

Steve Keen on Bill Mitchell's absurd claims on the econ...

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In one of Steve Keen's [latest Substack posts](#), he has this to say:

MMT's ignorance of economic thought

May 24, 2018

Bill Mitchell has a new post "[A surplus of trade discussions](#)" responding to some of the criticisms of the MMT position on trade deficits (though he didn't link to any of them, including my post "[Some Preliminary Questions for MMT](#)"). He opens with the proposition that "exports are a cost and imports are a benefit", and reaches the following conclusion:

| When it comes to trade, MMT focuses, initially on the real layer of the analysis.

| Thus it is undeniable (and I am surprised to read all those who are torturing themselves trying to deny it) – exports are a cost and imports are a benefit.

| Giving some real thing away is a cost. Getting some real thing is a benefit.

| That doesn't equate, as I have been reading the last few weeks, in a conclusion that MMT's preference is for a nation to have a current account deficit.

| It just states the obvious fact that exports, by definition, involve sacrificing real resources and depriving a nation of their use.

| Imports on the other hand clearly involve receiving final goods and services where the real resource sacrifice has been made by the exporting nation.

| In a world where we produce to consume – not for its own sake – then receiving goods and services is better (real terms) than sending them elsewhere.

Since I was one of the ones denying Mitchell's opening gambit—though there must have been other people "torturing themselves", since all I noted in my post was that I disputed it as a premise—I had better reply now on this issue.

Steve then proceeds to demolish the absurd notion that Bill Mitchell and Warren Nosler have put forward on this issue, which has never made the slightest bit of economic sense.

Steve and I both agree with the basic premise of money creation implicit within modern monetary theory.

We have both continually warned that the biggest threat to MMT is the absurd economic logic of some of its founders, like Mosler and Mitchell.

I am pleased Steve has stuck his head above the parapet again. He is right to do so. MMT would be much better off without Mitchell. I have little more to add to that comment. It is obviously true.

The [whole piece is worth reading](#).