

Extracts from *The Public Interest Economy* By Bronwyn Kelly

This document contains two extracts from:

The Public Interest Economy: the path to wellbeing, security and sustainable consumption in a democratised Australian economy.

by ACFP's Founder, Bronwyn Kelly. The extracts provide the full wording from the following sections of the book:

- **Key takeaways from *The Public Interest Economy*; and**
- **Appendix 1 – Opposing approaches to economic management in Australia.**

From January 2026, listen to the audio version of *The Public Interest Economy* on the Australia Together Podcast or on Substack at bronwynkelly.substack.com

Visit <https://www.austcfp.com.au/publications> for the full publication of *The Public Interest Economy*. <https://austcfp.com.au/publications#public-interest-economy>



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The Public Interest Economy: the path to wellbeing, security and sustainable consumption in a democratised Australian economy

By Bronwyn Kelly

Key takeaways from *The Public Interest Economy*

The Public Interest Economy is a response to the disaster that is neoliberalism. It substantiates the case for reversing all the impetus of neoliberalism towards excessive consumption, inequality, poverty, imposed unemployment, low wage growth, environmental and ecological decimation, and exclusion from influence in democracy.

The following tables listing key takeaways from *The Public Interest Economy* are offered as an indication of the new directions Australians can take to reorient their economy onto a path of wellbeing, security and sustainable consumption.

- Table 1 – Key takeaways for macroeconomic policy and governance reform
- Table 2 – Key takeaways to democratised the Australian economy
- Table 3 – Key takeaways on changes necessary in Australia's economic composition

The assertion, based on the evidence, is that neoliberalism isn't working – so we must do the opposite.

Table 1 – Key takeaways for macroeconomic policy and governance reform

Table 1 Key takeaways from <i>The Public Interest Economy</i> in macroeconomic policy and governance	
The arrangement of the Australian economy and policy in 2025	The optimal arrangement of the Australian economy and policy
<ul style="list-style-type: none"> • Monetary policy favours sacrificing our jobs to get inflation down. 	<ul style="list-style-type: none"> • Switch to use of functional finance which uses fiscal and monetary policies in integration so as to eliminate both inflation and unemployment. <i>See Box 1A for functional finance rules.</i>
<ul style="list-style-type: none"> • Neither the reserve bank nor the government takes responsibility for achieving full employment. 	<ul style="list-style-type: none"> • Restore full employment to the top of the priority list for both the reserve bank and the Treasurer. • Amend the Reserve Bank Act to delete price stability from its core objectives. • Repeal the Charter of Budget Honesty Act.
<ul style="list-style-type: none"> • Monetary policy in the hands of the RBA attempts to achieve inflation in a band of 2-3%. Mostly the bank fails to hit this target and it causes huge pain in the process. 	<ul style="list-style-type: none"> • Replace the target inflation rate band of 2-3% with a target interest rate (cash rate) band of 2-3% so as to encourage investment in productive businesses. • Abandon the use of interest rates for inflation control.
<ul style="list-style-type: none"> • The RBA insists on confining monetary policy to interest rate adjustments, which impacts the least well off disproportionately. 	<ul style="list-style-type: none"> • Switch to using tax to manage inflation and thereby reduce impacts on the least well off and

Table 1 Key takeaways from <i>The Public Interest Economy</i> in macroeconomic policy and governance	
The arrangement of the Australian economy and policy in 2025	The optimal arrangement of the Australian economy and policy
	spread the burden of economic and price stabilisation fairly across the whole population. <ul style="list-style-type: none"> • Select taxes which prevent inflation by preventing excessive consumption.
<ul style="list-style-type: none"> • Mainstream, neoclassical economic policy denies the reality of the way money works with a fiat currency issuing government. 	<ul style="list-style-type: none"> • Switch to open acknowledgement of the way money really works in an economy where the government issues money by fiat. • Liberate the nation from any further worry about money. • Liberate the nation from any further worry about public debt, recognising that public debt keeps the economy going and can be repaid by use of Rule 3 in functional finance if necessary. • Caution: switch to greater control of private debt and especially switch to limitation of private debt for speculative and non-productive investments.
<ul style="list-style-type: none"> • Parties of government favour “fiscal sustainability” and “budget sustainability” and resort to imposing austerity at will, regardless of how it unnecessarily imposes poverty and causes harsh cost of living impacts. 	<ul style="list-style-type: none"> • Switch into a full reversal of neoclassical economic thinking. Loudly and proudly cast out neoliberalism and enjoy the liberation from financial worries that is available due to Australia’s choice to become a fiat currency issuing government. • Switch from austerity to wellbeing. • Permanently rule out austerity and arrange for steady and continuous increases in public spending.
<ul style="list-style-type: none"> • Tax is arranged unfairly and is not designed to prevent excessive consumption of scarce resources. 	<ul style="list-style-type: none"> • Switch to a new system for selecting taxes. Use fairness and reduction of excessive consumption as the decision criteria. (Refer to the National Accord on Wealth, Welfare and Wellbeing in Table 2 below.)
<ul style="list-style-type: none"> • Economic governance is split between the reserve bank and the government, with the government ceding almost all power to the bank and thereby eliminating democracy in economic decisions. 	<ul style="list-style-type: none"> • Preferably eliminate the independence of the reserve bank or at least subordinate the monetary policy functions of the bank to the fiscal policies of the government. • Place Treasury as the leader on delivery of an integrated fiscal and monetary policy framework. • <i>See Box 1B below for a description of the most effective macroeconomic governance arrangement.</i>
<ul style="list-style-type: none"> • Fiscal and monetary policy are disintegrated. • Monetary policy is implemented in the service of a financialised and extractive (non-productive) economy instead of a well-balanced economy which encourages investment in real production and also fairly rewards those who rely on income from their savings. 	<ul style="list-style-type: none"> • Switch to acknowledging the need to use functional finance effectively by: <ul style="list-style-type: none"> ○ integrating fiscal and monetary policy decisions and then ○ augmenting that with National IP&R (see <i>Table 2 below</i>).

