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Subject: Re: Modern Monetary Theory

Posted by [Rusty](#) on Sat, 11 Apr 2020 20:40:42 GMT

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Thank you Wayne for your input. From my limited understanding of MMT, is that resources ARE the 'limit' to which a sovereign government with it's own fiat currency can expect to be able to infuse into an economy with it's debt through expenditures. Showing up then as inflation. Out of scarcity of resources. But tying debt loosely to fiscal policy by implying debt in and of itself is an inflationary process is more of an assumption of the strict misinterpretation of this closed system tied to capitalism. Assuming debt that is personal, local and states debt are equal to that of sovereign governments debt. As we are now finding out whom we are depending on to get through the current dilemma. MMTr's have found that sovereign currency issuing government's have a higher 'capacity' to issue debt before it becomes inflationary. They point to Japan's high debt to GDP ratio. That in itself would point towards a trend towards being inflationary. But the Japanese have not experienced this. They do not use MMT theory and have adopted in the past and recently austerity measures to reduce their debt. Slowing their economy. MMT implies this as shooting oneself in the foot.

In economics as in any disciplines. Interpreting statistics can be used to prove a point. But they can be cherry picked and given disregard to tailor the results that fit the orthodoxy as interpreted. There are quite a few variants in the orthodoxy. MMT doesn't change the orthodoxy, it merely says what is already there. Recognize this and move on to make the predictions more accurate. Because the predictive qualities that have been used in the orthodoxies have been notoriously inaccurate.

A nice simple explanation of MMT by one of the new textbook authors, L. Randall Wray.  
<http://neweconomicperspectives.org/2020/01/alternative-paths-to-mmt.html#more-11647>

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