

# Funding the Future

Article URL

Published: January 12, 2026, 7:36 pm

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I posted this video on YouTube this morning:

[https://youtu.be/kYZFSASX1fQ?si=nzG6sT67R75FD\\_0u](https://youtu.be/kYZFSASX1fQ?si=nzG6sT67R75FD_0u)

The transcript is:

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*People keep saying to me that modern monetary theory says that governments can create money without limit to spend on anything they like and there will be no economic downsides from doing so. I've got to tell you, that is complete and utter nonsense. Anybody who really understands modern monetary theory will say that is nonsense as well.*

*The person who says that more loudly and more clearly than anybody else that I know is Stephanie Kelton, the author of 'The Deficit Myth', and she is absolutely adamant that that claim is wrong. So don't believe anybody who promotes the idea of modern monetary theory and spouts this sort of nonsense because they are wrong.*

*Let me explain what the real limits in modern monetary theory are.*

*Of course, the government can always create more money. There is no technical constraint on that. After all, all it has to do is go to the Bank of England and say, "will you please increase my overdraft?" And because it owns the Bank of England, the Bank of England will automatically say yes.*

*The government could, as a consequence, try and spend that money into the economy. But - and this is an enormous but - it won't if it's wise if there is nothing for it to spend that money on. In other words, if there is already full employment, or we are already at our physical limits with regard to the capacity of the economy and the environment to expand without causing harm, like climate change.*

*So, of course, there are limits on what the government can do, however much money it can create and MMT - modern monetary theory - recognizes that fact and says the*

*government can spend until it reaches the limits of full employment, and I would add, the limits of environmental change, or rather the limits that environmental change impose upon us.*

*That's the reality of what MMT says.*

*This totally changes the understanding of MMT. Instead of being utterly indifferent to inflation, which a lot of conventional economists say it is - because some people who promote MMT say the government can spend without limit and without consequence, which is wrong - modern monetary theory is actually all about controlling inflation, subject to also achieving full employment. within environmental constraints.*

*So, MMT is the economics for the 21st century because we need full employment - because people want to work at living wages - and MMT could deliver that.*

*And we need to do so within environmental constraints because we know they are real now, which we never did last century.*

*So, therefore, MMT provides us with the framework in which we can make the decisions that we need, knowing that the government can always provide the money, subject to those limits.*

*But never believe anyone who says those limits don't exist. They're talking nonsense. MMT is about economic responsibility and working to use the resources of the world to best effect, knowing that money can be found to mobilize them if they are available. But it's not about reckless spending, and never has been and never will be.*