Table 1 Key takeaways from <i>The Public Interest Economy</i> in macroeconomic policy and governance	
The arrangement of the Australian economy and policy in 2025	The optimal arrangement of the Australian economy and policy
	<ul style="list-style-type: none"> Acknowledge that in an age of resource constraints, effective functional finance is essential.
<ul style="list-style-type: none"> Economic policy is reactive to external crises. 	<ul style="list-style-type: none"> Switch to a greater use of diplomacy and international cooperation to reduce global disruptions. Restore and expand Australia's diplomacy capacity. Switch to an economic composition that will enable ordinary Australians to withstand the effects of global shocks. <i>See Table 3 below.</i>
<ul style="list-style-type: none"> Tax policy subsidises global warming. 	<ul style="list-style-type: none"> Switch to an integrated tax policy that establishes sustainable consumption.
<ul style="list-style-type: none"> Fiscal policy operates on the assumption that money is limited. Based on this misapprehension the government arranges public spending in a manner that discourages participation in the economy. 	<ul style="list-style-type: none"> Prioritise all strategies that will encourage participation in the economy through employment and education. Switch to an understanding of the importance of spending as much public money as possible, within the limits of human and natural resources, to provide for the welfare (income security) and wellbeing of all Australians. Recognise that income security is essential to economic participation; it is the prerequisite for participation in the economy, not the result of participation. Recognise that a universal basic income is essential to full employment and maximised economic participation because it creates access to the benefits of the economy.

Box 1A: The rules of functional finance

Functional finance is the most effective means by which money can be deployed in the total economy for the purpose of the safety of Australians. These rules of functional finance are very simple:

- Rule 1 – prescribes the adjustment of total spending (by everybody in the economy, including the government) in order to eliminate both unemployment and inflation, using government spending when total spending is too low and taxation when total spending is too high.
- Rule 2 – prescribes the adjustment of public holdings of money and of government bonds, by government borrowing or debt repayment, in order to achieve the rate of interest which results in the most desirable level of investment.
- Rule 3 – prescribes the printing, hoarding or destruction of money as needed for carrying out the first two parts of the program.¹

¹ Abba P. Lerner, Roosevelt College, [Functional Finance and the Federal Debt](#), Social Research, February 1943, reprinted in 1955 by the American Economic Association.

Box 1B: The most effective macroeconomic governance arrangement using functional finance

The most effective application of functional finance in Australia's economic governance arrangements would be to:

1. give the Treasury full use and control of Rule 1 to achieve full employment and thereby manage inflation; and
2. oblige the Treasury and the RBA to act in a fully integrated economic governance system in applying Rules 2 and 3, with the provisos that
 - none of the rules can be used in such a way as to permit austerity (ever), and
 - decisions on monetary policy, including cash rates, be driven not by reference to a target inflation band but by the need to achieve the rate of interest which results in the most desirable level of investment within the whole economy.

The most desirable level of investment within the economy will be the level that results in full employment. Full employment is in this arrangement more likely to equate to an unemployment rate of between 0.5% and 1%, as pertained in the post-war boom period. It will not equate to the reserve bank's preferred NAIRU which is usually above 4%.

Table 2 – Key takeaways to democratise the Australian economy

Table 2 Key takeaways from <i>The Public Interest Economy</i> in democratising the economy	
The arrangement of the Australian economy and policy in 2025	The optimal arrangement of the Australian economy and policy
<ul style="list-style-type: none"> No principles have been established or used for economic decision making, which means unfairness in decisions is now so rampant that inequality is growing. 	<ul style="list-style-type: none"> Switch to a first principles approach to economic decision making – based on fairness and inclusion in decision processes and long term integrated planning for the economy. Introduce a National Accord on Wealth, Welfare and Wellbeing to: <ul style="list-style-type: none"> ○ guide governments and parliaments as to what will be fair and unfair in decisions about the economy, and ○ create a basis for the inclusion of Australians in economic decision making. <i>See Chapter 3 and Chapter 6, Pillar No. 3.</i>
<ul style="list-style-type: none"> Federal government budgets are prepared without regard to the real needs and wants of Australians. Their short term timeframes disregard future generations and hide liabilities for climate change which is exposing Australians and their home country to extraordinary risk. Australia's exposure to poverty in the future is now extreme. 	<ul style="list-style-type: none"> Switch to long term, integrated planning based on using National Integrated Planning & Reporting – National IP&R – to ensure order and inclusion of Australians in the planning process. Develop these long term, integrated plans by collaboration and use these plans to drive government budgets.
<ul style="list-style-type: none"> Federal budgets cramp spending on wellbeing in favour of excessive consumption of scarce resources (eg., by subsidising fossil fuels). 	<ul style="list-style-type: none"> Switch to community engagement in National IP&R to select public spending priorities and timing.
<ul style="list-style-type: none"> Governments use elitist and exclusionary processes to design taxes and this bakes in unfairness and excessive consumption of scarce resources. 	<ul style="list-style-type: none"> Switch to community engagement processes using National IP&R for selection of the fairest taxes and those that will ensure sustainable consumption patterns. Switch to searching for a composition in the tax base that will be the most effective in stabilising prices (because it prevents excessive consumption). Conduct these searches by facilitating conversations in National IP&R.

