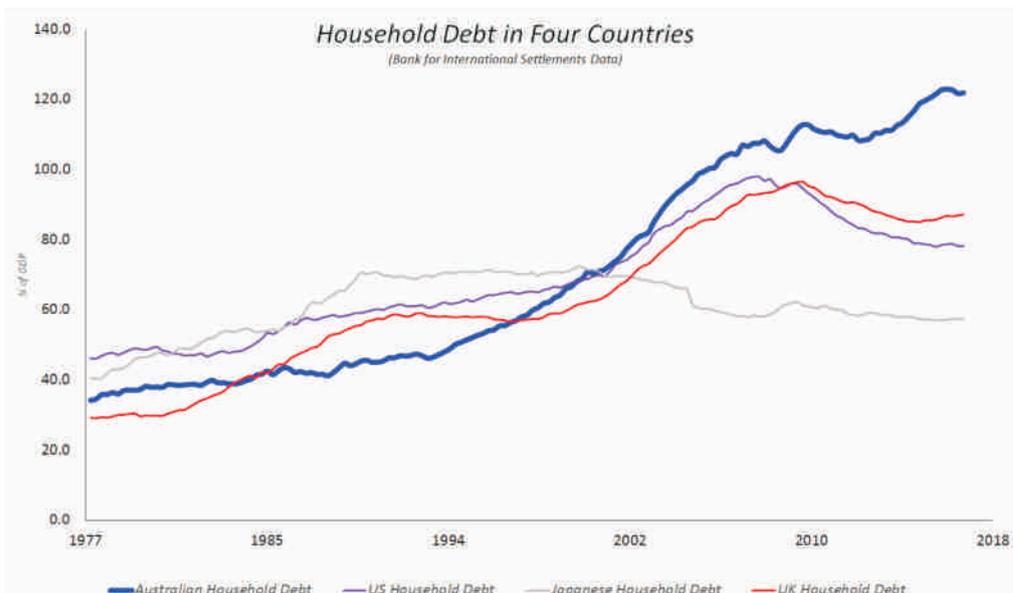
This is the perspective you get when you start to see Australia and the world through the prism of MMT. It's based on nothing

more than a comprehension of how modern financial systems actually work, and in that sense, perhaps it should not be controversial at all.

MMT proponent Professor Bill Mitchell advocates for governments to use the policy space provided for them by monetary sovereignty to introduce a job guarantee [see page 6] and pursue a return to unemployment rates of 2% or less. These rates were achieved in Australia across the 1960s and early 1970s. He proposes a return to full employment through a federally funded and locally managed program of public employment. He does not believe that this need be inflationary – indeed the job guarantee is an essential part of the MMT framework for stabilising the economy and avoiding inflation.

In Australia, the three major political parties have as yet paid little attention to his ideas. But his fellow MMTers got close to government in the USA (with Senator Bernie Sanders); and two micro-parties have been set up in recent years in Australia [the New Democracy party and the Australian Workers Party] with the express intention of promoting MMT as a frame for understanding economic issues. So you can expect to hear a lot more from both the proponents and the critics of MMT. [GetUp! has now embraced MMT: see page 1.]

*Dr Steven Hail is a lecturer in economics at the University of Adelaide. His latest book is Economics for Sustainable Prosperity (2018). This article was published at The Conversation in early 2017.*



## Why an understanding of MMT is necessary for the transition to a steady-state economy

By Philip Lawn

A steady-state economy is an economy comprised of a dynamically changing but physically non-growing stock of human-made goods. It also comprises a steady population of human beings. If humanity deems ecological sustainability to be a worthwhile goal, a steady-state economy is an eventual necessity for a number of reasons. First, to achieve sustainability, the rate at which natural resources are extracted from, and wastes are returned to, the natural environment for economic purposes (resource throughput) must remain within the ecosphere's regenerative and waste-assimilative capacities. Second, finitude of the ecosphere means there is an upper limit on the sustainable rate of resource throughput. Consequently, there is an upper limit on the physical scale of an economy that the ecosphere can sustainably support. Achieving sustainability by design rather than disaster will therefore require the economy to cease growing before reaching its maximum sustainable scale.

Where are we with respect to this ecological 'line in the sand'? At the global level, humanity's ecological footprint is around 70% higher than the Earth's biocapacity, which means sustaining the current rate of resource use and waste generation would require 1.7 Earths. Clearly, the global economy has well exceeded its maximum sustainable scale. At the national level, more than half of the world's countries have an ecological footprint in excess of their biocapacity. This means that most nations need to undergo a phase of degrowth before

stabilising their economies at a steady physical state.

