Subject: Re: Modern Monetary Theory
Posted by Wayne Parham on Wed, 15 Apr 2020 16:48:15 GMT
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It's not so much that I admire Keynes as it is that I credit him with the idea of deficit spending to inject funds into the economy. His approach is sort of the opposite of laissez-faire economics.

I think that the stereotype of Republicans and Libertarians views them as tending towards laissez-faire and the stereotype of Democrats and Socialists views them as Keynesians. But I think this kind of polarization tends to put each side against each other and limits healthy discourse. Better, in my opinion, to see the strengths and weaknesses of each approach, and to use them when and where they make the most sense.

So what I think is that balance is always our friend.

Republicans and Libertarians can embrace Keynesian economics as long as the deficit spending is truly targeted at resources that all people use. Things like infrastructure, roads and dams and the military. Democrats and Socialists can embrace laissez-faire as long as things are running smoothly. For that matter, everyone can.

I do think that times like these - when we face a major economic challenge - is when a Keynesian approach makes the most sense. Those checks that just went out will help folks that lost jobs. They'll spend it on a variety of things and keep businesses going, which in turn can employ a few people. This kind of stimulus is probably required to keep the economy from stalling.

But I also think that deficit spending should be avoided when we are on decent economic footing. That's when I think it makes sense to go with a "balanced budget" or even one that pays down debt. Seems to me that to have a budget deficit at any time that isn't a financial emergency is sort of like national gluttony.