

Funding the Future

MMT and tax: an issue that needs to be addressed again

Published: January 13, 2026, 2:25 am

As those who follow, my Twitter account will be aware, I was involved in a spat with Warren Mosler and those who follow his ideas on modern monetary theory over the weekend.

The dispute was on the role of tax within MMT, and as Warren Mosler, Bill Mitchell, Randy Wray, Stephanie Kelton and others know, this is always been an issue of concern with MMT for me, at least as most (but not all) of them discuss it. The fact that Warren Mosler still presents arguments with regard to tax, which are, in my opinion, deeply dangerous to the economic causes that I think most of those who are attracted to MMT would wish to promote troubles me.

I was not alone in being concerned about the tone of the exchanges. Quite a number of people, including academics and well-known podcasters, questioned my right to disagree with Warren Mosler as if because he had spoken an economic truth that was inviolable had been revealed and I had no right to question it. As Ty Keynes, who works with Steve Keens, had to say on that issue:

 **Ty Keynes**  @TyKeynes · 2d
I'm honestly disgusted by some of the personal Twitter attacks I have seen from MMTers on @RichardJM Murphy. Grow up. Any "newish" paradigm shifts (MMT) require critiques to make sure it maintains a firm foundation and Richard is more than qualified to offer them.

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Professor Steven Hail, a noted Australian proponents of MMT who appears to work most closely with Stephanie Kelton had this to say:

 **Steven Hail**
@StevenHailAus

Every now and again, I have down the years asked the on-line MMT community, whom I love and respect, to go out of its way to treat economists and others who may differ with its perspective in small (or even larger) ways with great respect.

04:41 · 08/04/2023 · 19.3K Views

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I am aware that neither commentator is criticising me. What concerns them and me is the implied suggestion of many those commenting that there can be no challenges to those who first promoted the ideas implicit in MMT. I share Steven's concern, ably expressed in his Twitter thread, that unless MMT can be challenged and therefore be developed as a result of rigorous debate then it is neither a discipline worthy of study or an applied methodology worthy of adaptation to real world scenarios.

I was trying not to work over the weekend and, therefore, when challenged by critics to refine my responses did so by reference to papers I had already written. Astonishingly, although I was replying to a paper by Warren Mosley, this method of response was apparently entirely unacceptable to my critics, who immediately claimed that I was unable to answer their questions, as if Twitter is the only place where such discourse can take place.

I do not have all the time in the world to address the issues I raised this week, but will do my best. I suspect I will do so in three stages. First I plan to post my glossary explanation of modern monetary theory, which has been sitting in draft for far too long. In that post, I expect to differentiate what I think MMT actually says, i.e. what is theory, and the political economic action that an understanding of MMT might lead to. They are not, of course, the same thing, but they are frequently confused.

The second post will focus upon the issues I have with Warren Mosler's paper, which he described as an explanation of MMT. In other words, it will be capable of contrast with the glossary definition that I will be posting.

Third, I will then do a post highlighting why I think Warren Mosler is wrong, and why we need a much better understanding of tax within MMT, and what that might be. In the process I may well touch upon some of the other rather strange claims that Bill Mitchell and Warren Mosler, particular, have been responsible for which are, in my opinion, real impediments to the acceptance of MMT as the basis for serious academic debate.

This debate is required. I am not going to duck it, even if it makes me unpopular.