

Funding the Future

The danger is from Chancellors who want to balance the ...

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It's great to be able to share a really good MMT [thread from Twitter](#) here, written by Andy Verity, who is a BBC economics correspondent:

Andy Verity @andyverity · 21h

There's a danger in what happened in the past three weeks since the mini-budget. That is that in the coming years, Chancellors of whatever stripe run scared of the bond markets, thinking they'll tolerate nothing other than 'balancing the books.'

11:50 AM · Oct 15, 2022 · Twitter Web App

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Andy Verity @andyverity · 21h
Replying to @andyverity

Talk of 'unfunded' tax cuts is at best a form of shorthand. At worst, though, it perpetuates a myth, namely that there is a 'fund'; or that the money has to 'come from' somewhere.

5 46 241

Andy Verity @andyverity · 21h

This may suit governments intent on either shrinking the state (the right of the Conservative party) or demonstrating their 'fiscal discipline' (the right of the Labour party) to talk about the public finances as if they were like a household's. But they simply are not.

4 64 280

Andy Verity @andyverity · 21h

In the public finances, there is no 'fund'. Taxes do not go into some mystical deposit account, then to be spent on the NHS or teacher's salaries. Money is spent into existence at the command of parliament, and then taxed back out of the economy.

3 98 303

Andy Verity @andyverity · 21h

It couldn't be less like household finances for a very simple reason. Governments that issue their own currency in a post gold-standard world can create money from nothing at will. Unlike currency users, they cannot go bankrupt.

11 74 279

Andy Verity @andyverity · 21h

Whenever you hear talk about the UK government 'running out of money' (Liam Byrne, 2010 etc), you know you are listening to someone who doesn't know what they're talking about. At best, what he said was a bit of fun - intended as a joke.

4 59 290

Andy Verity @andyverity · 21h

But to the extent that it was taken seriously, it became the guiding idea for

Economists from the left are lining up to attack Andy Verity for writing this. I hope he sticks to his guns, because he's right.