

The New Statesman: making up stories about modern monet

Published: January 13, 2026, 12:12 am

The [New Statesman](#) published this article last night:

In the article it is said that:

Stephanie Kelton, a former economic adviser to the Democratic US presidential candidate Bernie Sanders, and the maverick UK tax expert Richard Murphy argue that once we reshape our perception of money, many of the supposed constraints on government spending disappear.

There's a problem with that claim. As O'Brien also notes:

Murphy explains: "A common misconception is that it's about flooding the economy with money — and that's just not true." Those who are committed to MMT are also committed to using taxation to curb inflation.

And I patiently explained that this would only happen if the government overspent and tried to buy resources that were not available within the economy - when making it very clear as a result that there were, of course, limits to state spending but that they were to be found in the real economy, and not the made up one where there is apparently a 'maxed out credit card' as politicians of left and right are both inclined to claim. Full employment, I suggested, was such a limit.

So why did O'Brien suggest something that was contrary to what she had been told? Presumably to appease Labour's economics team, of which she said:

Labour's economic team has, unsurprisingly, distanced itself from the concept.

Before noting:

Though Jeremy Corbyn initially promoted a programme of "people's quantitative easing" evocative of MMT, the shadow chancellor, John McDonnell, has since shifted

focus to policies aimed at “democratising” the economy through public ownership and regulation, and reducing the UK’s huge wealth inequality.

Or, in other words, Corbyn abandoned the MMT principles on which he was originally elected party leader.

But what the heck, I'm apparently the maverick even though I have stuck to the pragmatic principles in MMT, come what may, and will continue to do so.

I just wish journalists and others would stop presenting what is a completely reasonable explanation of what actually happens in the economy as if it were a myth. On the other hand, I should also recall that such ridicule is what always happens in the moments before a revolution in thinking takes place. And that is going to happen on this issue. The core of MMT is here to stay.