Table 2 Key takeaways from <i>The Public Interest Economy</i> in democratising the economy	
The arrangement of the Australian economy and policy in 2025	The optimal arrangement of the Australian economy and policy
	<ul style="list-style-type: none"> Establish the Australian Public Interest Collaboration to design tax reforms in tandem with a community-led design process for a universal basic income.
<ul style="list-style-type: none"> Governments default to systems in their spending on welfare and wellbeing that exacerbate income insecurity. 	<ul style="list-style-type: none"> Switch to systems which provide a firm foundation for personal income security. Collaboratively design a universal basic income, setting it at or above the poverty line.
<ul style="list-style-type: none"> Welfare is applied in a discriminatory system, which underpins political inequality. 	<ul style="list-style-type: none"> Switch to a system of universal, unconditional welfare in the form of a universal basic income to build a basis for democratic equality, where everyone is acknowledged to be of equal worth to society and political influence is equalised.
<ul style="list-style-type: none"> Governments prefer targeted welfare and reduction of it (austerity) whenever they feel they can't afford it, regardless of the inequality, discrimination and loss of wellbeing it causes. Governments run the welfare system down wherever possible. 	<ul style="list-style-type: none"> Switch to full endorsement of universal, unconditional welfare. Reject austerity at all times. Focus on making sure that everyone can afford life's essentials in all circumstances.
<ul style="list-style-type: none"> Governments have two separate processes for administering welfare and tax, which prevents them from balancing the economy in the most sustainable composition and from increasing productivity. 	<ul style="list-style-type: none"> Establish a national community engagement process for collaborative of design of a universal basic income – UBI – integrated with a selection of new taxes for the comprehensive control of inflation (by preventing it as well as correcting it) and the simultaneous elimination of unemployment. <i>See Chapter 5.</i>
<ul style="list-style-type: none"> Governments refuse to plan for the longer term and provide corporations and their lobbyists with inordinate power. They disable democracy. 	<ul style="list-style-type: none"> Establish and fully fund an Independent Commission for National Democratic Engagement and Integrated Planning. <i>See Chapter 6, Pillar No. 4.</i>
<ul style="list-style-type: none"> Governments favour corporate lobbyists' entry to parliament with free passes. 	<ul style="list-style-type: none"> Give everyone an <i>entre</i> to parliament as democratic equals by enabling them to plan collaboratively for Australia's economic future and fairness.
<ul style="list-style-type: none"> Governments prefer closed door and exclusive processes for the design of economic policy, taxation, public-private partnerships, and productivity initiatives. 	<ul style="list-style-type: none"> Create the Australian Public Interest Collaboration to open the doors of parliament and build a social new deal between Australians and the government for our economic and financial security, integrating: <ul style="list-style-type: none"> the design process for the UBI, selection of a new sustainable taxation mix; and introduction of a new basis for expansion of economic participation by reintroduction of fee-free tertiary education. <i>See Chapter 6, Pillar No. 6.</i>

Table 3 – Key takeaways on changes necessary in Australia’s economic composition

Table 3 Key takeaways from <i>The Public Interest Economy</i> in economic composition	
The arrangement of the Australian economy and policy in 2025	The optimal arrangement of the Australian economy and policy
<ul style="list-style-type: none"> The preferred economic composition is a private sector economy. 	<ul style="list-style-type: none"> Switch to a public interest economy combining universal, unconditional welfare with universal wellbeing services. Build a big public sector with all necessary capacity to deliver services and infrastructure directly and in partnership with the non-profit parts of the private sector. Eliminate for-profit participation in essential services delivery.
<ul style="list-style-type: none"> Both parties of government in Australia prefer the private sector to dominate and “drive” the economy. They prefer to cramp the public sector’s capacity to secure welfare and wellbeing. Australia’s Competition Policy is anti-competitive. 	<ul style="list-style-type: none"> Switch back to a bigger public sector as the driver of the economy. Be unapologetic about the failures of neoliberalism and loudly proud of a larger direct commitment by governments to delivery of: <ul style="list-style-type: none"> sufficient welfare for all, equitable access to sufficient wellbeing for all. Revise the National Competition Policy to place the government in the driver’s seat of the economy, working in partnership with Australians. <i>See Chapter 6, Pillar No. 2.</i>
<ul style="list-style-type: none"> The economic composition has been designed in an attempt to deliver public value by privatisation of natural monopolies and essential human services. This has resulted in inefficient resource distribution. 	<ul style="list-style-type: none"> Switch to an economy that can deliver public value because it has been designed so as to ensure sustainable renewal of the available resources and efficient distribution of scarce resources.
<ul style="list-style-type: none"> The Australian economy is supplier-driven, which embeds unsustainable patterns of consumption and unfairness in access to the essentials of life. 	<ul style="list-style-type: none"> Switch to using the principles of fairness to replace the excessive consumption of the market-based, supplier-driven economy with the sustainable consumption of a demand-driven, wellbeing economy.
<ul style="list-style-type: none"> The Australian economy is too heavily dependent on unsustainable forms of production, including fossil fuel extraction and use, and weapons manufacturing. 	<ul style="list-style-type: none"> Switch the composition of the economy towards a greater proportion of non-inflationary production (that is, production for wellbeing), understanding that a greater proportion of non-inflationary production will enable resource renewal at sustainable rates because it consumes less scarce resources. Abandon dependence on fossil fuels. Eliminate gas exports and weapons exports.
<ul style="list-style-type: none"> Due to the progressive reduction of access to education the Australian economy is composed to prevent the renewal of (and possibly destroy) its human resource base. 	<ul style="list-style-type: none"> Switch to fee-free tertiary education for anyone who wants it in any course they demand and pull all barriers to education down by introducing a universal basic income – UBI.
<ul style="list-style-type: none"> The economy is structured to reduce access to essential services. 	<ul style="list-style-type: none"> Switch to equality of access to essential services – universal services security.