Having in place a steady-state economy does not preclude qualitative improvement (genuine development). By improving the stock of human-made goods – that is, by ensuring a consumed good is replaced by a superior new good – it is possible for a nation to gradually amass a stock of goods that: (i) yields higher use values (i.e., generates greater economic welfare per physical good consumed); (ii) is more durable, thus slowing down the rate of product replacement; (iii) requires fewer resources to maintain; and (iv) can be readily retro-fitted and recycled. A nation can also boost its economic welfare by distributing the stock of physical goods more equitably. This is because the marginal benefit of consumption of the poor is higher than it is for the rich.

An economic system of the like just described could best be regarded as a qualitatively-improving steady-state economy. The qualitative aspect is important given that the initial transition to a steady-state economy and its eventual maintenance could be painful, especially for society's most vulnerable citizens. Unless the transition to a steady-state economy is undertaken in a measured and appropriate manner, it is possible that the poor could fall deeper into poverty while others could experience poverty for the first time. This could result in many people rejecting the steady-state concept, either during the transition phase or subsequent to its attainment, and calls for a return to a growing economy.

How might the transition to a

steady-state economy be best undertaken? Since ecological sustainability requires the rate of resource throughput to be within the ecosphere's regenerative and waste-assimilative capacities, there needs to be a dramatic transition away from non-renewable to renewable resources. Only renewable resources can be relied upon to sustain the economic process and limit the discharge of wastes that threaten the health of the planet. With our energy infrastructure designed to facilitate the consumption of non-renewable energy sources, the need to shift rapidly towards renewables will require the hasty retirement of much of the existing infrastructure and the construction of new infrastructure with the capacity to generate and distribute base-load renewable energy.

There is much hype about imposing a tax on carbon emissions and other forms of waste to reduce the pollution generated per unit of economic activity. Taxes of this nature are vital, but insufficient. Pollution taxes would no doubt drive a growing demand for renewable energy, but would not guarantee the adequate provision of renewable energy-producing and energy-distributing infrastructure. This is because infrastructure of this type has considerable public goods characteristics, which would render it commercially unviable for the private sector to supply in sufficient quantities. Hence, the speedy turnover of the existing energy infrastructure will necessitate large government investments and soon.

From a fairness perspective, distributional equity must be a high priority; not because it is an

economic necessity – although evidence suggests that more equitable societies enjoy higher levels of economic welfare – but because it is a moral imperative. We may argue about what constitutes an equitable distribution of income and wealth, but few would be persuasively convinced that equity is a minor consideration for a highly developed society. Achieving distributional equity means guaranteeing: (i) that each person receives a minimum, liveable slice of the economic pie; (ii) that the disparity of income between the richest and poorest citizens is fair and reasonable; and (iii) since long-term unemployment often leads to alienation, drug addiction, family breakdown, and mental illness, that every person wanting paid work has access to a wage-earning job, which implies a moral requirement to achieve and maintain full employment.

Another crucial aspect when making the transition to a steady-state economy is making sure the resources used for economic purposes are efficiently allocated – that is, ensuring they are allocated in a manner that yields the highest potential use value (not exchange value). If achieved, an efficient allocation of resources would enable the highest level of economic welfare to be generated from an ecologically sustainable and equitably distributed resource flow. Besides promoting genuine human development, this would help avoid a desire to return to a growth-based economy.

Allocative inefficiency arises essentially because of market failures. Promoting allocative efficiency to increase the economic welfare generated by a steady-state economy will require considerable government intervention. Various interventions needed include: (I) the adequate provision of

public goods, not just for the reasons already given, but to help maintain the nation's productive capacity and facilitate technological (efficiency) advances; (ii) the introduction of price-based mechanisms to internalise the cost of welfare-reducing externalities; and (iii) averting anti-competitive corporate mergers.

There are many observers who concede that nations are failing on the sustainability and equity fronts, but not in terms of efficiency. This is not so. For some time, governments have been privatising public assets and cutting per capita spending on public infrastructure in the belief that 'small' government is better. This has resulted in the macroeconomic misallocation of the resources flowing into the economy – too many resources directed to the private-sector production of useless widgets (low use value) and too few resources to the government provision of the public goods we cherish and desire (high use value).

