Subject: Re: Modern Monetary Theory
Posted by Wayne Parham on Mon, 15 Feb 2021 17:58:37 GMT
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I'll be very honest. I do not believe that "Modern Monetary Theory" is correct. As theories like this go, the test of time will prove them or break them.

And while I hope I'm wrong and MMT proves true - 'cause if it is we can keep printing money and spending it without much consequence - I fear that it is not true and there will be a correction at some point. My fear is that America's dollar will no longer be seen as the world's premier international reserve currency. At that time, we will be much less able to print money at will to pay down our debts.

If (and I suppose, when) this happens, we will no longer be the worlds largest economic power. We will not enjoy the wealth that we have enjoyed for the past several decades. I hope this never happens, but since that is an unreasonable hope, I at least hope we can delay the inevitable shift for many years to come.

But to be honest, I fear that MMT is the very kind of thinking that could push us towards our fall.

America has greatly benefited from the Bretton Woods Agreement, which is what I think is most responsible for our strong economy since WWII. While I understand that John Maynard Keynes was largely influential in this agreement, I do not think his economic theories will solve all problems, in all occasions, for all time. That's what makes me fear that "Modern Monetary Theory" - which appears to be Keynes theory on steroids - will drive America towards the end of its economic supremacy.

I don't entirely disagree that "expenditure injection" - the key feature of Keynesian economics - can be helpful at times. There are times it appears to help. But I think we've gone way too far with it, and I think it's going to hurt us. I think if it weren't for the Bretton Woods Agreement, our nonchalant attitude towards spending and our national debt would have already killed us economically.