Table 3 Key takeaways from <i>The Public Interest Economy</i> in economic composition	
The arrangement of the Australian economy and policy in 2025	The optimal arrangement of the Australian economy and policy
	<ul style="list-style-type: none"> • Pull down all barriers to services essential for wellbeing, including by introducing a UBI at or above the poverty level for everyone for life (unconditional, no questions asked).
<ul style="list-style-type: none"> • The health sector is structured to discriminate against the less well off. • Finance for the health sector is insufficient due to the introduction of private health insurance and the service inefficiencies that have arisen because of the split system of insurance. 	<ul style="list-style-type: none"> • Disband private health insurance and create a single government run insurance scheme for health.
<ul style="list-style-type: none"> • The education sector is structured to produce graduates in industries which are not necessarily sustainable and do not offer safety, wellbeing and life satisfaction for Australians. 	<ul style="list-style-type: none"> • Switch to prioritising full employment in all necessary foundational wellbeing industries of the economy before helping the private sector, recognising that if we want full employment with stable prices the only way to achieve it is to fill all the jobs necessary for wellbeing first – before assistance is offered to the private sector. • Establish a National Wellbeing Industries Full Employment Plan.
<ul style="list-style-type: none"> • The Job Ready Graduates policy and student debt are favoured, despite their negative impact on productivity and wellbeing. 	<ul style="list-style-type: none"> • Abolish the Job Ready Graduates package and replace it with a fully funded and fee-free tertiary education sector.
<ul style="list-style-type: none"> • Universities are run on corporatised models. 	<ul style="list-style-type: none"> • Switch to a governance model for universities which prioritises teaching first and then research for the public good (not corporate profit). • Fully abandon corporate models for university governance and return education to a function for the public good. • Fully restore the teaching capacity of universities.
<ul style="list-style-type: none"> • No arrangements are in place in Australia for selection and planning of economic transitions. 	<ul style="list-style-type: none"> • Establish a National Economic Transitions Commission. • Develop a National Sustainability Industries Index to aid in selection of a well-balanced composition of sustainable industries. • <i>See Chapter 6, Pillar No. 5.</i>
<ul style="list-style-type: none"> • There is no coordinated funding program to achieve the United Nations Sustainable Development Goals (UNSDGs). 	<ul style="list-style-type: none"> • Establish and fully fund a coordinated program to achieve the UNSDGs by 2030.

Lists of these and other key takeaways from *The Public Interest Economy* are accessible at <https://austcfp.com.au/publications#public-interest-economy>

Appendix 1 – Opposing approaches to economic management in Australia

The Public Interest Economy asks Australians and their governments to think in an entirely new way about economics – a way that runs directly counter to all the economic instincts we have developed under neoliberalism. It calls on governments to shuffle off their neoliberal mindsets and false neoclassical economic theories which are harmful to all Australians and the ecosystems on which they depend.

The following tables are provided to build an understanding of the difference between the neoliberal and neoclassical economic belief system (Camp 1) and the economic beliefs of the alternative schools that have emerged through post-Keynesianism, modern monetary theory (MMT) and functional finance (Camp 2).

The two camps are diametrically opposed. Camp 1 will not make us safe. Camp 2 can make Australians safe if the theories are competently applied.

Camp 1 theories cannot result in a public interest economy. This is why the main recommendation of *The Public Interest Economy* is that Australia should adopt an economic policy orientation that is the direct opposite of neoliberal and neoclassical economics.

- Table 4 – shows the beliefs of the opposing camps in economics.
- Table 5 – shows the prevailing economic policy orientation under neoliberalism in Australia and the alternative policy orientation necessary for a public interest economy.
- Table 6 – shows the current mindsets predominant in governments in Australia and the mindsets needed for a public interest economy.

Table 4 – Beliefs of opposing camps in economics

Table 4 Beliefs of opposing camps in economics	
Camp 1 – Neoliberal and neoclassical economics	Camp 2 – Post Keynesian schools of modern monetary theory (MMT) and functional finance
<ul style="list-style-type: none">• Money is a physically limited and scarce commodity.	<ul style="list-style-type: none">• Money is not a limited or scarce commodity if a sovereign government can create it by fiat (which Australia's government does).• Money is not limited by reference to a physical resource such as gold. Australia's currency is not tied to the gold standard or any other fixed and limited quantity.
<ul style="list-style-type: none">• Access to money is originated through work.	<ul style="list-style-type: none">• Money originates from the government's creation of it and from the permission they give to banks to lend new money into the economy.• Money is created by entries in the reserve banks ledgers and where the government licences private banks to issue credit by entries in their ledgers. In all instances, money in a fiat currency economy is created by the stroke of a pen or the tapping of a keyboard.