Many commentators typically point to the rising GDP/resource use ratio as evidence that the economic process is becoming increasingly efficient. This overlooks two facts. First, the increase in the GDP/resource use ratio over the past 50 years has been heavily influenced by the shift in economic activities from the informal sector of the economy (e.g., unpaid household labour) to the formal sector (e.g., paid childcare and takeaway food). GDP only captures the formal sector, yet resource use statistics have long captured all forms of energy use. Hence, if the value of all forms of economic activity and the rate of resource use remain unchanged, the GDP/resource use ratio would increase simply by having a greater proportion of all economic activity take place within the

formal sector of the economy. Second, people invariably highlight the rising GDP/resource ratio of high GDP countries as confirmation of their conviction. This is misleading because the ratios of materially wealthy nations have been boosted by the shift of 'dirty' forms of production to nations with low wages and weak environmental regulations. Since this form of production relocation constitutes an inefficient allocation of global resources, the falling production costs arising from economic globalisation is not a reliable indicator of increasing efficiency.

We are now in a position to pose a question inspired by the title of this paper. In what way can modern monetary theory (MMT) assist the transition to a qualitatively-improving steady-state economy? This requires some knowledge of the key aspects of MMT. *Inter alia*, they include:

- A *currency-issuing* central government, such as the Australian federal government (AFG), has access to as much of the nation's currency as it likes for spending and other purposes. Consequently, the AFG can never run out of Australian dollars.
- The AFG can operate budget deficits forever – indeed, it more often than not does run a budget deficit (there have been about three deficits for every surplus since federation).
- In this computer era, every dollar of AFG expenditure involves the electronic creation of a 'new' dollar and its subsequent spending into existence. The AFG's spending injects financial assets into the Australian economy which are acquired by Australians as they offer their labour or sell goods and services to the AFG.
- Every dollar of AFG taxation involves the electronic destruction of an 'existing' dollar. AFG taxation therefore

drains financial assets from the Australian economy. That is, it destroys the non-government sector's possession of financial assets.

- An AFG 'budget deficit' injects more financial assets into the economy than it destroys. Hence, budget deficits manifest as non-government sector surpluses (i.e., increase the non-government sector's possession of net financial assets).
- An AFG 'budget surplus' injects fewer financial assets into the economy than it destroys. Hence, budget surpluses manifest as non-government sector deficits (i.e., decrease the non-government sector's possession of net financial assets).
- Unlike the AFG's ability to sustain deficits, the non-government sector cannot.
- Besides redistributing income and penalising undesirable private-sector activities (e.g., pollution), the role of central-government taxation is to reduce enough private-sector spending power to enable the central government to acquire the real resources it needs to fulfil its policy objectives without generating hyperinflation. In other words, taxes facilitate the low-inflation transfer of real resources from the private to the public sector, as has been the case for centuries.

Space limits restrict me from revealing more myths about central-government finances and its policy implications. Suffice to say, the most important functional aspect of MMT is that a currency-issuing central government can 'net spend' to whatever level is required to purchase idle resources and put them to any desired purpose. This means that the AFG would have no difficulty finding the Australian dollars to establish a renewable energy-producing and energy-distributing infrastructure (as well as adequate schools, hospitals, universities, and other forms of critical infrastructure). Nor would

it have trouble finding the Australian dollars to put every unemployed Australian to work and pay them a decent living wage. It would also have no difficulty using the tax system to equitably redistribute the nation's income and wealth or impose taxes to internalise the cost of welfare-reducing externalities.

The only constraint the AFG faces is a real resource constraint. Thus, if Australia desperately needs new infrastructure to support a qualitatively-improving steady-state economy, which it unquestionably does, and there are sufficient idle resources to establish it, which it unquestionably has, the AFG can acquire (purchase) the resources by electronically crediting the bank accounts of resource-providers, including people offering their labour. It will have no need to tax the private sector to raise the necessary funds. Conversely, if there are insufficient idle resources, the AFG will need to increase the tax impost on the private sector to free up the necessary resources and prevent an undesirable rate of price inflation. Should new taxes need to be imposed or existing tax rates be increased, the tax burden should fall heavily on the rich and not at all on Australia's lowest income-earners. In conclusion, a steady-state economy is necessary to achieve ecological sustainability, as is the need to rapidly move towards a reliance on renewable resources. Although a steady-state economy will limit the quantity of goods available for consumption and use, human development is possible if the quality of the goods improves over time; if goods are more equitably distributed; if socially destructive unemployment is eliminated; and if action is taken to promote welfare-increasing technological advances and the efficient allocation of a sustainable incoming resource

flow. Meeting all of these requirements will entail significant forms of government intervention, albeit many will involve the installation of incentives to induce the private sector to undertake activities that achieve sustainable development goals. However, where intervention requires significant government investment in public goods or ongoing net spending to maintain full employment and an adequate welfare safety net, MMT informs us that a currency-issuing central government can always create the funds it needs to finance its endeavours. Yes, it must tax the private sector, but only to reduce private-sector spending power sufficiently to quell the inflationary impact of its own spending.

