Before the Tide Festival, Narara Ecovillage, 22 November 2025

Can we build an economic system that supports the environment & social justice?

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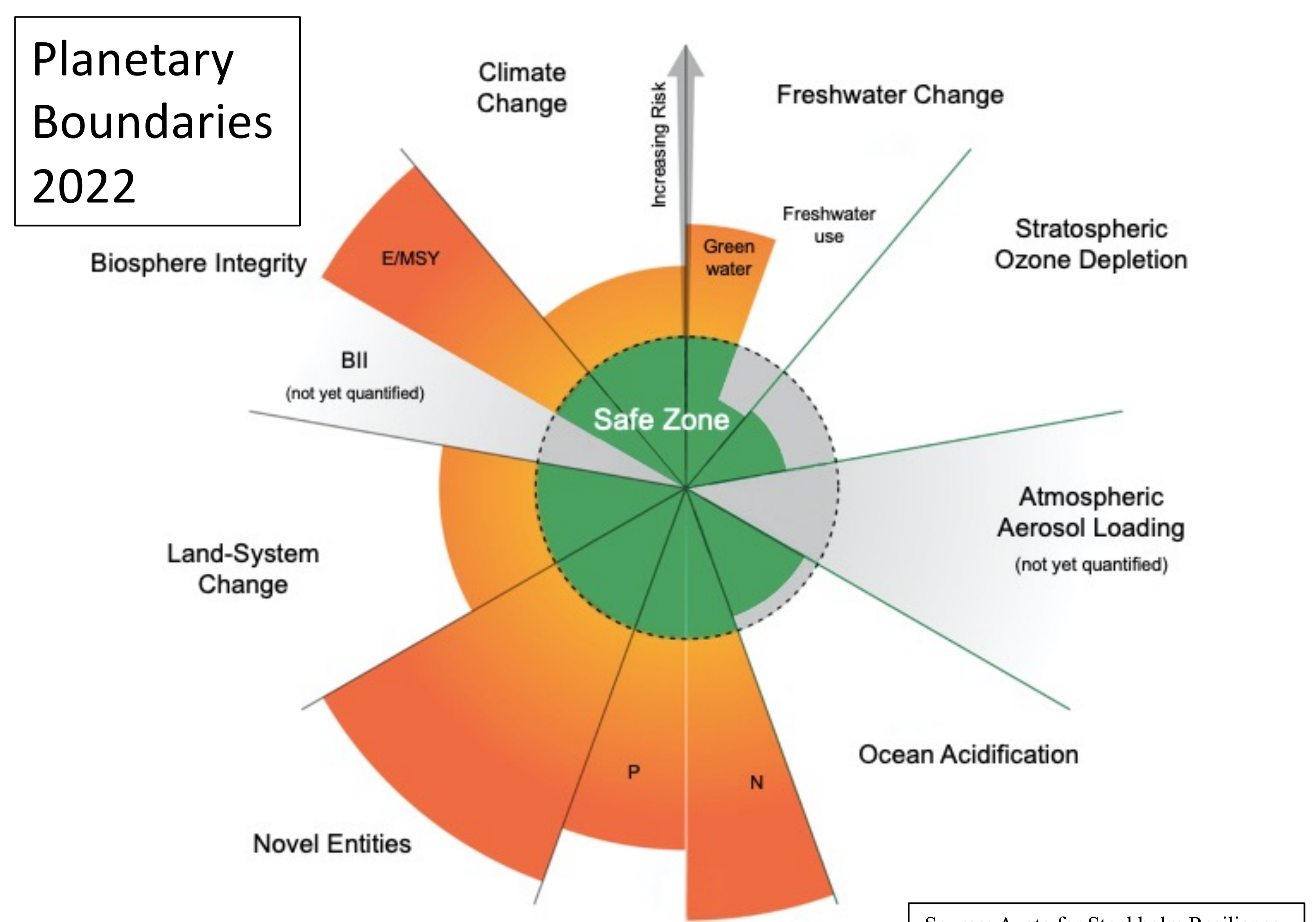
Existential Threats to Civilisation: Environmental

Climate change is linked to several other existential environmental threats



Novel Entities includes toxic chemicals & plastic wastes.
E/MSY is Extinctions/Mammal Species Years