Table 4 Beliefs of opposing camps in economics	
Camp 1 – Neoliberal and neoclassical economics	Camp 2 – Post Keynesian schools of modern monetary theory (MMT) and functional finance
<ul style="list-style-type: none"> If we spend more than we earn, either as an individual, a family, or as a nation, we will be ruined by debt. 	<ul style="list-style-type: none"> Individuals and private entities can be ruined by debt because they cannot create currency to pay their debts. Governments can always pay their debts by creating currency. Fiat currency issuing governments cannot go broke.
<ul style="list-style-type: none"> A government must tax or borrow before it can spend. 	<ul style="list-style-type: none"> A government needs to spend before it can tax. Nor need a government borrow in order to spend. A government may choose to offer bonds to banks and financial institutions that may wish to save with the government (because it is the safest place to put money – a government can and will always give them their money back). But this is not borrowing and no bonds need be issued in order to fund government spending.
<ul style="list-style-type: none"> The purpose of tax is to fund government spending. 	<ul style="list-style-type: none"> Tax is not needed to fund government spending. The primary purpose of tax is to control inflation. A secondary purpose of tax is to discourage over-consumption of scarce resources, and still another is to prevent or correct the market failures to which the private sector is inherently inclined by its taste for monopolisation or its distaste for competition. Tax is one of the tools the government can use to help it prevent the price increases that arise from the private sector's instinctive anti-competitive behaviours.
<ul style="list-style-type: none"> Monetary policy – that is, interest rate (cash rate) adjustments – controls inflation. 	<ul style="list-style-type: none"> Fiscal policy – that is, government spending and taxing – controls inflation.
<ul style="list-style-type: none"> Access to services essential for wellbeing is limited by the finance available to governments. 	<ul style="list-style-type: none"> Where a government issues money by fiat, access to services essential for wellbeing is not limited by finance. It is only limited by the availability of human and natural resources.
<ul style="list-style-type: none"> A government that wants to spend more must tax more. 	<ul style="list-style-type: none"> The more governments spend on non-inflationary industries, the less they will need to tax. There is an inverse relationship between public spending and taxing – a government can tax less if it spends more, as long as it spends on non-inflationary industries of wellbeing.

Table 5 – Australian governments’ preferred approach to economic management versus the approach needed for a public interest economy

Table 5 Australian governments’ preferred approach to economic management versus the approach needed for a public interest economy	
Australian government policy preference	Policy orientations necessary to counter neoliberalism and establish a public interest economy
<ul style="list-style-type: none"> Fiscal sustainability – that is, fiscal restraint, austerity, and prioritising repayment of debt. 	<p>Governments should recognise that:</p> <ul style="list-style-type: none"> Government debt is the means of our wellbeing. Fiscal restraint increases the cost of services for wellbeing (it inflates the prices of essentials by creating a scarcity in their supply). Austerity bakes in loss of wellbeing and causes a growth in inequality. Prioritising repayment of debt over spending on wellbeing bakes in losses of wellbeing. (If a government wants to repay debt, it can use Rule 3 of functional finance without detracting from necessary spending on wellbeing. <i>See Chapter 2, Prioritising functional finance.</i>) Fiscal sustainability is highly inadvisable from both an economic and wellbeing point of view and should be abandoned as a preferred policy. Governments should spend as much as they can within the limits of human resources on services for wellbeing.
<ul style="list-style-type: none"> Budget sustainability – that is, balanced federal budgets. A government is as constrained as a household and must balance its budgets. Governments must live within their limited means. 	<p>Governments should recognise that:</p> <ul style="list-style-type: none"> A government can always balance its budget (if it wants to) by various means, but it does not <i>need</i> to balance its budgets for purposes of managing the economy. Federal budget balancing is unnecessary for economic sustainability and can be positively harmful to the economy, especially if it involves austerity. More often than not, deficits will be the required budget result for a thriving economy. An economy grows with government deficits; it contracts with government surpluses. A fiat currency issuing government is not constrained like a household. It is only constrained by the limitations of human and natural resources. Governments do not suffer under limited financial means. There are no financial constraints on a fiat currency issuing government. They can issue as much money as they like as long as they control total spending in the public and private sectors by taxing.
<ul style="list-style-type: none"> Government budget deficits should be avoided. 	<ul style="list-style-type: none"> Government budget deficits represent increased spending power for people. A government’s loss (deficit) is everyone else’s gain.