Making the transition to a qualitatively-improving steady-state economy may require central governments to play a more active role in a nation's economic activity. If so, we will need to tolerate higher levels of taxation to permit the low-inflation transfer of more real resources from the private to the public sector. Whether we swallow this will depend on how much we accept the logical necessity and desirability of a qualitatively-improving steady-state economy. Of course, the need for large governments, if required, would almost certainly raise protests. We must at all times ignore ideological concerns about the appropriate size of government and whether a currency-issuing central government has sufficient fiscal capacity to increase its presence in the economy. The latter is irrelevant, while the appropriate size of government is whatever is required for a nation to achieve the goals of ecological sustainability, distributional equity, and allocative efficiency.

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## MMT and the job guarantee

By L. Randall Wray

### Program Design

A job guarantee (JG) program (sometimes called an employer of last resort) is one in which government promises to make a job available to any qualifying individual who is ready and willing to work. The national government provides funding for a universal program that would offer a uniform hourly wage with a package of benefits. The program could provide for part-time and seasonal work, as well as for other flexible working conditions as desired.

The package of benefits would be subject to congressional approval [in the USA], but could include health care, child care, old-age retirement or social security, and usual vacations and sick leave. The wage would be set by government and fixed until government approved a rate increase – much as the minimum wage is usually legislated.

The advantage of the uniform basic wage is that it would limit competition with other employers as workers could be attracted out of the JG program by paying a wage slightly above the program's wage. It also ensures that all workers in the program are treated 'equally' in the sense that their remuneration is the same.

It can be objected that a worker who loses an \$80,000 a year job will not be as happy with the JG job as one who loses a \$25,000 job. The higher income worker would eventually face difficulty maintaining her previous lifestyle and covering debts incurred when income was high. All of this is true. In some sense, that is a 'design feature' of the program. I do not say this callously. The idea is that we

want those who can move out of the program to accept job offers in the private sector (as well as non-JG jobs in the public sector) as soon as possible. And we can certainly retain programs currently in place to help such workers (i.e. help with mortgage payments) as they transition back into higher paid jobs. But we do not want to pay them high wages in the JG that would create disincentives to taking job offers in the private sector.

Finally, those who had high pay before losing their previous jobs at least had an opportunity to build a private cushion for such calamities. Those who have always been low-wage workers never had that opportunity. Think about how they would feel working alongside other JG workers who receive higher pay simply because their former jobs were higher-paid. So for these reasons, many of us who support the JG argue that on balance a uniform compensation package is best. If society then feels that losers of high wage jobs deserve special treatment, a separate safety net can be democratically approved. The JG program, itself, should not be complicated by introducing a variety of 'means tested' benefits. Again, this is in keeping with the general, 'universal' design: take workers as they are, pay them equal wages and benefits for equal effort.

It is important here to add one more comment. Often critics will then start some complaint with: "Well, with the JG program, you cannot fire workers ..." So let us be clear: the JG program only takes workers willing to work. Those who fail to work up to expectations get fired.

I am on the record as saying that we must make accommodations: jobs must be designed to fit the workers. For example, if a

vision-impaired worker cannot perform the tasks associated with a job that requires sight, the proper course of action is to offer a different job – not to kick the individual out of the program. However, a worker who habitually shows up late, or drunk, or who otherwise violates reasonable work rules will be subject to normal disciplinary action, including firing. The JG is not for everyone, and it is not welfare. It is a jobs program for those who want to work.

### Program advantages

Benefits include poverty reduction, amelioration of many social ills associated with chronic unemployment (health problems, spousal abuse and family break-up, drug abuse, crime), and enhanced skills due to training on the job.

Mathew Forstater has emphasised how such a program can be used to increase economic flexibility and to enhance the environment.

The program would improve working conditions in the private sector as employees would have the option of moving into the program. Hence, private sector employers would have to offer a wage and benefit package and working conditions at least as good as those offered by the program.

The informal sector would shrink as workers become integrated into formal employment, gaining access to protection provided by labour laws. There would be some reduction of racial or gender discrimination because unfairly treated workers would have the JG option, however, the program by itself cannot end discrimination. Still, it has long been recognised that full employment is an important tool in the fight for equality.

