

The Rightâ€™s objection to MMT is that it empowers...

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I was amused by the honesty of an [an article](#) by Julian Jessop, the head of economics at the Institute of Economic Affairs, that came out on CapX yesterday, having previously been in The Telegraph. He berated modern monetary theory (MMT) despite saying:

To be fair, MMT has a respectable academic pedigree, helpfully summarised [here](#), which some trace all the way back to Keynes himself. It has several prominent advocates, notably Professor Stephanie Kelton, author of [The Deficit Myth](#) and an advisor to the Democrats in the US.

In particular, MMT appears to offer a credible alternative to conventional thinking on the importance of balancing the government's books. The global economic slump and the explosion of debt and money printing during the pandemic have added to its popular appeal. But I remain a sceptic.

So why his disquiet, given that he could find nothing technically (it seemed) to argue with in MMT? Try this:

MMT also comes with a lot of unhelpful baggage. If MMTers had their way, central banks would lose what independence they have, risking higher inflation and a complete loss of fiscal discipline. It is also unclear what people working on government-guaranteed jobs would actually be doing, or what would happen when they move on.

So we can't have MMT because we have to either preserve the pretence of central bank independence - when central banks have only been involved in money creation for more than a decade now and have no inflation left to tackle - or because right wing think tanks cannot think of a single job worth doing in the economy.

Or alternatively, and better still, try this:

Above all, MMT is being used to support a "big state" agenda. It would mean that the government plays a much larger role in the economy, for good or ill, and in good times as well as bad.

So actually, the only objection is political. So much for positive economics.

And finally note this:

Higher public spending would also still mean higher taxes, even if the rationale is to prevent overheating rather than balance the books.

Only at full employment Julian, and then only if there is overshoot. It's a remote risk right now. But the right wing would rather have unemployment instead.

And those reasons are, apparently, why they don't want to face the policy implications of MMT. It's pretty pathetic really, to be candid. Except for the fact that the result is that we will have more unemployment than is needed as a result. And a pale imitation of a Green New Deal. And all because the right cannot get over its fixation about the size of the state.