Table 5 Australian governments' preferred approach to economic management versus the approach needed for a public interest economy	
Australian government policy preference	Policy orientations necessary to counter neoliberalism and establish a public interest economy
	<ul style="list-style-type: none"> • "Deficit spending actually works."²
<ul style="list-style-type: none"> • Government debt should be avoided and debt repayment should be prioritised (on the assumption that fiscal sustainability requires low government debt). 	<ul style="list-style-type: none"> • Government debt if denominated in Australian dollars is highly advisable. • Priority should not be given to reducing government debt. Government debt can be retired, if necessary, by the use of Rule 3 in functional finance. • Private debt should be more tightly controlled; high private debt (relative to GDP) presents a significant economic risk.
<ul style="list-style-type: none"> • Interest rate rises – monetary policy – should be used to control inflation, regardless of whether they increase unemployment and cost of living pressures. 	<ul style="list-style-type: none"> • Interest rate rises increase the cost of living; they do not reduce it. • Taxation should be used to control inflation so that unemployment is eliminated and cost of living pressures are controlled at the same time. • Monetary policy should be abandoned as a primary tool of economic management and replaced with functional finance. • If monetary policy is prioritised, the only winners are the banks.
<ul style="list-style-type: none"> • Unemployment is necessary to control inflation. 	<ul style="list-style-type: none"> • Unemployment is not necessary to control inflation; taxation is necessary to control inflation.
<ul style="list-style-type: none"> • There is a "non-accelerating inflation rate of unemployment" – NAIRU – which is likely to be above 4%. • High employment causes inflation. 	<ul style="list-style-type: none"> • Full employment at 0.5%-1% can be achieved without causing inflation if effective functional finance is applied and all necessary jobs in non-inflationary wellbeing industries are filled before jobs in other sectors. • High or full employment doesn't cause inflation. Inflation is caused by an imbalance between demand and supply, an imbalance which any government can manage by using taxation.
<ul style="list-style-type: none"> • Priority is given to restoring productivity growth (on the assumption that it is necessary for wage growth). • The preference is to build a "job ready" workforce – the workforce that for-profit businesses want, regardless of the sustainability of the business. 	<ul style="list-style-type: none"> • Productivity growth is not a high priority for policy development, since businesses don't pass on productivity gains in wage rises if they can avoid it. • If productivity growth is desired, it should emerge through policies which facilitate entry to education for employment of choice and through the abandonment of the Job Ready Graduates policy. • People who work in jobs that make them happy increase productivity. • If productivity is prioritised, the appropriate strategy should be one of low interest rates (the RBA cash rate should be kept in a band of 2-3%)

² Abba P. Lerner, Roosevelt College, [Functional Finance and the Federal Debt](#), Social Research, February 1943, reprinted in 1955 by the American Economic Association.

Table 5 Australian governments' preferred approach to economic management versus the approach needed for a public interest economy	
Australian government policy preference	Policy orientations necessary to counter neoliberalism and establish a public interest economy
	and policies which direct finance to sustainable industries, not to the unsustainable industries that offer little in the way of employment. Use Rule 2 of functional finance. <i>See Chapter 2.</i>

Table 6 – Beliefs of Australian governments versus the mindset needed for a public interest economy

Table 6 Beliefs of Australian governments versus the mindset needed for a public interest economy	
Australian government beliefs	Mindsets needed for a public interest economy
<ul style="list-style-type: none"> • Governments “can’t fund every good idea.”³ • Governments can only do what they can afford. • The public interest can’t be defined. 	<ul style="list-style-type: none"> • Governments can fund every good idea. • Anything we can actually do we can afford. • The public interest has been defined in the international covenants on human rights to which Australia is a signatory.
<ul style="list-style-type: none"> • The public interest can’t be financed. 	<ul style="list-style-type: none"> • There are no limits on a fiat currency issuing government’s ability to finance the public interest. As long as we can actually do it, we can afford it and it can be financed. • Nor will financing of services essential for wellbeing cause inflation because wellbeing services tend strongly to be non-inflationary.
<ul style="list-style-type: none"> • An economy is the sum of all our incomes (the sum of GDP). 	<ul style="list-style-type: none"> • An economy should be the sum of all our wellbeing, as measured by a comprehensive, evidenced based wellbeing index, such as the <i>Australia Together</i> National Wellbeing Index.
<ul style="list-style-type: none"> • GDP growth is good. 	<ul style="list-style-type: none"> • Growth in wellbeing is good. Growth in GDP is not necessarily good. • There is good growth and bad growth. • There is growth that is sustainable and that sustains us; and there is growth that does not.
<ul style="list-style-type: none"> • “We have a private sector economy.”⁴ 	<ul style="list-style-type: none"> • Australia does not have “a private sector economy.” Almost 60% of the workforce finds employment in the industries of wellbeing, largely run by the public and not-for-profit sectors, not driven by commercial profit. • A wellbeing economy should be the preferred mindset if full employment and low inflation are to be achieved.

³ Jim Chalmers, Australian government media release, Treasury portfolio, “[Release of Economic Inclusion Advisory Committee report](https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/release-economic-inclusion-advisory-committee-report)”, 18 April 2023, <https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/release-economic-inclusion-advisory-committee-report>

⁴ [Anthony Albanese, Radio interview](#) - ABC Radio Brisbane Mornings, 22 February 2024, “We have a private sector economy in Australia and not a command and control economy.”

