Subject: Re: Modern Monetary Theory
Posted by Wayne Parham on Thu, 09 Dec 2021 19:38:23 GMT
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I agree that we've wasted a ton of money in the last 50 years. You and I definitely agree that federal spending has been out of hand since the mid-1970s. And I think that's my point - I'm just not sure that we can increase debt without consequence. I understand that our fiat currency can be adjusted without an external point of reference, and I also understand that our currency has actually been treated as if it were the reference. It's just that I wonder how long we'll be able to maintain that position.

By spin, what I meant was the mention of "two centuries and counting." The writer clearly implicated that we've had debt (just like this) for the last two-hundred years and that's just not so. I don't know whether or not the other concepts are spin, but I do know that we haven't had debt like this for two-hundred years. It's not even accurate to say that we've had a linear increase for two hundred years. It has been up and it has been down. But it has skyrocketed in the most recent decades.

The only other time we've had debt at this level was the years around WWII, and we reduced it rapidly in the two decades that followed. Those post-war years were probably the most economically successful years in America's history.

I'm not sure about the causal relationships though. I don't know if it was the rapidly diminishing debt in our post-war years that caused our success, or if it was our success that funded the rapidly diminishing debt during that time. I'm not even sure there was a causal relationship, and I think that's what the MMT proponents would say. They would probably say there is no causal relationship between national debt and overall economic success. I think that's their basic premise. But I'm not sure I agree with that. It kinda goes against reason.

Maybe it's because I see things from a micro-economic view, or maybe I should say from a "family-checkbook" point of view. National and global economists must see things from a macro-economic point of view. Maybe they're completely different things. Certainly other complex systems are very different from micro to macro perspectives, so maybe economics is too.