Source: Azote for Stockholm Resilience Centre/Stockholm University

Threats to Society of Poverty & Social Inequality

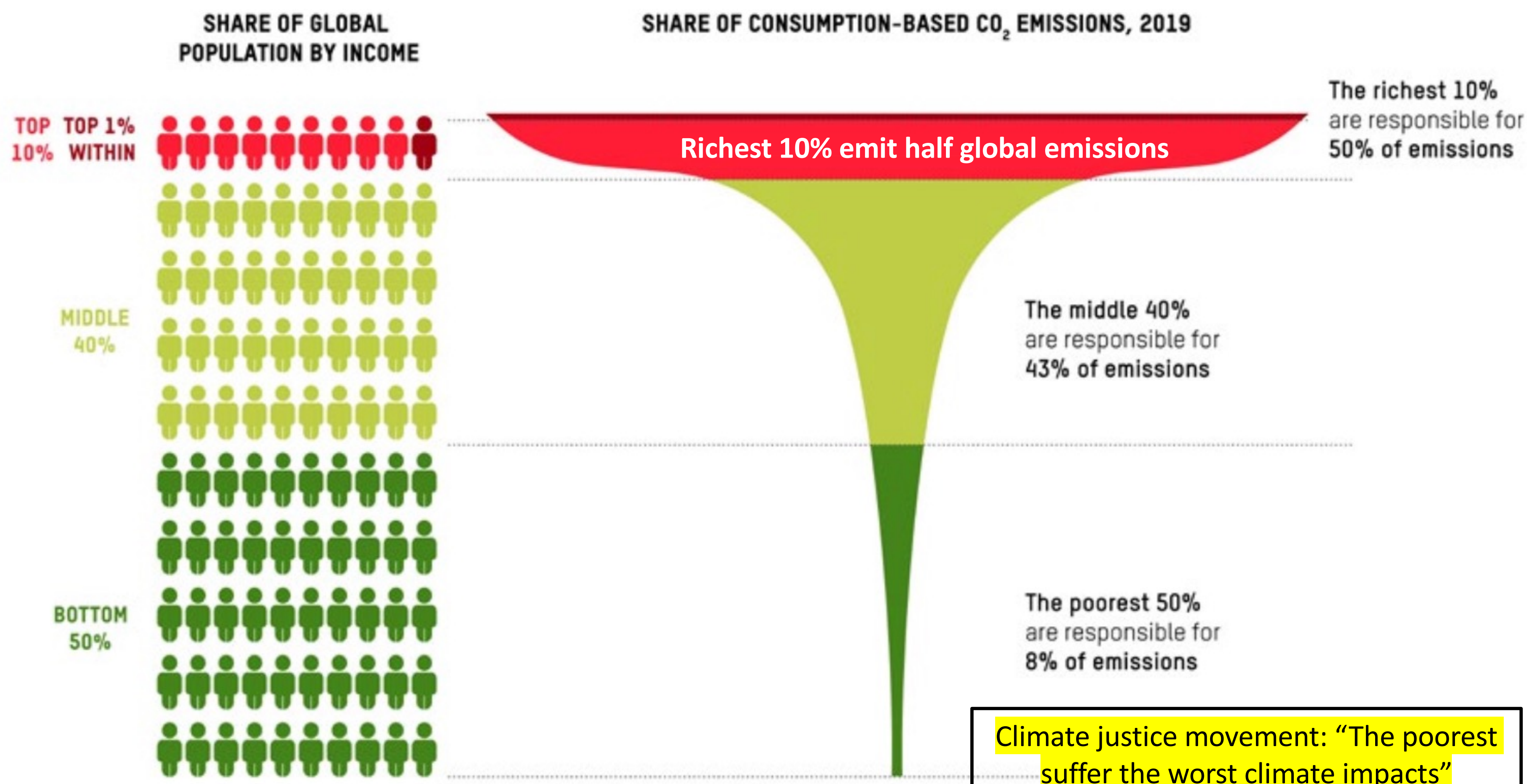
Within and between Countries

Image by Peter Jung from Pixabay

The rich hold the wealth, income and political power

Share of Consumption-Based Global CO_2 Emissions by Income, 2019

Source: Oxfam (2023)



Climate justice movement: "The poorest suffer the worst climate impacts"

