

We've known what money is for more than a century and s..

Published: January 15, 2026, 4:12 am

---

I liked this comment from [John S Warren on the blog](#) yesterday:

*The most elegant, simple and useful short definition of money, and the purpose of banking I have read, was written by Alfred Mitchell-Innes, 'What is money?' (The Banking Law Journal, May 1913).*

*Perhaps it should be sent to Faure and Gersbach; but better, read by the widest public:*

*"Money, then, is credit and nothing but credit. A's money is B's debt to him, and when B pays his debt, A's money disappears. This is the whole theory of money. Debts and credits are perpetually trying to get into touch with one another, so that they may be written off against each other, and it is the business of the banker to bring them together. This is done in two ways: either by discounting bills, or by making loans. The first is the more old-fashioned method and in Europe the bulk of the banking business consists in discounts while in the United States the more usual procedure is by way of loans."*

*What particularly struck me was the emphasis by Mitchell-Innes on 'debits and credits'; it reminded me of Ch.3, Randall Wray, 'Modern Money Theory'. It begins with accountancy; which non-MMT economists simply do not seem to understand.*

Note when this was written.

Note also that most economists are utterly dismissive of accounting.

And note that it is accounting that actually makes money: no printing press is required.

Well, accounting and the fact that the resulting money is accepted in settlement of tax.

And yet we still suffer from the myth that it is the toil of the wealthy (almost singlehandedly) that pays for all we need in society.

And that the government has no money of its own when by a stroke of a key it can

however much it needs to deliver all the economic activity the economy is capable of sustaining.

We have known that for more than a century. And still we suffer from the myths. It's time they were laid to rest.