Finally, some supporters emphasise that a program with a uniform basic wage also helps to promote economic and price stability.

The JG program will act as an automatic stabiliser as employment in the program grows in recession and shrinks in economic expansion, counteracting private-sector employment fluctuations. The federal government budget will become more counter-cyclical because its spending on the JG program will likewise grow in recession and fall in expansion.

Furthermore, the uniform basic wage will reduce both inflationary pressure in a boom and deflationary pressure in a bust. In a boom, private employers can recruit from the program's pool of workers, paying a mark-up over the program wage. The pool acts like a 'reserve army' of the employed, dampening wage pressures as private employment grows. In recession, workers down-sized by private employers can work at the JG wage, which puts a floor to how low wages and income can fall.

## Concluding Notes

[Some people] claim that 'generous pay' in the JG reduces job seeking in the private sector. Let's do a thought experiment. Say that the current low-paid job offer in the most disgusting type of work the private sector offers is \$8 per hour before a JG program is implemented. To recruit a worker into the very worst job, that 'worst firm in America' must offer \$8 per hour before there is a JG.

Now we create the JG program so any worker can get \$10 per hour. Obviously, the worst employer in America cannot hire anyone at \$8 per hour, or even at \$10 per hour. To induce a worker to leave the JG to get the worst non-JG job in America, the employer might have



**Dr L. Randall Wray**

to pay \$10.25 per hour, or even more. It is possible that given the JG option, the very worst employers in America would have to offer wages that put them out of business.

True enough.

But you can make the same argument about the minimum wage: firms that cannot 'afford' to pay the going minimum wage cannot (legally) remain in business. I cannot see this as a legitimate objection to the JG. It is progress.

But the more important point is this: with the JG in place, the program wage and benefits set an effective floor, an effective minimum wage. As Hyman Minsky used to always argue, without the JG the legislated minimum wage is a lie. The true minimum wage is zero – if you cannot find a minimum-wage job, you get a zero wage. With the JG in place, the true minimum is the program wage (plus benefits).

And this program wage cannot be 'market determined'. It must be socially determined: government offers an infinitely elastic demand for labour at the wage (plus benefits) it chooses to pay. It sets

the wage as public policy, then hires all those who accept the offer of a job.

To get workers, the private sector will have to offer something better than the JG compensation package. It could be a higher wage, better benefits, better working conditions, or better opportunities for career enhancement.

How much will it have to sweeten the deal? It will depend on the job and the employer – but this is supposed to be something 'labour markets' know how to do: compete for labour. No matter where we set the JG initially, the private sector will adapt – coming up with offers to induce workers away from the JG.

But, yes, some of the very worst employers in America will go out of business. Others will be incentivised to improve working conditions and perhaps to reduce workforces by switching production techniques (for example, using more machines and fewer workers).

There is nothing new in this. Markets react to rising wages by processes that have been familiar to economists for hundreds of years.

It is always remarkable how little faith our 'free marketeers' have in the 'invisible hand' of the market!

*Dr L. Randall Wray is professor of economics at Bard College, New York, and is a co-founder of Modern Monetary Theory. This article was published in 2012 as blog #43 of the MMT Primer at the website New Economic Perspectives.*

## SPA celebrates 30th birthday

By Jenny Goldie

It was a letter by Greg Dunstone in *The Canberra Times* that brought us together. He encouraged all regular correspondents who wrote on the issue of population to meet. And so we did – at first 10 of us: Chris Watson; Mark O'Connor; Graham Caldersmith; Greg and Eileen Dunstone; Hellen Cooke; Ann Edgeworth; Hugh Oldham; Duncan Waddell; and myself. Peter Wilson joined us soon afterwards. We formed Australians for an Ecologically Sustainable Population (AESP), drew up the constitution and created a logo. We had a box in the local environment centre to receive mail.

The other environmental organisations said we wouldn't last. They had to admit we had more mail than anyone, if nothing else. Chris Watson, a soil scientist, was our first president. Mark O'Connor, author and poet, was vice-president. He also established Writers for an Ecologically Sustainable Population with some of Australia's most eminent writers and poets, including Judith Wright who became AESP's first and only patron until her death in 2000. Hugh Oldham carried both the treasurer's and secretary's load, which was considerable as our numbers grew.

