

## MMT and the job guarantee

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At the recent Scottish Festival of Economics, held in Edinburgh, [Warren Mosler](#), who is credited with creating modern monetary theory (MMT), was asked whether he was frustrated that the idea had not received the attention it deserved. He acknowledged that it had received less attention than he would have wished and simultaneously suggested that MMT had, to date, produced only one superstar, whom he suggested to be me.

In social media terms, looking at YouTube, blogging, X and other platforms, what Warren had to say is undoubtedly right. Of all those who have commented on MMT or contributed to the theory, as I have with regard to tax, it can reasonably be argued that I have the greatest reach. To my surprise, I have a bigger following than [Stephanie Kelton](#), who is the only rival I might be considered to have in these terms.

That said, later that day, [Will Thomson](#), who interviewed me during my session at the festival, asked whether I was really a supporter of MMT at all. In the context of what Warren said, this might have been surprising, but I got the impression from several others attending the event that this is a question often asked in MMT circles.

I have taken time to reflect on this, having been on holiday (officially). Having done so, my starting point is that, if the question is whether I agree with MMT's description of the monetary system, the answer is yes.

I have long argued that government spending precedes taxation. The state, working with its central bank, creates money when it spends. Tax is then used to withdraw money from the economy, not to fund that spending. Government bonds are, in effect, savings mechanisms for the private sector, not a financing necessity for a currency-issuing government. What I stress is that those are not marginal claims; they go to the heart of how money works, and they are entirely consistent with the work of people like Warren Mosler, Stephanie Kelton and others.

At the same time, I reject the idea that a government is like a household, which is a core tenet of MMT. A household has to earn before it can spend. A government with its

own currency does not. Its constraint is not financial; it is the availability of real resources and the risk of inflation if those resources are overused. This is a position that MMT has made clear, and it follows directly from observing how the monetary system actually operates.

In all of this, I do, of course, recognise the importance of the relationship between government deficits and private sector surpluses. When the government runs a deficit, the private sector, by definition, runs a surplus. That accounting identity matters because it shows that attempts to eliminate deficits, unless offset by external balances, will reduce private wealth. That insight owes much to the work of Wynne Godley, which MMT has helped popularise.

So, if that is what being an MMTER means, I meet the criterion. But that is not the whole story, which is why the question is asked of me.

All of these issues are technical and useful for precisely those reasons. I do not, though, think they are doctrinal, and where I differ with some 'MMTERS' is that I do not think MMT itself is doctrinal. My position is that its technocratic explanations are key to understanding how policy might be delivered, but they do not represent a policy position in themselves. The reason for saying so is quite straightforward. Describing how many actually works is akin to describing gravity, and gravity is no more a policy than MMT is. Understanding a technocratic issue may inform policy, but it cannot represent policy in itself.

This difference in perception of the significance of MMT is most clearly highlighted with regard to what is called the job guarantee, about which I published a glossary entry this morning, setting out my concerns about this idea, which some within MMT consider a central element of MMT.

I do not do so. In fact, I think that the focus on the job guarantee within MMT is misplaced because I think that to suggest that a job guarantee is essential to MMT is to explicitly accept that MMT cannot achieve the goal that I wish to achieve, which is an economy that can be managed using the understanding that MMT provides to deliver full employment for all who want a job without resort to a job guarantee being required for those who would otherwise be a pool of unemployed labour, which is something that I would rather did not exist. As a result, the job guarantee conflicts with my view of what the economy's goal can and should be. It is not, in my opinion, a core element of MMT; rather, it is a policy choice intended to deliver full employment, and I think better policy choices to achieve that goal are available.

More broadly, however, it is important to note that my work does not start from MMT. It starts from understanding the economy through the lens of accounting and observation of individual and institutional behaviour. I am, for example, interested in how the Treasury and central bank actually work, and not in defending any particular school of thought on that issue. If that leads me to conclusions that align with MMT (as in fact

happened before I ever became aware of MMT as a body of thought), then so be it. But the route matters, because it keeps the analysis grounded.

I also place much more emphasis on issues that MMT does not often focus on or even downplays. My concern is often with tax justice and tax design, inequality, corporate behaviour, governance, power relationships and the structure of the economy we have created. Money matters in all of these, of course, but as part of the wider political economy. Understanding how money works is a means to an end, not the end itself.

So where does that leave me? If I had to answer the question directly, because I do agree with MMT's description of how money works, I would suggest that I am an MMTER. But, if you, I think erroneously, believe the job guarantee is core to MMT, I am not in that camp. I can live with that, but I would suggest that it would be a loss to MMT if such a difference of opinion cannot be embraced by it.

This, I think, is an honest position. It acknowledges the intellectual contribution that MMT has made, whilst also making clear that I am not bound by it.