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The Job Guarantee and the MMT Core: Part Fifteen, Components of the Knowledge Claim Network

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In this post I'll list the primary components of the MMT Knowledge Claim Network [23] (KCN) classified under the major categories: the Social/Value Gaps; the Knowledge Gaps (Problems); the Descriptive Components (including Solutions); the Policy Prescriptions; and the Narratives.

The Social/Value Gaps mentioned by MMT developers

> -- Failure of Economics to contribute to the Public Purpose as defined by the failure to close the other social value gaps listed below;

-- the gap between actual output and projected ?full? output;

-- High involuntary unemployment vs. full employment;

-- Price stability vs. inflation or hyperinflation;

-- No right to a living wage;

-- No operative right to health care for everyone;

-- social exclusion and the loss of freedom;

-- skill deterioration due to unemployment;

-- psychological harm such as sense of identity, self-respect, and sense of empowerment;

-- much greater ill health and reduced life expectancy than necessary;

-- loss of motivation to live a full empowered life;

-- deterioration of social relations, communities, social networks, and family life;

-- increasing racial and gender inequality;

-- increasing educational inequality;

-- decreasing equality of opportunity;

-- loss of social values and sense of individual responsibility;

-- increasing economic inequality over time;

-- increasing poverty;

-- increasing crime rates including increasing use of control frauds by important economic institutions;

-- Failure to prosecute and punish people who commit control frauds;

-- The collapse of real estate values and the destruction of the wealth of working people after the crash of 2008;

-- increasing anger against economic and political elites that get more and more and more wealthy, and more and more immune to the rule of law;
-- increasing political inequality undermining political, social, and economic democracy;

-- increasing political unrest and threats of political violence both from the privileged

and those seeking change.

The Knowledge Gaps/Problems Formulated and/or closed by MMT Developers

-- How do we, using Fiscal and Monetary policy, create Full employment (FE) with a living wage and Price Stability (PS) and maintain it the face of periodic business cycles?

-- How does a Government with a Sovereign Currency create and destroy high-powered vertical money?

-- How does a fractional reserve banking system create and destroy horizontal money?

-- Why is fiat money valuable?

-- What Are the Basics of Macro Accounting?

-- What Is the Sector Financial Balances Model, and what are its implications?

-- How do we design and create public sector jobs that will add value to the economy?

-- How do we train people for those jobs, if necessary?

-- How do we tax to avoid demand-pull inflation?

-- How do we combat and control cost-push inflation?

-- What are the causes of inflation?

-- How do we reform the money creation/destruction system to remove unnecessary Government Budget Constraints (GBCs)?

-- How can we build stock-flow consistent models of the economy?

-- How can we build valid impact models of changes in Government fiscal policy relative to the social/value gaps?

-- How can we prevent control frauds leading to extreme economic boom-bust cycles and political domination by wealthy elites and the financial sector?

-- What is the origin of money, and how has it developed over time?

-- What are the different types of money?

-- What is Government debt and how is it different from the debt of currency users?

-- What are the different kinds of Government debt?

-- What is the impact of ?printing money? on inflation?

-- What would be the impact of very high profit coin seigniorage on inflation?

-- What are the key programs that can produce and maintain FE and PS?

-- How can we reform the banking system to remove its speculative aspects and orient it to public purpose rather than private gain?

-- How can we reform Wall Street to minimize the creation of real estate bubbles, commodity bubbles, and bubbles in other economic areas?

-- What are the effects of current account balances on other sectors of the economy?

-- Are Government deficits endogenously or exogenously determined?

-- What is Fiscal Sustainability and how can the Government maximize it?

-- What is Fiscal Responsibility and how can the Government achieve it?

MMT Solutions: Descriptive Components (Generalizations, Theories, Models, ?Facts,? etc.) offered by the Developers Aimed at Understanding and Solving Problems

-- An account of the origin of money

-- The nature of credit money

-- The State theory of tax-driven money

-- The endogenous money approach

-- Relations between horizontal and vertical money

-- The functional finance approach

-- The theory of the Government Budget Constraint (GBC)

-- The role of the central bank in providing horizontal money and draining reserves

-- Modern money = Endogenous money + state money + credit money + functional finance

-- Heterodox approaches to money

-- The sector financial balances model of aggregate demand applied to closed and

open economies

-- The State as the currency monopolist

-- Stock-flow consistent modeling

-- The Theory of a Sovereign Currency

-- The Theory of the causes of inflation

-- Theory about regulating the Financial System

-- Theory about Minimizing Control Frauds

Policy Prescriptions Offered by MMT Developers

-- Zero Interest Rate Policy (ZIRP)

-- The Job Guarantee (JG)

-- Payroll tax holidays

-- State revenue sharing

-- Banking reform proposals

-- Proposals placing the Federal Reserve Under the Treasury Department

-- Proposals for Federal deficit spending without debt issuance

-- Proposals for guaranteeing annual entitlement spending without regard to ?trust fund? balances

-- Proposals about law enforcement for removing control frauds from the economy

-- Proposals for containing demand pull-inflation

-- Proposals for containing cost-push inflation

-- Proposals for regulating the Financial System

-- Proposals for Minimizing Control Frauds

-- Proposals for Reclaiming Currency Sovereignty and Exiting the Eurozone

-- Proposals for Fixing the Health Care System

-- Proposals for Ending the Energy Crisis

-- Proposals for Ending the Housing Crisis

The Narratives

-- The story of the origin and history of money

-- The story of the development of fiat money

-- The story of the development of MMT from Marx, Keynes, Veblen, the Institutionalists, the Post Keynesians, Chartalists, and Functional Finance

That's It!

I'm not certain that this list of MMT KCN components is complete. It's not intended to be authoritative, and even though I've read a lot of MMT by now, I don't have the background in its KCN that the developers or their current graduate students have. So, there's plenty of room for error in my specification of the components of MMT.

Since I'm sure that many of my readers this can improve on my list; I'd really like to "crowdsource" it. Please feel free to offer revisions/corrections, or complete reconstructions if I've made errors.

This list isn't gospel. It's a tool to try to get a broad view of the subject matter of MMT, provide some understanding of its range and scope, and prepare us to consider questions about ?the core? of MMT. So, I want to sharpen it, and I hope you'll help me do that. My next and final post in this series will deal with the MMT core right now, and how it ought to change in the future.

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