Thirty years on, two of the original 11 have died: Hellen Cooke and Ann Edgeworth. Hugh Oldham and Duncan Waddell are in their 90s. Graham Caldersmith lives on the NSW mid-north coast. The remaining six, however, got together after SPA's AGM in Canberra on 14 April to cut the birthday cake which was then happily consumed by members and those who had come for the seminar which followed. (Thank

you ACT president, Nick Ware, for such a great cake!)

The seminar, titled 'Population Pressures in the Pacific', was graced by five excellent speakers. The first, **Dr Chris McMurray** of ANU, noted that between 1950 and 2018, the population of Micronesia, Melanesia and Timor-Leste had more than tripled to over 10 million. Average fertility has declined but it is still above average for much of the Pacific and the population is likely to double in 25-35 years. While overall population densities are not high by world standards, other population pressures have emerged. Many people are making the transition from rural subsistence to urban semi-subsistence and trying to get a foothold in the cash economy. However, all too often, urban infrastructures are unable to cope, there are not enough jobs, and in some cases rural productivity declines, as in Kiribati, reducing food supplies. It is this imbalance between people and resources that characterised population pressure, not numbers per se, Dr McMurray stressed.

**Dr Bryant Allen**, also of ANU, in 1974 lived for months in a village in the East Sepik region of Papua New Guinea, and again much more recently, studying their shifting agricultural systems. He observed first hand how methods changed to provide for an ever-growing population (such as shorter fallow periods) and change of crops (particularly to sweet potato). So far, they have managed to keep food production in line with population growth but there are limits, and clearly the villagers will have to curtail population growth before too long.

**Rarawa Amberoti**, a Masters in climate change student at ANU, spoke of her home Kiribati, near the equator, with its 20 inhabited low-lying islands already affected by climate change. They are



losing productive land from flooding, coastal erosion and groundwater salinisation. At the 2016 census, they had a population of some 117,000, and growing by 1.73% annually. This is clearly unsustainable but, with a largely Catholic population, it is difficult to discuss family planning.

**Dr Joanne Epp** of Women's Plans Foundation reminded us that 222 million couples around the world have an unmet need for contraception and yet more than 800 women die every day in childbirth or from pregnancy-related illness. While in some countries, cultural factors prevent women gaining access to modern contraceptives, a key obstacle is lack of money. The foundation raises funds for family planning in our neighbouring countries, with the purpose of reducing maternal and child mortality, and empowering women.

**Senator Claire Moore**, Shadow Minister for International Development and the Pacific, gave an impassioned speech about the need to formulate all policy around the UN's 17 sustainable development goals. Significantly, a target under goal 3 (ensure healthy lives and promote wellbeing for all at all ages) is to seek universal access to family planning. And, nearly as important, is goal 5: to achieve gender equality and empower all women and girls. May it happen, and soon.

*Jenny Goldie is a life member of SPA.*

## New South Wales

On 24 February the branch held a 'partnering' meeting at our usual venue, the Sydney Mechanics School of Arts, in Pitt Street, Sydney. The theme was 'partnerships: strength through alliance'. Around 20 people attended and some 25% were non-members. NSW SPA president, Graham Wood, opened the meeting. He introduced the theme of partnering, emphasising the collective power of working together. He mentioned the Nature Conservation Council of NSW as an example, with a reach of 60,000 people through alliances.

The first part of the meeting consisted of presentations by three speakers: (1) Alice Oppen, from the Women's Plans Foundation, outlined how family planning empowers women and families and is the most fundamental way we can meet global pressures; (2) Maggie Chen, from the youth organisation AIESEC, explained how it provides leadership opportunities for young people so they can develop globally minded leaders; and (3) Howard Witt, from Citizens' Climate Lobby, covered its goal of advocating climate solutions through citizen engagement with members of parliament and others of influence and the community. Each presentation was followed by a lively Q&A.

Following afternoon tea, Kay Dunne facilitated a group brainstorm, for which all speakers generously stayed. This produced ideas for working with other organisations and individuals. The ideas included: partnering with local actions; working with local government organisations; exploring publications by economists and individual writers; lobbying; and training SPA members for talking and writing about overpopulation issues. At the end of the meeting attendees completed an evaluation form. Participants provided positive ratings, with many indicating how

the meeting had energised them. A committee meeting planned for 19 May will decide on future actions arising from the event. (Thanks to Kay Dunne for the material in this report).