Growing Threats to Environment, Social Justice, Human Rights, Peace & Democracy

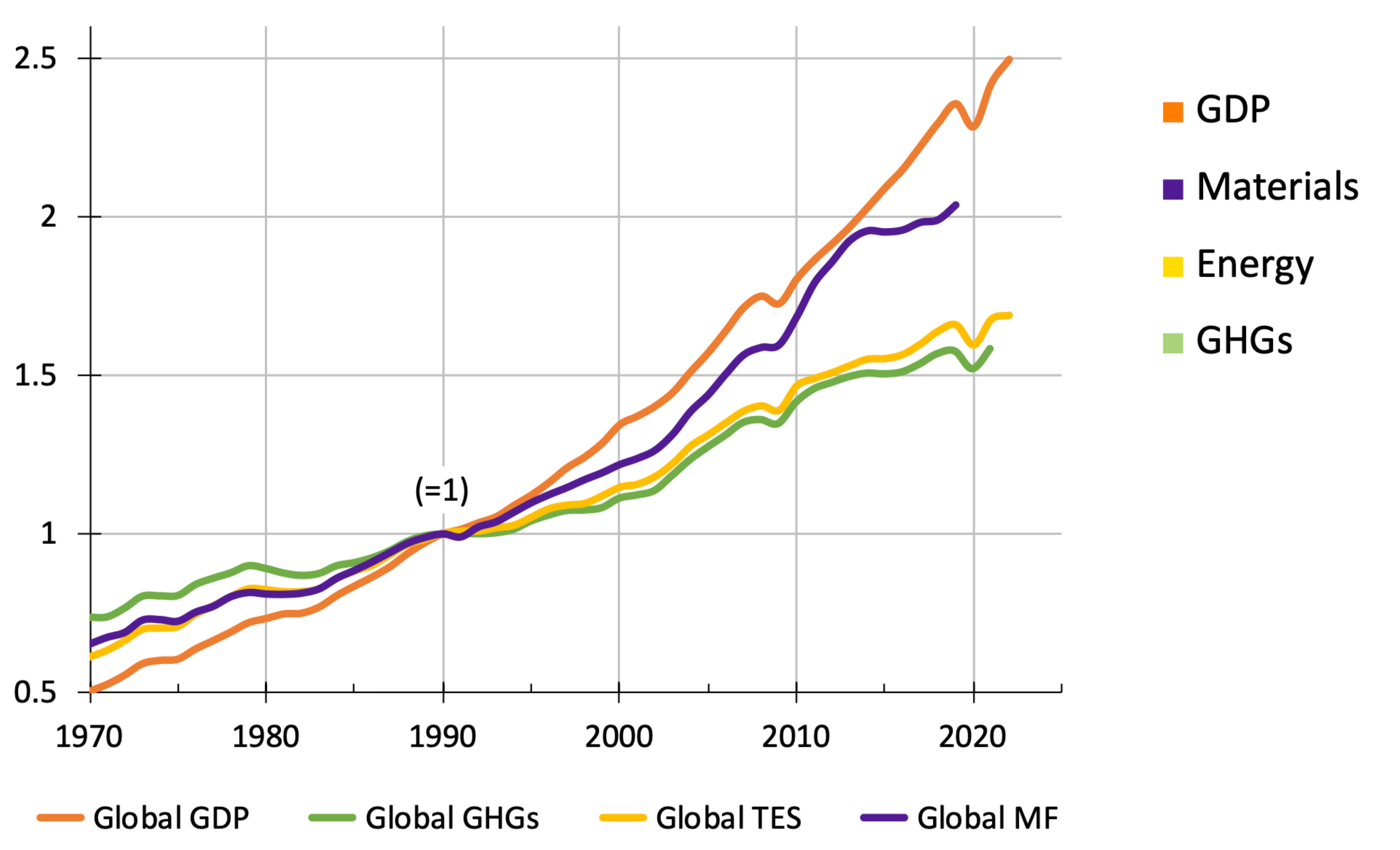
- Threats to climate change, biodiversity, forests, freshwater, soils, air quality
- Wages stagnating while prices rise
- Increasing gap between the rich & poor, + decline in basic public services
- High probability of nuclear war
- Democracy undermined by influence of big business & rich individuals
- The right to peaceful protest undermined

'The Scream' by Edvard Munch

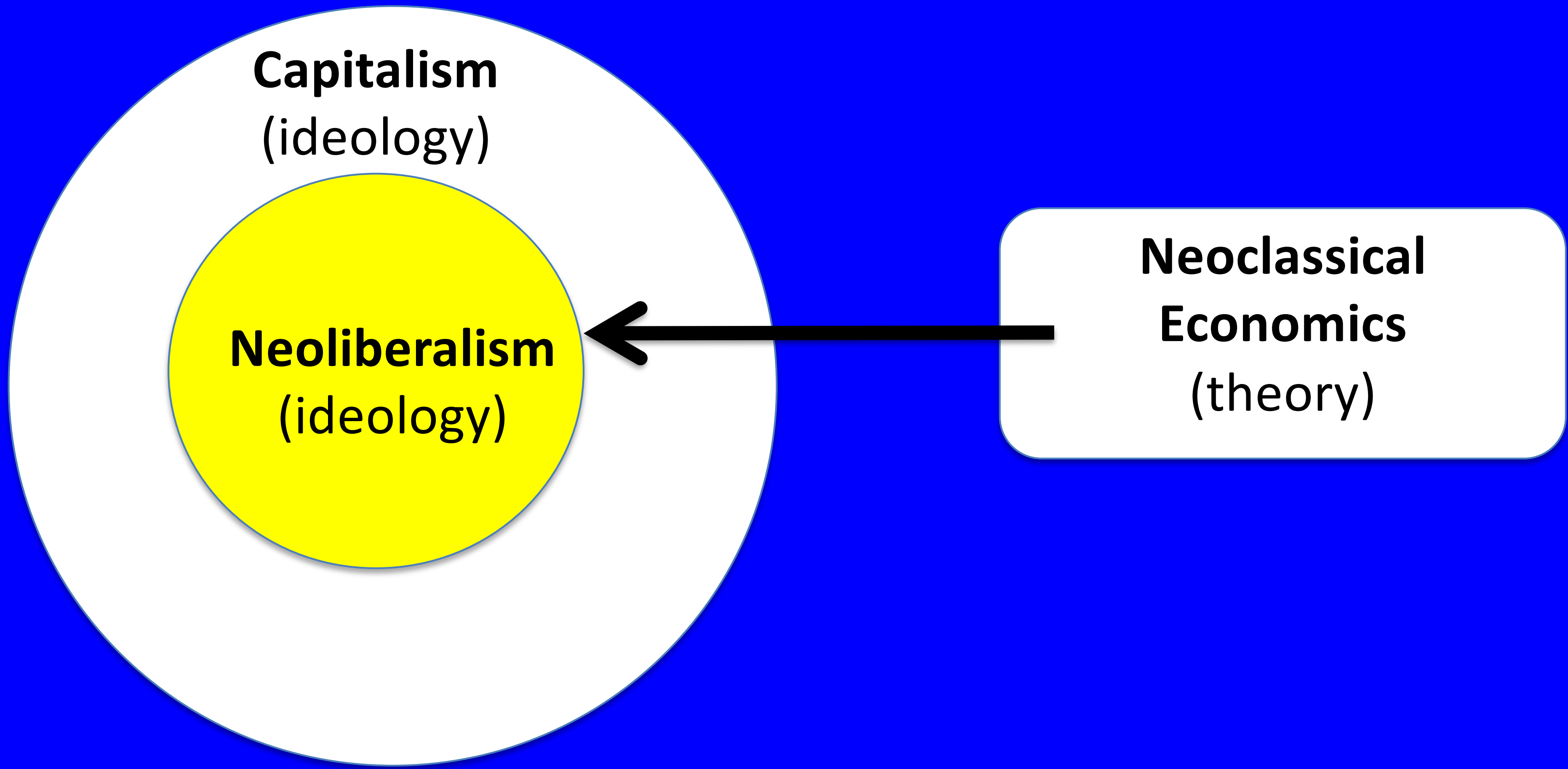
Threats are linked together, forming a ***Polycrisis***

