

## The Job Guarantee and MMT: A Conversation with Will Tho...

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In this podcast, I speak with Will Thompson to explore one of the most important internal debates within Modern Monetary Theory.

We agree on the fundamentals: that governments with their own currency can fund full employment, and that the real constraints are resources, not money. But we disagree on how to achieve that goal.

Will makes the case that the job guarantee is central to MMT as a price anchor, an automatic stabiliser, and a mechanism for delivering dignity in work.

I argue that while the diagnosis is correct, the proposed solution is not. The job guarantee, as currently conceived, is administratively unrealistic, underpaid, and risks undermining the very dignity it claims to support.

Instead, I set out an alternative: direct public employment, a living wage, and long-term investment in care, housing, the NHS, and climate transition that effectively delivers the job guarantee, as the UK state once did.

This is not a rupture, but it is a serious disagreement about how MMT policy should work in practice. And that is healthy.

[https://www.youtube.com/watch?v=L\\_3Q6Q\\_hTio?si=Zz23Ltk2MsBB16kL](https://www.youtube.com/watch?v=L_3Q6Q_hTio?si=Zz23Ltk2MsBB16kL)

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This is the transcript:

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In this podcast, I welcomed Will Thompson as my guest to pick up a conversation we had begun only weeks earlier at the Scottish Festival of Economics in Edinburgh, where Will had interviewed me in front of a sold-out audience of almost 200 people.

Will is an economist with a Master's in the green economy from the University of Bournemouth and a Master's in the economics of sustainability from Torrens University in Australia.

He organises Scotonomics, has interviewed hundreds of guests on his own podcast, and writes a regular column for The National newspaper, as I do. We have a great deal in common, which is why I wanted to spend this session exploring one of the few places where we genuinely part company, which is about the job guarantee inside Modern Monetary Theory (MMT).

I opened by reminding listeners that what was about to unfold was not a rupture inside MMT but a disagreement between two people who share most of its ground. I ran quickly through the intellectual lineage: Georg Knapp's *'State Theory of Money'* of 1905; Keynes's *'Treatise on Money'* of 1930; Abba Lerner's work on functional finance from the 1940s; and moved on into the contemporary synthesis we now call MMT.

I restated the core claims; that the Treasury and central bank of a state should function as a single unit; that a government with a fiat currency spends before it taxes; that a currency-issuing state can never run out of its own money; and that the real constraints on policy are the availability of resources, labour and the risk of inflation, but never money itself. That framework, I argued, enables active fiscal policy and therefore enables a political choice to pursue full employment. On that goal, Will and I are entirely agreed; the question is how to get there.

Will then made the case for the job guarantee with considerable clarity. He argued that MMT became a distinct school in the late 1990s through the work of Warren Mosler and Bill Mitchell, and that the job guarantee is to MMT what collective ownership of the means of production is to Marxism; it is constitutive rather than optional. He pointed to the roll-call of scholars who endorse it, to its dedicated chapter in Stephanie Kelton's *The Deficit Myth*, to its place in Dirk Ehnts's recent work, and to the fact that almost a quarter of the Levy Institute's output on MMT concerns the policy.

He then described the mechanism: the job guarantee is a centrally funded, locally designed job offered to anyone who wants one, at a decent wage above the minimum, matched where possible to the worker's skills. He set out the macro case for this. It is:

\* a price anchor that stabilises inflation without a punitive interest rate,

- \* an automatic stabiliser that expands in recession and contracts in recovery, and
- \* a framework that lets the state pay zero interest on reserves.

He also set out the social case:

- \* Providing dignity in place of unemployment,
- \* Creating pressure on private employers to improve pay and conditions, and
- \* The provision of support for women, minorities and the long-term unemployed, as well as
- \* Better resilience for the care economy, and
- \* A vehicle for climate adaptation.

I agreed with him on the diagnosis. The current system, in which the Bank of England manages inflation through interest rates whilst tolerating a NAIRU (non-accelerating inflation rate of unemployment) now set at around 5 per cent, is abhorrent. It punishes households through excessive rents and mortgages, it deliberately leaves people without work, and it then tells those same people they are lazy. The disagreement between Will and me is not about whether this is wrong; it plainly is. The disagreement is about whether the job guarantee is the answer.

My objections are primarily pragmatic rather than theoretical.

First, the wages being discussed for the UK, at around £15 an hour, are not a living wage in most of Britain. This pay, then, does not provide a viable work solution for those who are unemployed.

Second, there is a dignity problem for anyone coming off a median salary: asking them to take a job priced far below their previous earnings, on the understanding that they are meant to return to the private sector as soon as possible, treats the state sector as a waiting room rather than a worthwhile destination whilst sending a message that they are undervalued in the meantime, and that the stress they might suffer as a result is considered tolerable by the state. I do not agree with that.

Third, and most importantly, I do not believe the administrative capacity to deliver a job guarantee scheme exists, nor should it. Local authorities are already starved of resources. They cannot credibly hold a portfolio of jobs in readiness for every taxidermist, every redundant academic, and every worker from a failed major employer who might walk through the door on a Monday morning. The resource required to make that possible does, in itself, represent, in my opinion, a redundancy of provision that itself would represent a scandalous waste of resources, and it is why I called the scheme, in the strongest terms I used in the conversation, a neat academic exercise

that does not survive contact with the real world.

I offered what I see as the better route. The state should guarantee full employment directly, through an active fiscal policy that rebuilds resilience in essential services; the kind of resilience my father took for granted as a senior engineer in the nationalised electricity supply industry, where his team maintained the system so well that the emergencies they were hired for rarely happened.

That means a living wage as the floor, a decent earnings-related and housing cost compensated social security system to handle genuine transitions between employments, and the provision of long-term public employment in housing, care, the NHS, and the sustainability agenda.

I reminded Will that I co-authored the first Green New Deal report and proposed what we called a Carbon Army: half a million people, employed for up to thirty years, turning every building in the country into a power station. That is not a £15-an-hour backstop; it is a career, with training, promotion, security and with trade union rights respected.

This, I said, is how we provide a job guarantee and challenge the dire conditions many are forced to work in now in the private sector.

Will pushed back with international examples such as Argentina's Jefes de Hogar programme and India's rural employment guarantee, but I am not persuaded that deeply agricultural economies creating employment out of subsistence situations tell us much about what a post-industrial UK facing an AI-driven labour shock should do. The institutions are different, the economies are different, and the comparisons do not hold.

We closed where we began: agreeing on full employment as the goal, whilst disagreeing on the mechanism. Will believes the job guarantee is the single policy that can change the economic paradigm. I believe it cannot be delivered and that, by insisting it is central to MMT, it risks discrediting the wider project.

On Will's own definition, I am probably not an MMT economist. I can live with that. I am even indifferent to that. I think for myself. We agreed to keep talking.

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## **Poll**

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