*Nola Stewart, acting branch rep*

## Victoria-Tasmania

We had a successful stall at the recent Sustainable Living Festival. It was one of our best yet – we got some new members, we sold out of copies of *Growing For Broke*, and emergency reprints of our small booklets were required as they went like hot cakes. We sense a growing public awareness of overpopulation. Both festival keynote speakers – Paul Hawken (Drawdown project) and Bob Brown – highlighted global access to family planning as one of the most important ways to address climate change. Big thanks to Gloria O'Connor and Daniel Webby for coordinating the stall, Isabel Sukkar for coordinating the transport of our stall materials, and the record number of branch members who volunteered for the three days. The branch has welcomed new committee member Hamish Burns, who brings with him much new enthusiasm, ideas and an invaluable skill that we believe will be a real boon. We farewell Martin Ryan, who has been of tremendous help in too many ways to count. I was invited onto *The Conversation Hour* with Jon Faine on ABC radio in the week following the ABC coverage of the population issue (*Four Corners*, Q&A, etc). It was certainly a tough interview, but I felt very supported by several branch members who called in to express their support and put the pressure back on Faine.

The committee is proud to report that two SPA members have made very important contributions in the academic field. Dr Katharine Betts has released a new report *Immigration and Public Opinion in Australia: How Public Concerns*

'About High Migration Are Suppressed' which has received some positive attention from the media. Second, Ian Penrose has shared with us his recently finished research paper 'The Driver of Environmental Damage that Newspapers Rarely Mention: Australia's Growing Population'. Congratulations to both of you.

The Vic-Tas committee hosted a social dinner for members on 24 May in Melbourne. We are planning outreach projects in the outer growth areas of Melbourne, e.g. contacting resident groups or other people on issues of mutual concern. We will be applying for stalls at a couple of festivals later this year.

Branch vice-president, Jenny Warfe, will address the planning panel assessing the state government's level-crossing removal program of rail/road grade separation in various metropolitan locations. In some areas of Melbourne the rail line will be moved overhead, but in the low-lying area between Edithvale and Bonbeach, plans are to lower the rail below ground level into a sheet-piled trench. Groundwater experts have predicted significant effects on the nearby internationally significant Ramsar wetlands, including reduced groundwater flows to the bay and foreshore where significant ancient Banksias grow. Jenny will highlight the irreplaceable ecological services provided by wetlands: and propose the least-worst option – an overhead structure – and emphasise that this unpopular project has been brought on by Melbourne's unprecedented runaway population growth.

*Michael Bayliss, branch president*

## SA-NT

On 28 March Mark Parnell, leader of the Greens in the Legislative Council (SA's upper house), gave a presentation on why political parties in Australia choose not to counter the rapid growth in

population being engineered through the nation's immigration program. Of course, most of us are aware of the real reasons, which have more to do with the short-term profits that can be gained from high population growth by certain big business interests (e.g. the banks, the real estate and housing sectors, and infrastructure builders). And no political party wants to be seen as anti-immigrant or racist. Richard di Natale expressed exactly this view in a conversation I had with him last year. Yet the Greens' own website says: "The continuing rapid increase in the human population is drastically affecting national and international outcomes in environmental sustainability, human health and welfare, and other areas". Despite that statement, immigration remains a no-go area for the Greens.

Mark Parnell may have his own views on the Australian population explosion and endless economic growth, but he held the party line, suggesting that if we wanted the Greens to change, then we should all join the party and work from the inside. Not everyone thought that was a great idea, or likely to realign the Greens with basic ecological sustainability any time soon. In principle it sounds a possible way to challenge party policy, although what support it would really get from the inside is another matter. Not much, sadly, judging from what I've heard from Greens members.

On 28 April, ex national SPA president James Ward presented a talk, 'Envisioning Ecotopia' which married together the ecological footprint, biocapacity and future and requirements of renewable energy, within the context of a future world of 9.5 billion in which everyone has an equal share. Through various cunning calculations involving ecological footprint and other measures, he concluded that the country which today looks most like the model of

sustainability we might be able to aim for, if we are lucky, is ... Cuba!

I also presented an outline of the useful book *Degrowth: a vocabulary for a new era*, by D'Alisa, Demaria and Kallis (2015), which sets out the case for most economies, especially the wealthy ones, to not only end their growth but to systematically reduce their size.

The offer we made to the University of the Third Age last year, to design and present a course on 'A Sustainable SA', has come to fruition, with six lectures being delivered by five people, four of whom are local SPA members. The first was on 28 May. Population matters will take up one whole lecture, which alone probably puts this course streets ahead of any other in the country in its recognition of the importance of population in sustainability.

Members of the branch continue to write letters, including encouraging ones to the brave *The Saturday Paper* for daring to suggest on 5 May that high immigration may have more to do with GDP goals and corporate profits than human wellbeing.