Relative Change in Global GDP and 3 Environmental Indicators, 1970–2022

(Source: Thomas Wiedmann)



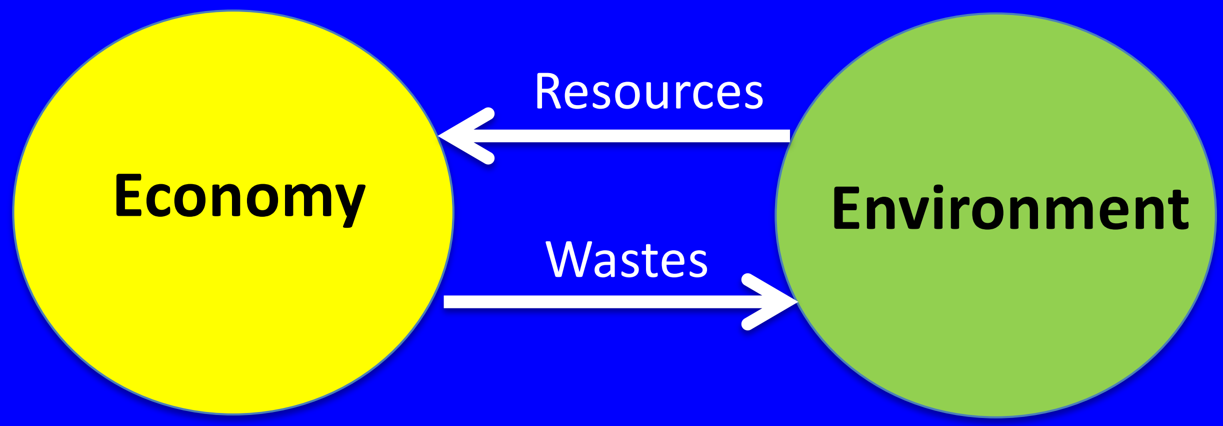
What is Conventional Economics?



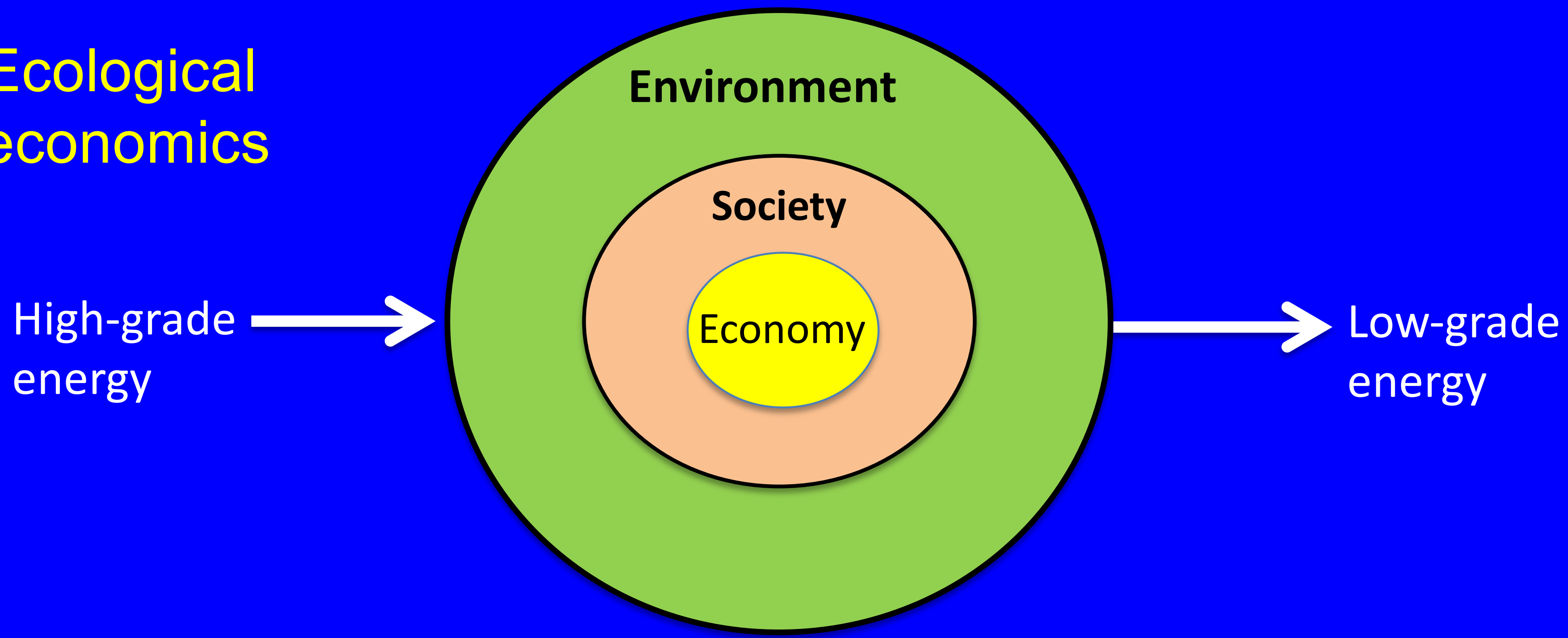
Where is our life support system, the environment?

