

## Warren Mosler: ongizatea berrasmutzen (aurkezpena Eskoziarentzat)

### Reinventing the Weal

Warren Mosler  
October 19, 2020

([https://docs.google.com/presentation/d/1cHRcK0qj1UE6WFu\\_GBq\\_7SDNJGUXzBtanBo3vLpxREo/edit](https://docs.google.com/presentation/d/1cHRcK0qj1UE6WFu_GBq_7SDNJGUXzBtanBo3vLpxREo/edit))

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#### Government

- Collective action
- Public infrastructure for public purpose
  - The Common Weal

#### Modern Monetary Theory

- The money story begins with a state that desires to provision itself.
- The state imposes tax liabilities payable in its currency which is the tax credit.
- The result is sellers of goods and services seeking the state's currency in exchange.
  - The state then makes its desired purchases.

#### Unemployment

- Unemployment is the evidence that the state has not hired all the unemployed who were made unemployed by the tax liabilities.
- If the state doesn't spend enough to cover the need to pay taxes and the desire to save, the evidence is unemployment.

#### The JG (Job Guarantee)

- Government should either hire the unemployed it created, or...
  - Transition them back to private sector jobs.
  - The private sector doesn't like to hire the unemployed.
- Offering a job to anyone willing and able to work facilitates the transition from unemployment to private sector jobs.

#### A JG Policy Enhances Price Stability

An employed labor buffer stock-  
the Job Guarantee policy-

is a superior price anchor  
than a buffer stock of unemployed!

### **The Story of Pompeii**



### **National Currency Sequence**

- The funds to pay taxes and buy securities come only from the state and its agents.
- Therefore, from inception, ***the state spends first, and only THEN can taxes can be paid*** and state securities purchased.
  - This means solvency and crowding out concerns are inapplicable

### **The Currency is a Public Monopoly**

- Prices the state pays creates the price level
- The state continuously paying higher prices causes prices to continuously increase
  - The policy interest rate is set by the state
- The term structure of prices is a function of the policy interest rate (inflation as defined)

### **The Public Debt**

- Public debt = funds spent that haven't yet been used to pay taxes
- The public debt already is 'the money' so 'paying it back' is inapplicable

### **Scotland's Real Wealth**

- Goods and services produced domestically
  - + Imports
  - - Exports

### **Trade**

- Exports are real economic costs
- Imports are real economic benefits
- Imports minus exports are the real terms of trade.

### **Currency Options- Sterling**

- Scotland must get sterling first through taxes or borrowing before it can spend
  - Scotland's net sterling financial assets (net savings) come from net imports
    - Market forces severely limit deficit spending
- Market forces can impose severe austerity- high unemployment- until wages are low enough to achieve sufficient exports

### **Currency Options- Floating Exchange Rate**

- Scotland spends first, then taxes are paid
- The private sector's net financial assets are created by Scotland's deficit spending
- Full employment- critical to optimal real wealth- can always be continuously sustained

### **Introducing the Kilt**

- Convert sterling tax liabilities to kilt 1:1
- Convert state employee pay to kilt 1:1
  - The deed is done.
- There is an immediate shortage of kilt
  - The kilt is a public monopoly
- Kilt to pay taxes comes only from the new CBS (Central Bank of Scotland) or its agents

### **What Does NOT Change**

- Sterling bank deposits are not converted
  - Sterling debt is not redenominated
- Non government private contracts are not required to be converted to kilts

### **The New CBS (Central Bank of Scotland)**

- The new CBS is a public bank
- There is no capital requirement
  - There are only kilt accounts
- Officers are appointed by Parliament
- Private banks have CBS clearing accounts
- State agencies and foreign central banks may have CBS clearing accounts

### **Functions of the CBS**

- Process government and member bank payments and receipts
  - Provide unlimited kilt deposit insurance
  - Provide unlimited kilt bank liquidity
  - Regulate and supervise member banks
  - Maintain a permanent 0% policy rate  
(no interest payments on the public debt)

### **Monetary Policy**

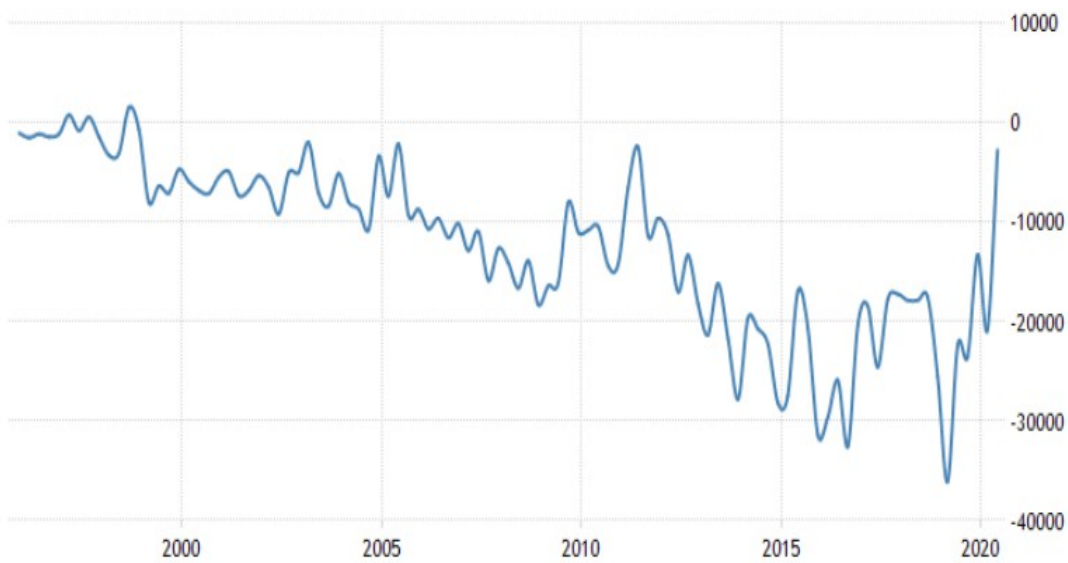
- CBS accounts are non interest bearing
- Net government spending remains in member bank CBS accounts (no government securities)
  - Unsecured overdrafts replace interbank lending

### **Fiscal Policy**

- CBS funded Job Guarantee
- Fully funded public services

## United Kingdom Current Account 1946-2020 Data | 2021-2022 Forecast | Calendar

Summary Calendar Forecast Stats Download Alerts



SOURCE: TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

## British Pound 1957-2020 Data | 2021-2022 Forecast | Quote | Chart | Historical

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### Footnotes

- 'Narrow' banking regulations
- Direct public the production of public infrastructure to high unemployment regions
- Strategic buffer stock policies
  - Tax policy
  - Trade policy
  - Efficiency

### Gehigarria:

Gogoratu ondoko hau: [Zer dago 'kilt'-aren azpian? What is under the 'kilt'?](#)