Our 30 May meeting will be addressed by member John Tons, who will present an account of several books he has recently found useful. These are *Abundance: the future is better than you think* (Diamandis and Kotler); *Utopia for Realists* (Rutger Bregman); *Doing Good Better* (William MacAskill); and *The Economics of Abundance: a political economy of freedom, equity and sustainability* (Hoeschele).

*Peter Martin, branch president*

## **Australian Capital Territory**

Following on from the ABC's Q&A and *Four Corners* programs, a Treasury-Home Affairs analysis was published showing that immigration benefits Australia. *The Canberra Times* published four letters, two from our members, showing up the deficiencies in

that analysis. Maybe a reasonable debate is under way at last.

We were honoured to host the recent national AGM. After the events of the day, it was especially rewarding to relax over dinner with the interstate visitors.

The ACT branch AGM was held on 12 May. The new office holders are: Colin Lyons (president); Antonia Lehn (secretary); Nick Ware (treasurer); Greg Delaney, Michael Thompson, Vince Patulny and Keith Sayers (committee).

After the AGM, Graham Clews gave a talk titled 'Confessions of a frustrated low-population scribe'.

*Nick Ware, outgoing branch president*

## **Queensland**

At our March meeting, the branch viewed the documentary film *Women are the Answer*. It combined interviews with many of the familiar faces in the population sphere, with an interesting study of the Indian state of Kerala – an early and successful implementer of family planning and education for girls. The young women interviewed exemplified the ways in which only-girls benefit from not having brothers in a traditionally male-dominated society. It was echoed by a Chinese woman I met recently, who said she was doing her PhD "thanks to the one-child policy". Interestingly, the Kerala story ended with the perverse re-emergence of bride-prices and arranged marriages. It demonstrated that, when women's opportunities are expanded, they don't always choose the freedoms we value.

The branch will be running stalls at the Logan Eco Action Festival on 27 May and the Sunshine Coast World Environment Day festival at Maroochydore on 3 June. These events are a great way for us to reach out to the wider community. Thanks very much to the members who are helping out at the stalls.

*Jane O'Sullivan, branch president*

## Changes at the helm

As you might notice I am not **James Ward**. James decided not to re-stand for national president so I got the gig. I thank him for taking on the role in the past year and giving us a younger look. James also established a better working relationship with the Australian Conservation Foundation, which I hope we can build on (although we still can't get them to recognise population impacts as they did under Ian Lowe's leadership – they say it's too divisive amongst their membership).

I've also been sorry to lose **Martin Ryan** from the executive. He was an invaluable contributor behind the scenes with technical matters and especially our member management system, CiviCRM, on which he spent a lot of time making it shipshape.

I welcome two new members to the executive: **Greg Dunstone** and **Alan Jones**. Greg is one of that special group of people who formed SPA (originally called AESP) 30 years ago – indeed that first meeting took place in the lounge room of the home of Greg and his wife, Eileen, in Canberra. During those early days he held the positions of membership secretary and treasurer. He recently retired from Airservices Australia after 46 years as a specialist engineer on radar and air-traffic-control systems. He was awarded the Royal Aeronautical Society's Lawrence Hargrave Award for his leadership in the Asia Pacific Task Force for the International Civil Aviation Organisation (part of the UN).

Alan holds a PhD in marine ecology from the University of Queensland (1974). He joined the Australian Museum in 1975 and went on to head the museum's Division of Earth and Environmental Sciences (1990-2006), then becoming a senior fellow following retirement in 2006. He has worked to raise the profile of sandy beaches because of both their value as living ecosystems and their vulnerability to various human pressures, especially climate change, sea-level rise and erosion. He currently serves on (Sydney's) Northern Beaches Council's environmental Strategic Reference Group where he keeps pushing the overpopulation issue with increasing support.

## Some overseas news

At the time of writing we have heard from executive member Jane O'Sullivan who is in Europe. On SPA's behalf, Jane has run what is called a 'side event' at the UNFCCC meeting in Bonn. She reports that the conversations arising resulted in the meeting of a group of people to progress the population issue. In particular, this has included the group 'Education, Communication, Outreach Stakeholders' which networks with a range of mostly young activists. This sounds very promising. I will encourage Jane to report more about this development in the next newsletter.

*Sandra Kanck, national president*

**Website:** [www.population.org.au](http://www.population.org.au)

The SPA newsletter is published quarterly: in March, June, September and December. Members are welcome to submit material to the editor, to be published at the editor's discretion.

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