Economics & the Environment

Conventional economics



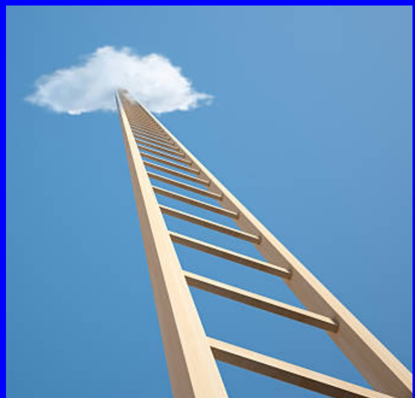
Ecological economics

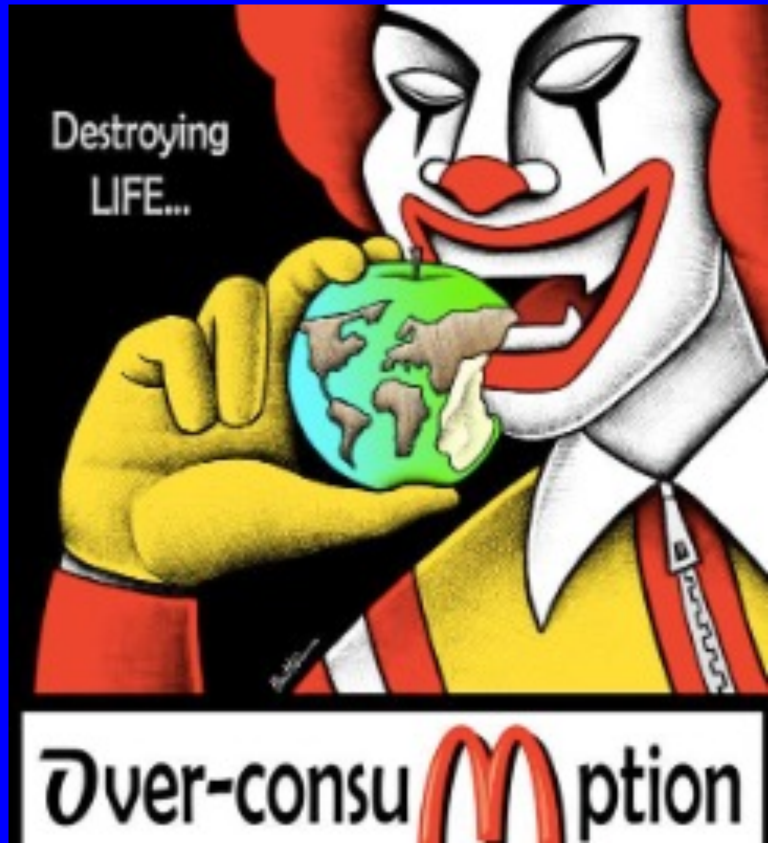


Dominant Economic System is Driving Polycrisis

It is based on myths favouring vested interests

Myth 1: "Endless growth in consumption on a finite planet is feasible and desirable"

