

Modern Monetary Theory and the Changing Role of Tax in ..

Published: January 13, 2026, 10:41 am

I have a new [peer-reviewed journal paper](#) out this morning on a theme many on this blog might be interested in. Co-authored with Prof Andrew Baker of the University of Sheffield, the paper is entitled:

Modern Monetary Theory and the Changing Role of Tax in Society

The abstract is as follows:

Tax is traditionally viewed as the main funding mechanism for government spending. Consequently, social policy is often seen as something determined and constrained by tax revenue. Modern Monetary Theory ('MMT') presents a reversal of the tax-spend cycle, by identifying a spend-tax cycle. Using the UK as an example, we highlight that one of MMT's most important, but under-explored, contributions is its potential to re-frame the role of tax from both a macroeconomic and social policy perspective. We use insights on the money removal, or cancellation function of taxes, derived from MMT, to demonstrate how this also creates possibilities for using tax to achieve social objectives such as mitigating income and wealth inequality, increasing access to housing, or funding a Green New Deal. For social policy researchers the challenge arising is to use these insights to re-engineer tax systems and redesign social tax expenditures (STEs) for creative social policy purposes.

The paper is open source and so can be read free-of-charge.