

## MMT and the EU: a case for capturing the prevailing nar...

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I have been [asked in a comment](#) on the blog:

*How do you reconcile your advocacy of MMT, and opposition to economic austerity, with support of a very pro austerity organisation like the EU?*

*As far as I can make out all leading MMT economists are hostile to the neoliberalism/ordoliberalism which is hardwired into the EU Treaties and would advise Britain to put as much administrative distance between us and the EU as possible. The so-called Stability and Growth Pact and even worse Fiscal Compact have been responsible for creating the conditions that have led to the widespread disillusionment with the EU both in the UK and elsewhere.*

To which my answer is, easily.

First, there aren't that many leading advocates of MMT who live in the EU, I would suggest. In the USA and Australia, maybe. But the EU, no. And I would add that the US and Australia are also dedicated to neoliberal structures and to federalism. The EU's more flexible approach is, if anything, substantially less dedicated to neoliberalism, and certainly to federalism, so let's compare like with like to start.

But then let's go the essence. At my core I do not claim to be an economist. A political economist, yes. An economist, no. I think the difference fundamental.

The economist seeks to answer how resources are allocated using the organisation of those resources as the mechanism to answer that question. This is a closed system analysis.

The political economist does something quite different. They ask how a society allocates resources considering the power relationships that exist within it. That is open system analysis.

Economics ultimately presumes that the prevailing narrative of organisation will always persist. So, most economics presumes that because neoliberalism is adhered to by well

over 80% of economists it follows that neoliberal narratives will always prevail.

Political economy recognises that all power persists so long as its narrative can be supported by society. And political economy presumes that those with alternative narratives have power simply because of their ability to tell those other stories.

MMT is an alternative narrative. It is disruptive at a time of disruption. And the EU is a powerful potential source of essential international cooperation. It's just been subverted to serve a false narrative. But I do not for a moment doubt that European cooperation is of massive benefit. Nor do I doubt it is needed, urgently.

So, I look at what there is - the EU - imperfect as it is, and seek to change it using the power of alternative narrative.

I could, alternatively, presume change is not possible and accept we can deliver nothing through economic argument and walk away, whilst leaving neoliberalism intact in the EU.

Which of those is the more useful approach? Surely it has to be the one that seeks to eliminate neoliberalism? And I believe that is possible.

Please do political economy, not economics, in other words. The latter provides no hope. The former does.

And that's why I will stick with the EU, imperfect as it is. Imperfect as it may always be, in fact, just like every other human construct. But I prefer to take what there is and win it for our cause than leave it in permanent and powerful opposition to it.