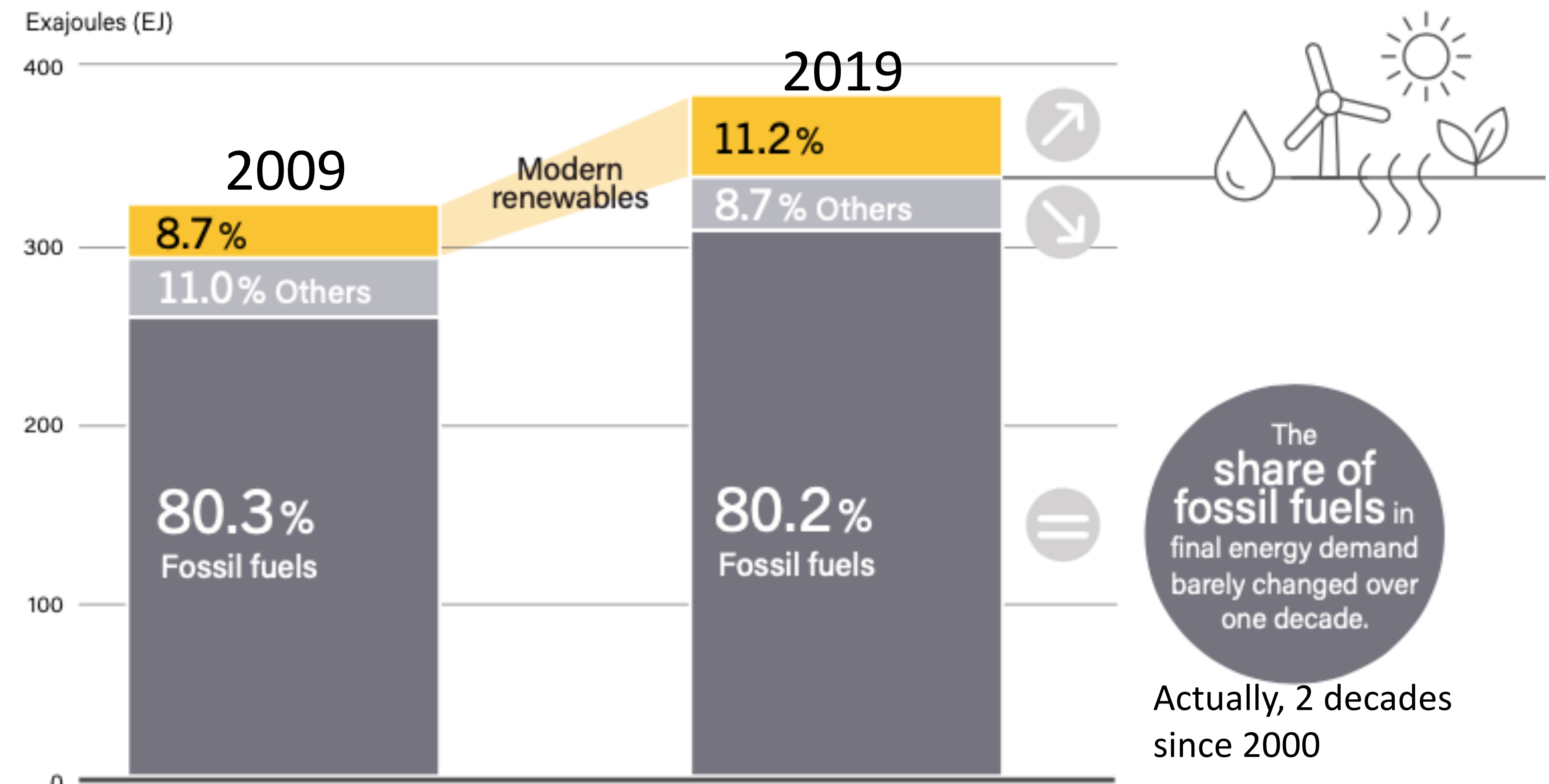




Refutation: Increasing economic activity → exceeding planetary boundaries; close correlation between GDP & consumption of materials & energy; no decoupling

Growth in Global Total Final Energy Consumption, Electricity + Transport + Heating, 2009 to 2019