Table 6 Beliefs of Australian governments versus the mindset needed for a public interest economy	
Australian government beliefs	Mindsets needed for a public interest economy
	<ul style="list-style-type: none"> • Australia should aim for a mixed economy composed primarily of services essential for wellbeing. • The answer to a smoother ride through rough economic cycles and transitions is to build a big, solid, foundational wellbeing sector.
<ul style="list-style-type: none"> • The public sector should “facilitate private sector activity and private sector investment.”⁵ 	<ul style="list-style-type: none"> • The public sector should be a proud and active competitor to the private sector. • It should be acknowledged that the best forms of assistance to the private sector will arise from: <ul style="list-style-type: none"> ○ establishing full employment in industries of wellbeing; and ○ providing a low and stable interest rate environment for business loans by establishing an interest rate target band of 2-3% (to replace the inflation rate target band of 2-3%).
<ul style="list-style-type: none"> • The private sector should “drive the economy”⁶ and the public sector should step back and let markets lead. • “Governments should step in where there is market failure.”⁷ 	<ul style="list-style-type: none"> • The private sector is not geared to support the public interest. It is geared to work against it. • The public sector should prevent market failures and it can if it introduces the appropriate range of taxes, including taxes which reduce unsustainable consumption. • The public sector should be built up to act as a very strong competitor to the private sector in wellbeing industries and in provision of infrastructure for the public good. • Privatisation of essential public services and assets should be regarded as an illegitimate permission for anti-competitive activity by the private sector and should be outlawed. The National Competition Policy should be revised to eliminate certain types of privatisations, especially those that privatise natural monopolies and those that create private monopolies.
<ul style="list-style-type: none"> • A small public sector is a more efficient allocation of capital and the public sector should step back to allow the private sector to “drive” the economy. 	<ul style="list-style-type: none"> • The most effective pressure against the anti-competitive instincts of markets is a big competitive public sector. • Nothing will improve the efficiency of resource allocation more than a big public sector placing competitive pressure on the private sector for access to human and natural resources.

⁵ [Anthony Albanese, Address to the National Press Club](#), 11 June 2025: “It’s the private sector that drives an economy. What the public sector should do is facilitate private sector activity and private sector investment.”

⁶ [Anthony Albanese, Address to the National Press Club](#), 11 June 2025: “It’s the private sector that drives an economy. What the public sector should do is facilitate private sector activity and private sector investment.”

⁷ Anthony Albanese, Interview with David Crowe and Paul Sakaal, [Anthony Albanese exclusive on 'progressive patriotism' and his thumping mandate](#), The Sydney Morning Herald and The Age, You Tube, 15 May 2025.

Table 6 Beliefs of Australian governments versus the mindset needed for a public interest economy	
Australian government beliefs	Mindsets needed for a public interest economy
<ul style="list-style-type: none"> The private sector is more efficient than the public sector. It costs the public less if the private sector delivers essential services and infrastructure. 	<ul style="list-style-type: none"> When competing on a level playing field, the private sector is neither more nor less efficient than the public sector. When acting as a privatised monopoly the private sector will always be less efficient than the public sector. It costs the public more if the private sector attempts to deliver essential services and infrastructure. The private sector's cost of capital is higher than the government's cost of capital.
<ul style="list-style-type: none"> "Markets built in partnership through the efforts of business, labour and government are still the best mechanism we have to efficiently and effectively direct resources."⁸ 	<ul style="list-style-type: none"> Governments should recognise that markets will instinctively try to shape economies so that they distribute resources in entirely <i>inefficient</i> and <i>ineffective</i> patterns. This will apply regardless of whether markets are built in partnership with governments. Markets, whether in partnership with governments or not, will always seek to detract from the public interest. That is the purpose of markets.
<ul style="list-style-type: none"> "Markets are a democratic mechanism."⁹ 	<ul style="list-style-type: none"> Markets are an anti-democratic mechanism. The central objective of markets is to skew benefits towards private interests and away from the public interest. Markets seek to exclude the public from economic decisions.
<ul style="list-style-type: none"> Markets are benign and seek competitive neutrality. Light regulation of markets will result in economic and price equilibrium. 	<ul style="list-style-type: none"> Markets are instinctively anti-competitive. They exist to reduce and defeat competition. Markets must be tightly regulated to prevent private monopolies.
<ul style="list-style-type: none"> Markets can "create public value."¹⁰ 	<ul style="list-style-type: none"> Markets instinctively seek to detract from public value and must do so to maximise profits.
<ul style="list-style-type: none"> Markets will partner with governments to create public value.¹¹ 	<ul style="list-style-type: none"> Markets do not willingly partner with governments. The truth is that governments and markets don't partner; they <i>can't</i>, for the simple reason that that is not what markets do. Governments might hold to an idealised vision that, after centuries of venal profit maximisation, markets

⁸ Jim Chalmers, [Capitalism After the Crises](#), The Monthly, 1 February 2023.

⁹ Anthony Albanese, Interview with David Crowe and Paul Sakaal, [Anthony Albanese exclusive on 'progressive patriotism' and his thumping mandate](#), The Sydney Morning Herald and The Age, You Tube, 15 May 2025.

¹⁰ Jim Chalmers, [Capitalism After the Crises](#), The Monthly, 1 February 2023: "Our success also depends on market design and disclosure to ensure our private markets create public value."

¹¹ Jim Chalmers, [Capitalism After the Crises](#), The Monthly, 1 February 2023: "There's a genuine appetite among so many forward-looking businesspeople and investors for something more aligned with their values, and our national goals. I've seen this for myself in the course of my work, and especially in the Investor Roundtable I've been convening as treasurer, representing trillions of dollars of capital and focused on housing, energy, data and digital, and more. Our success also depends on market design and disclosure to ensure our private markets create public value."

