

Modern Money Theory: Self-Test

Answer one or more of the following questions. You should limit your response to each to a maximum of 1800 words (what would be an oral presentation of 15 minutes at 120 words per minute). Save your response in either plain-text .txt or PDF (.pdf) format and attach it to an email sent to lerner.minsky@gmail.com. Be sure to cite references, whether to printed matter or URLs. If you cite Internet references, please do not limit your references to Wikipedia and YouTube.

Yet Another Charming Story

It has been suggested that a children's novel more than one hundred years old is actually an allegorical attack upon the gold standard and a defense of bimetallism. Identify the novel and discuss the potential allegory. From the perspective of Modern Money Theory, discuss the gold standard, bimetallism, fiat currencies and the way in which the gold standard still shapes (or mis-shapes) our understanding of money.

For extra credit, discuss how the use of the Technicolor process may have obscured the novel's allegorical message in the mostly widely known film adaptation of the novel.

Face Time with Joe

In *The Deficit Myth*, Stephanie Kelton tells a story of how she and Warren Mosler once met with a Democratic member of the U.S. House of Representatives and explained the way the Federal government actually spends and its implications for the ability of the government to spend on behalf of the public purpose. It took a while for the Congressman to grasp what Kelton and Mosler were saying, but when he finally saw the light he said (paraphrase), "You're right -- *but I can't say that.*" Meaning: it would have been too politically risky for him to advance an MMT-based understanding of the economy.

Let us stipulate that Joseph Biden will become president of the United States on January 20, 2021. Let us further stipulate that Stephanie Kelton will be appointed to one of three positions on the President's Council of Economic Advisors (though not the chairmanship). As Kelton, you are scheduled for a one-hour sit-down with the President in early February 2021. You have a 15-minute slot in which to discuss the deficit myths and to give Biden some message that he can agree with and that he *can* say. What do you say in those 15 minutes?

What's My Currency?

This question must be answered in different ways depending on your nationality or country of residence.

If you are not from the United States, identify your country's currency and describe where it sits on the spectrum of monetary sovereignty as described by MMT-related scholars (*e.g.*, Hockett and James; Mitchell, Wray and Watt). Discuss how your country's currency's monetary sovereignty -- or lack thereof -- affected, or is affecting, the ability of your country's government to respond to (a) the Great Financial Crisis which began in 2007; and/or (b) the economic crisis

sparked by COVID-19 pandemic starting this year.

If you are **from** the United States, discuss how monetary sovereignty has affected government's response to the COVID-19 pandemic in the United States, the People's Republic of China, and Italy.

I Ain't Gonna Work on Maggie's Farm No More

The following is attributed to former [British Prime Minister Margaret Thatcher](#):

“Let us never forget this fundamental truth: the State has no source of money other than money which people earn themselves. If the State wishes to spend more it can do so only by borrowing your savings or by taxing you more. It is no good thinking that someone else will pay—that “someone else” is you. There is no such thing as public money; there is only taxpayers’ money.”

Evaluate this statement from the MMT perspective.

Yellow Dollars and Blue Dogs

Let us suppose that you are a newly elected Democratic member of the U.S. House of Representatives. While the Democratic caucus prepares to be sworn in, you are approached by Congressional staffers working for members of the Blue Dog caucus, which once again intends to introduce a Balanced Budget amendment to the U.S. Constitution. You are also approached by staffers working for Rep. Alexandria Ocasio-Cortez (NY) and Rep. Ro Khanna (CA), who want to discuss repeal of "PayGo" laws. What question do you ask each group?

Don't Let's Ask for the Moon; We Have the Stars

On the Internet, locate a clip from a World War II-era newsreel in which Bette Davis implores the audience to purchase war bonds. Discuss both the political message of the film clip as well (from an MMT perspective) the underlying economic realities of war finance. How *did* "we" pay for the war?