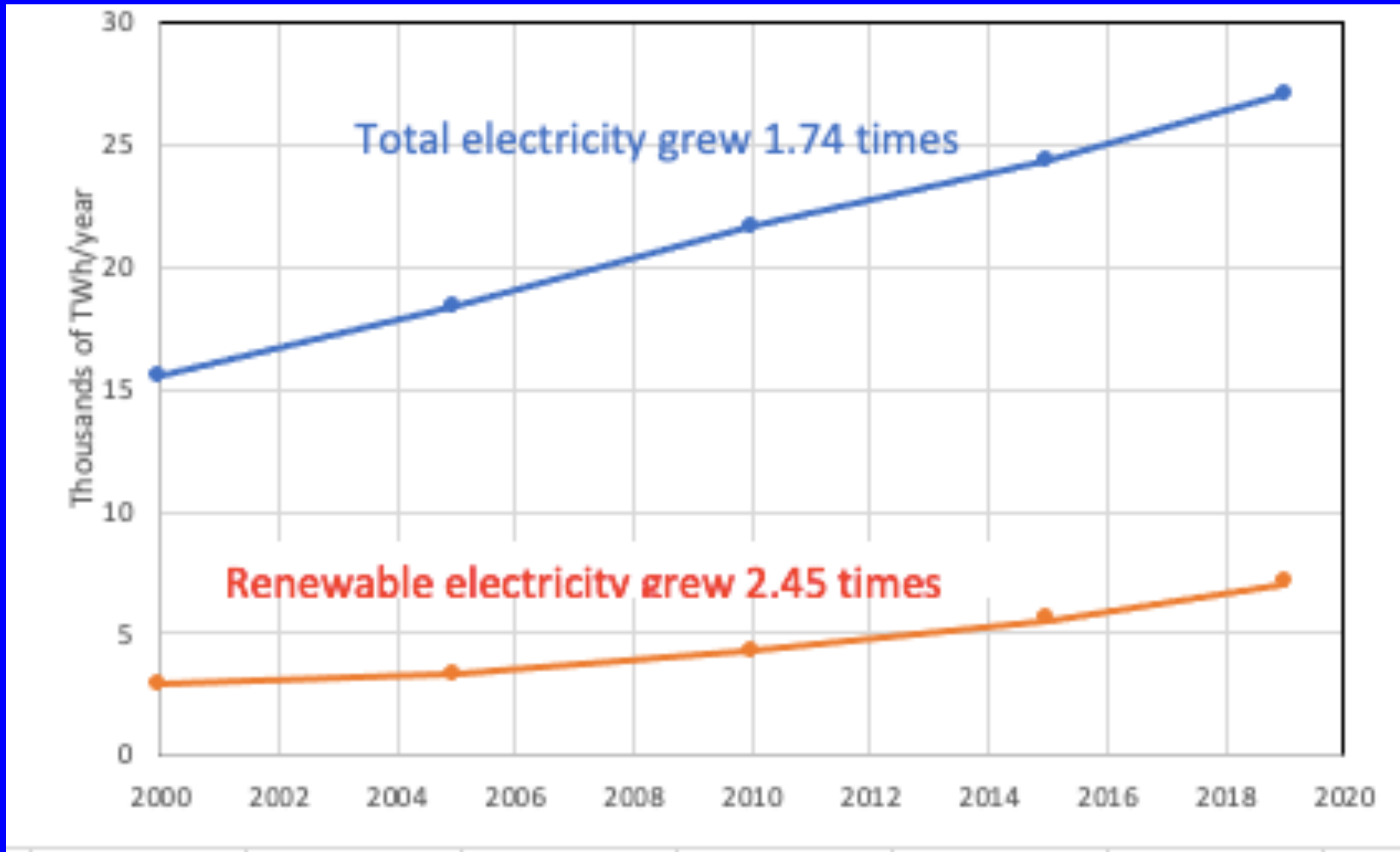
Source: REN21 (2021), Fig. 2, based on IEA data



Actually, 2 decades since 2000

Growth in consumption → renewable energy is chasing a retreating target

Even renewable electricity was falling behind total global electricity generation, 2000–2019



Renewable electricity generation is growing at a faster rate, but still falling behind total generation in TWh, because it has started from a small base and it's chasing growing consumption, much of which is fossil fuelled.

Myth 2: Neoliberalism = Worshipping the Market

Myth 2: “Small government; low taxes; leave major socioeconomic and political decisions to the market”

Comment: This really means “leave to the 1% (or 0.1%) who control the market”

Neoliberalism increases economic, social and political inequality

Myth 3: Trickle Down Economics

Myth 3: "Wealth trickles down from the rich to the poor"

Refutation: Survey of 18 OECD countries over 50 years, 1965–2015:

"tax cuts for the rich lead to higher income inequality in both the short- and medium-term. In contrast, such reforms do not have any significant effect on economic growth or unemployment."

Hope & Limberg (2022)

The rich are the biggest emitters of greenhouse gases; the poor suffer the biggest impacts of emissions.

Myth 4: Balance the Budget,
(assuming incorrectly the government is like a household)

Myth 4: "National governments with monetary sovereignty (e.g. USA, UK, Japan, China, Australia) must balance their budgets"

Refutation: Most rarely do

Deficits do not drive inflation unless total spending (public + private) exceeds the country's economic capacity in terms of available resources, skills, labour-force, infrastructure

Film starring US economist Stephanie Kelton

Myths 5 & 6

5. "The value of anything is determined by the market"

   But market undervalues the environment, unpaid work & women's work, and overvalues clean-up after pollution & war

6. "Inflation should be controlled by increasing unemployment"

   ('NAIRU' = the mythical Non-accelerating Inflation Rate of Unemployment)

Background: network of mycorrhizal fungi

Summary of Threats from Capitalism

- Capitalism in general, and neoliberalism in particular, are based on exploiting the environment and most people to benefit a small minority.
- The beneficiaries of this system achieve political power as well as economic $\longrightarrow$ state capture

Economics for People and Planet: Phase 1

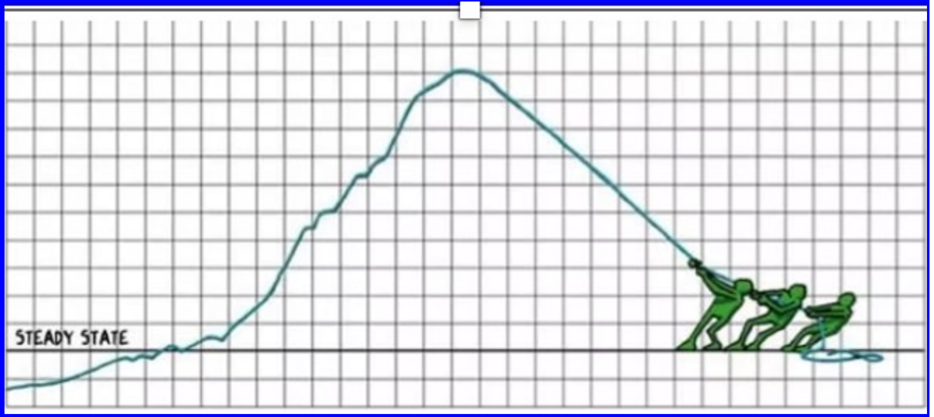
Implement simultaneously!

