

MMT matters because it reveals power – and gives us b...

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I think modern monetary theory (MMT) matters. That is not because it is perfect, because no theory is. Instead, it is because it explains something that almost no one in mainstream economics has ever properly addressed, which is what money actually is. And once you understand money, you understand power. And once you understand power, you start asking what are considered to be dangerous questions.

In that case, I need to summarise what I think to be the threefold source of MMT's power.

MMT explains money

First, and most importantly, MMT actually explains the realities of money when conventional economics pretends money is something the government is short of, meaning that, in their opinion, a government must constantly struggle to find money through taxation and borrowing from markets.

That claim is nonsense. The truth is that the government issues a state's currency. The reality is that the government creates money every single day by spending it into existence.

Tax does not, then, pay for public services. Government spending pays for public services. Tax exists in that case to prevent inflation and shape behaviour.

The mainstream of economics has deliberately flipped this cause-and-effect relationship to suit its political agenda. MMT consciously and deliberately corrects that. It puts the facts back on the table:

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Government-created money is a public tool.

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It is not a private commodity.

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In that case, we can have what we need if we have the real resources and skills to deliver it.

Once you see that, the spell of the tale of government money shortages is broken.

MMT breaks the power of finance and neoliberalism

Second, MMT breaks the power of finance and antisocial neoliberal economics. If the government is not financially constrained, meaning we can build homes, staff hospitals, and decarbonise without having to send the begging bowl to “the markets”, then the City loses its favourite weapon, which is fear:

- * Fear of “the bond vigilantes.”
- * Fear of the credit-rating agencies.
- * Fear of the foreign currency speculators.

MMT exposes these fears as political constructions. They exist to ensure that:

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Public services are rationed.

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Wages are kept low.

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Wealth is hoarded at the top.

The only beneficiaries are financial markets and the rentier class that has captured our democracy since the 1980s. What MMT says is that they are not sovereign: we are. Imagine what happens if people believe that.

MMT lets us ask the real questions

Third, and critically, MMT lets us ask the real questions. Once you know money is not scarce, different limits come into focus:

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What is our ecological capacity?

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What skills do we have, and how do we build more?

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What do we value enough to prioritise?

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Who holds power over resources, and why?

MMT removes the fake constraint (“we can’t afford it”). It leaves only the real constraint, which is the need to decide what kind of society we want to build.

This is precisely why so many in the establishment hate MMT. It is not because it is wrong. That cannot explain the venom. It is because it invites democracy back into politics and economics.

What then becomes clear is that:

- * If the NHS can be funded, then refusing to fund it becomes a political choice.
- * If homelessness can be ended, then failing to end it becomes a moral choice.
- * If we can decarbonise, then choosing not to is a planetary crime.
- * If full employment is possible, why aren't we choosing to deliver it?

MMT forces those questions, and the possibility that they can be answered, into the open. That is the power of MMT.

In summary

MMT is, in reality:

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A theory that explains money as it actually operates.

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A challenge to the ideology that has handed power to the City of London.

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A lens that allows us to ask the questions neoliberalism and its economists have worked so hard to silence.

MMT does not promise a utopia. It does something more important. It removes the excuses that sustain the dystopia we live in. And that is why MMT matters now more than ever.

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