Table 6 Beliefs of Australian governments versus the mindset needed for a public interest economy	
Australian government beliefs	Mindsets needed for a public interest economy
	<p>will be willing to change their spots and suddenly start bending their instincts to create value for the public. But markets are not designed for that purpose. They compete to win. They are a zero sum game player.</p> <ul style="list-style-type: none"> Governments will have a greater chance of building an economy that works for both people and businesses if they partner with communities to design the economy.
<ul style="list-style-type: none"> The private sector is key and central to sustainable growth.¹² 	<ul style="list-style-type: none"> The private sector is central to <i>unsustainable</i> growth. It pursues patterns of consumption in production that do not allow for sustainable resource renewal. If markets are permitted to dominate the economy, then instead of the sort of economy we might aspire to – one that is the sum of all its members' fullest wellbeing – we will have an economy that is merely the sum of our highly unequal and precarious incomes and that is inclined towards a continual distribution of wellbeing that is so unequal that it perniciously locks in decline in the total national income that can be shared by the members of the economy. In that light, a dependence on markets as “key and central” to economic growth is something that needs to stop. It will produce growth that, overall, will harm us instead of growth that sustains us.
<ul style="list-style-type: none"> Measurement of some features of wellbeing is important but measurement of poverty is not. 	<ul style="list-style-type: none"> Poverty should be measured constantly. Poverty in a society is the result of a government's choices and ineptitude. The poor do not choose poverty. Poverty can be eradicated overnight by the introduction of a universal basic income and acceptance of the need for income security through universal, unconditional welfare.
<ul style="list-style-type: none"> Welfare is privilege, not a right. Access to welfare should be conditional. 	<ul style="list-style-type: none"> Welfare is a universal right. Access to welfare should be universal and unconditional.
<ul style="list-style-type: none"> Targeted welfare is fair because it directs payments to those most in need. 	<ul style="list-style-type: none"> Targeted welfare is unfair and discriminatory. It leaves people behind.
<ul style="list-style-type: none"> Welfare and wellbeing, including “health, the NDIS, aged care and early childhood education and care” are “structural pressures on the [federal] budget.”¹³ Jobs in wellbeing are a structural pressure on the budget. 	<ul style="list-style-type: none"> Public expenditures on wellbeing are not a structural pressure on the budget; they are the purpose of the budget. Jobs in wellbeing are not a “structural pressure on the budget.” They are simply the means

¹² Jim Chalmers, [Capitalism After the Crises](#), The Monthly, 1 February 2023.

¹³ Jim Chalmers, [Address to the National Press Club, Canberra – Economic reform in our second term](#), 18 June 2025: “Of the 6 biggest structural pressures on the Budget, 4 are care-related: Health, the NDIS, aged care, and early childhood education and care. And 2 are not: Defence, and interest costs.”

Table 6 Beliefs of Australian governments versus the mindset needed for a public interest economy	
Australian government beliefs	Mindsets needed for a public interest economy
	of ensuring demand for essentials can be met without a price increase.
<ul style="list-style-type: none"> Welfare is a drag on the economy. 	<ul style="list-style-type: none"> Welfare is an irreplaceable source of demand essential in the economy. It props up a huge part of the economy.
<ul style="list-style-type: none"> Universal, unconditional welfare is unaffordable. 	<ul style="list-style-type: none"> Universal, unconditional welfare is easily affordable. Targeted welfare is unaffordable: it aggravates cost pressures for the government by limiting access to essential services which then increases health problems so that costs for remedial human health rise.
<ul style="list-style-type: none"> A UBI is unaffordable. 	<ul style="list-style-type: none"> A UBI is easily affordable if designed in conjunction with an appropriate mix of fair personal income taxes and taxes which discourage unsustainable consumption.
<ul style="list-style-type: none"> "If a UBI replaced the current system, it would actually increase inequality, not decrease it, by substituting an untargeted system for a targeted one."¹⁴ 	<ul style="list-style-type: none"> If a UBI replaced the current system it would actually decrease inequality, not increase it, by substituting a non-discriminatory and fair system for a discriminatory one.
<ul style="list-style-type: none"> People will be encouraged to participate in the economy if they have low welfare payments. 	<ul style="list-style-type: none"> Participation in the economy is enabled by universal welfare, income security and universal services security. Welfare is a fundamental prerequisite to everyone's participation in the economy.
<ul style="list-style-type: none"> An economy where "no-one is held back and no-one is left behind"¹⁵ can arise from austerity and a non-universal, conditional (discriminatory) welfare system. 	<ul style="list-style-type: none"> An economy where "no-one is held back and no-one is left behind" can only arise from universalism. Universal unconditional welfare and equality of access to sufficient services for wellbeing is essential for prevention of poverty and inequality.
<ul style="list-style-type: none"> Australians should have "an economy that works for people, not the other way around."¹⁶ 	<ul style="list-style-type: none"> In a neoliberal economy, people work for the economy, not the other way around. To turn the economy "the other way around," neoclassical economics must be rejected and replaced with the modern economic understanding that is offered in MMT and functional finance.

Further questions may be forwarded to ACFP at info@austcfp.com.au

**If you would like to become involved in building a plan for a better Australia, visit the Australian Community Futures Planning website at www.austcfp.com.au
Everyone is welcome to participate.**

¹⁴ Jim Chalmers as quoted by Gareth Hutchens, [Labor MP ridicules universal basic income push and says it would worsen inequality](#), The Guardian, 25 September 2017.

¹⁵ Anthony Albanese, [No one left behind in Labor blueprint for better future](#), The Australian, 19 January 2022 and Anthony Albanese, [Opening Remarks](#) to the first meeting of his newly elected ministry, 13 May 2025.

¹⁶ Anthony Albanese, [Acceptance speech on winning the 2022 federal election](#), 22 May 2022.