- Recognise that GDP is NOT a measure of national wellbeing; introduce a wide range of measures of wellbeing
- Wellbeing measures should be environmental, socioeconomic and political system
- Socioeconomic wellbeing policies include Universal Basic/Public Services: public health, education, transport, housing, parks, low-cost childcare & aged care
- Political wellbeing policies include controlling state capture by vested interests (discussed later) and so restoring democratic decision-making
- Introduce a Job Guarantee, with jobs provided by local government and registered community organisations; funded by federal government

Economics for People & Planet: Phase 1 ctd

- Transition to a (leaky) circular economy

- Transition to a steady-state economy with reduced consumption of energy, materials & land, and no population growth



Policies to Reduce Consumption include:

- Transition to circular economy
- Wealth & inheritance taxes; progressive income tax; capital gains tax;
- Remove subsidies to destructive industries, tax them, phase them out



- Facilitate creation of ‘green’ industries & businesses that add value

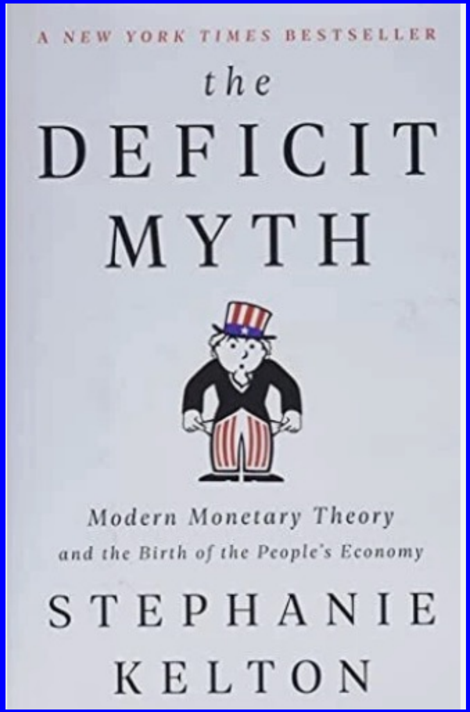

Finding the Money for the Better Society

Believers in conventional economics ‘wisdom’

- Cancel AUKUS submarines and shift to less-expensive defensive defence
- Remove subsidies to fossil fuels

In addition, using insights of Modern Money Theory

- Spend the money into existence, as done during Global Financial Crisis and COVID pandemic
- Avoid inflation by spending to increase nation’s economic capacity & increasing taxes on the rich

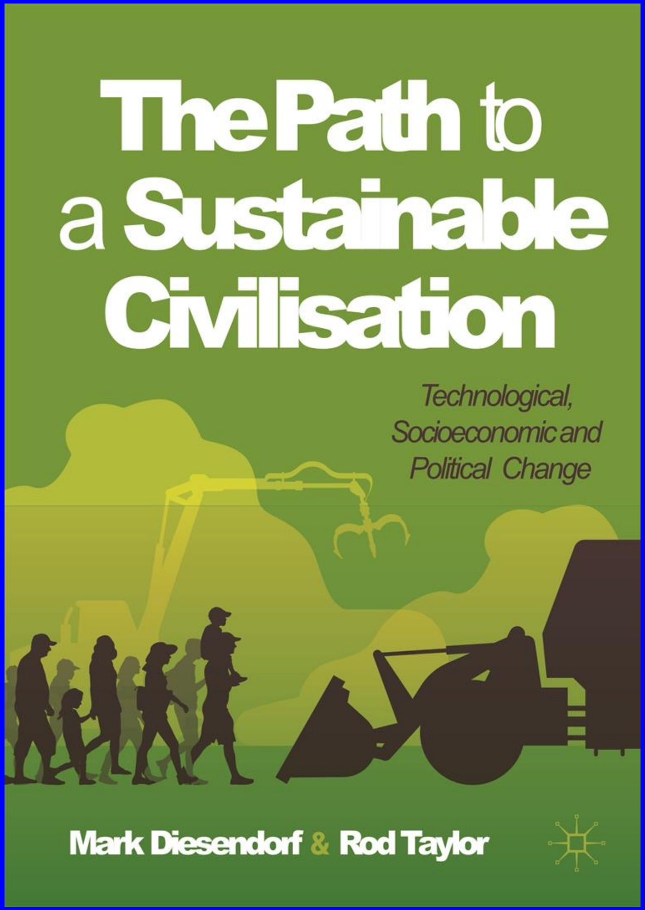


State Capture by Powerful Vested Interests
Capture of major political parties, public service, media, etc.

- Political donations & election expenditure
- Revolving door jobs
- Concentrated media ownership & social media campaigns
- Think tanks (e.g. IPA; ASPI)
- Covert lobbying & opaque consulting
- **The economic system, especially neoliberalism**

Image by Rod Taylor

Further Information



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