



ANN PETTIFOR'S CASE FOR A GREEN NEW DEAL

Conference Ambassador Report by Colleen Schneider on:

Keynote Speech by Ann Pettifor: "The Case for a Green New Deal" (19th of August 2020, 14.30-16.30)

Discussants: Sigrid Stagl, Matthias Weber, Werner Raza

Ann Pettifor is a UK-based economist, author, self-described activist and advocate for a Green New Deal. As my own research focuses on post-growth monetary and financial systems, I was excited and curious to hear what Pettifor would present for her keynote speech at the first full day of the International Sustainability Transitions Conference 2020. Her presentation was titled "The Case for a Green New Deal" with Sigrid Stagl, Matthias Weber and Werner Raza joining the panel as discussants. Pettifor presented the Green Deal framework as an opportunity to talk about environment and economy together. She focused on tackling the role of global finance, grounded in the ideology of a quote she shared from Bill McKibben: "Money is the oxygen on which the fire of global warming burns."

The COVID-19 pandemic has woken us up to the threat of future shocks, including climate brake down. At the same time, governments reactions to the pandemic have made clear their ability to mobilize rapid large-scale change, and have further stripped the veneer of legitimacy from the austerity rhetoric dominating the last decades. Pettifor focused on the point that there is no shortage of money to fund the Green New Deal. Money is created via credit allocation, and central banks already have access to huge amounts of credit. Therefore, the relevant question is not '*How do we pay for it?*' but rather '*Where does the money go?*' This understanding leads to a main point that anchored Pettifor's proposal: To take public control of monetary flows, a Green New Deal must ensure public authority over credit creation. Unfortunately, the specifics of what this public authority would look like (full public control over all credit, or enhancing regulation around private credit creation) were not discussed.

Pettifor's framing of a Green New Deal was an international one. Finance, the economy and ecosystems are inextricably linked, and this web of connections is dictated by the global financial system. As private capital markets dominate the financial system, they also dictate policy. Pettifor argued that these markets operate without oversight and regulation, detached from reality, and that the role of the state has become that of a servant to Wall Street (think of the bailout packages of the '08 crisis and the COVID-19 pandemic). Effectively, the role of the public sector has been expanded to serve the private sector. Pettifor made the point that nations have quite a lot of financial leverage and this leverage needs to be put to use. For example, OECD debt is the safest and best collateral a bank can get its hands on. Conditions can be put upon private access to sovereign debt of the Global North that would be in line with the aims of a Green New Deal, thereby shifting private finance to be dependent upon public authority.

The role of banks was also an interesting focal point, and Pettifor showed that banks are investing more money into oil extraction than are oil companies themselves. In this case, the exercise of public authority would be to condition bank licenses upon terms in line with a Green New Deal, specifically around 'green' versus 'brown' investments. During the discussion rounds, Werner Raza raised the question of how to ensure publicly controlled money goes to 'socially purposeful investment'. His answer to this was a larger system of public investment banks, which helped to provide a fuller picture of the banking system reform that is needed for a climate transition.

What fell short for me, particularly given the title of the presentation, was a consideration for how to realize the changes Pettifor was suggesting, and how a 'Global Green New Deal' might connect to national plans. I would also have been curious to hear Pettifor's thoughts on the role of central banks in the changes to the financial and banking systems that she suggested.

A point that Pettifor made later in the discussion, which I was impressed to see addressed so directly and concretely from the speaker, is that she is against carbon taxes. The burden of carbon taxes, whether directly or indirectly, will always be borne by individuals, and the effect is necessarily to place the greatest burden on those least socio-economically able to bear it. If individuals have no alternative to their current modes of mobility, housing, food, etc., they're out of luck. Whereas fossil fuel companies, in contrast, have the ability to pass costs along the production chain, or to move money across borders to avoid paying taxes. Pettifor argued that, instead of a carbon tax, whole sectors need to be transformed. The state must provide an alternative to fossil-fuel dependent modes of living (for example through climate friendly provisioning systems such as accessible public transit).

Whereas money is always a critical element in transitions, its role is surprisingly under-theorized in sustainability transitions research. Pettifor's talk brought in a very relevant topic in an interesting and accessible way, and was a welcome contribution to the conference.