



FULL TRANSCRIPT

MMTUK Launch Event

A Counter-Inflationary Job Guarantee for Britain
Full Transcript of Proceedings

Date	Wednesday 25 February 2026
Venue	Friends House, Euston Road, London
Chair	Randeep Ramesh, The Guardian
Speakers	Prof Bill Mitchell, Patricia Pino
Guests	Prue Plumridge (GIMMS), David Merrill



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SPEAKERS

Prof Bill Mitchell

Professor of Economics, University of Newcastle (Australia). Co-founder of Modern Monetary Theory. Author of *Macroeconomics*, *Eurozone Dystopia*, and *Reclaiming the State*.

Patricia Pino

Researcher, University College London. Lead author of the MMTUK Job Guarantee policy paper. Founding member of GIMMS.

Randeep Ramesh

Journalist, The Guardian. Chair of the evening's proceedings.

Prue Plumridge

Co-founder of GIMMS (Gower Initiative for Modern Monetary Studies). Representing the founding UK MMT movement.

Editorial note: This transcript was generated from the audio recording of the event held at Friends House, London on the evening of 25 February 2026. It has been lightly edited for readability — verbal fillers, false starts, and inaudible fragments have been cleaned where possible, while preserving the speakers' original meaning and phrasing throughout. Speaker attributions have been corrected where the automated transcription misidentified voices.



1 — Opening Remarks

Randeep Ramesh, The Guardian

RANDEEP RAMESH

Okay, well, welcome to the launch event of MMTUK, which is Britain's first policy research group for modern monetary theory, which I'm sure you all know about. I'll take the applause, even though it's not meant for me, but still. So this is obviously the first event of this policy group. And we'll hear a paper from Patricia Pino, who everyone knows — when I first met her, she was an engineer, but has now transformed into the UK's leading MMT economist. We'll also have a statement from GIMMS, who carried the flame for modern monetary theory in Britain when no one else could or would. And there'll be something from them, too.

And then, of course, we'll have the founding father — or one of the founding fathers — of MMT here, Professor Bill Mitchell. And after that address, there'll be a Q&A, which will last about 30 minutes. In terms of housekeeping: there is a drink in a pub after at the Crown and Anchor on Drummond Street. David McNab, I'm told, has details — David's sitting in the front, so grab him after. And also, there will be filming during the questions. It is for social media, and if people don't want their faces to be identified, please see David and he can arrange that.

So, look, I won't take up too much of your time. David asked me to sort of tell people how I engaged with MMT or how I came to MMT. So this is a story I've told before. I got interested in MMT thanks to Bill's blog, actually, many years ago. After the financial crisis, everybody read everything and became an instant expert on economics. And I was one of those people — knowing very little and claiming to know a lot, which is actually my trade. So that's totally defensible in my book.

But then I began to engage with some of the MMT people, including Bill. That was around about Brexit time. Bill had written a very interesting book which the then economics editor Larry Elliott had given to me — *Reclaiming the State*. And I thought that was a brilliant book. It was very insightful and really anticipated the moment in many ways. These books come along every now and again that reorientate the way you think about the world. And that was one of those books. And then I obviously consumed his *Eurozone Dystopia* and he was very nice to give me his copy of *Macroeconomics*, which I've also read and tried to understand.

I'll say it again: I'm not an MMTER. I'm not MMT because I'm a journalist and not an economist. So I don't feel I have the tools to really interrogate it deeply in the way that someone who's schooled in the art can understand. But I do think it's, as people say about MMT, a very useful lens. And if you are interested in economics, there's no point in dismissing whole schools of thought because you refuse to understand them or simply assume they've got nothing to say to you — because I think those are generally held to be prejudices.

I do think MMT, or more broadly the post-Keynesian tradition, has always had something to offer that the mainstream doesn't. It's a human-centred view of the world generally, and it's much more interested in people as they are, rather than desiccated calculating machines who optimise their behaviour. I know people sometimes read stuff in the Guardian and say, "that's MMT." I wish I was that bright to claim some sort of credit for it. But really, like most journalists, I'm a magpie and I steal ideas from other people. If you're curious as a journalist — and ideas are the currency of journalism — then I think the post-Keynesian tradition and specifically modern monetary theory have things to say to you.

But anyway, I'm going to stop there. The first statement is from GIMMS, the Gower Initiative for Modern Monetary Studies.



2 — Statement from GIMMS

Prue Plumridge, Co-founder of the Gower Initiative for Modern Monetary Studies

PRUE PLUMRIDGE

Good evening. What an absolute delight it is to be here for the launch of MMTUK. The UK-based MMT movement began its journey in 2015 at an event in London. Deborah Harrington, my best friend, and I almost couldn't believe it when Bill agreed to speak, and we felt it to be a great honour. Neither of us could have imagined what would grow from those small beginnings. GIMMS, the MMT Podcast, Modern Money Scotland — all launched in 2018. Out of Modern Money Scotland have sprung other organisations: the Scottish Currency Group, Scotonomics, and the MMT101 blog and podcast. And it's grown like Topsy, as they say. And it really is an achievement to be proud of for all of those concerned.

In each of our sometimes different approaches, we have all played an important role in giving ordinary people the simple tools they need to challenge the false but rooted narratives about how government spends — and with that knowledge, what it could mean for creating a healthy society and a functioning economy. Those ideas, from being on the fringes when I first learned about MMT over 10 years ago and often ridiculed by the uninformed, have since that time begun to find a place in the public discourse. Although clearly there is still much to be done. The UK MMT movement, from those very small beginnings, is now making an impact, and its ideas are now gaining traction in some political circles.

As part of that established movement, GIMMS will of course remain an important online educational resource providing basic information. But we are delighted to be here for the launch of the next part of the UK MMT journey — in a way, to hand on the baton to the next team to continue the work begun in 2018. And we are also delighted that Patricia Pino, who was one of the founding members of GIMMS — behind which there is a story, but I won't bore you with it at the moment — will be playing a central role in this really exciting new venture.

Now to finish. We are living in very different times of great change. The politics of austerity, the pandemic, brutal wars and oppression, and ongoing scandals have exposed the rotten core of the established class. The great power shifts currently underway have created huge social and geopolitical instability. At the heart of the matter is that we need an alternative way of doing things to address both those global injustices that exist and to confront head-on the ever-pressing question of climate change, which seems to have disappeared off the list of government priorities.

The challenge remains to educate, to provide a knowledge base, particularly amongst a political class which has so far chosen to ignore the existing mechanisms by which we can create the change that we most desperately need — to understand that we must move on from just understanding to the actions that we must take.

So all that remains for me now is to wish MMTUK and the dedicated, enthusiastic team the greatest of success in achieving their goals, in continuing the drive for economic change, using the knowledge MMT offers to change not just the UK, but the world into a better place. Thank you very much, everybody.



3 — MMTUK: Mission & Vision

Patricia Pino, University College London

PATRICIA PINO

Good evening. Thank you all for being here. I want to begin by thanking members of our own steering group for organising this event and our broader membership for supporting us. I've known several of them for very many years, as Prue mentioned, and I know the energy and the drive that they bring to the work that they do. In particular, I want to thank David Merrill, David McNabb, and Chris Bland, who actually went through a lot of effort to organise this event today — it's a lot more work than you would think it might be.

But long before we had degrees and formal programmes or policy research groups, many of us were simply, as Prue mentioned, meeting in coffee shops or wherever we could to debate these ideas and challenge each other and trying to make sense of how monetary systems work, but also of why that matters. Those informal conversations are the seeds of what is happening here today. In that same vein, I want to recognise the founding members of the Gower Initiative for Modern Monetary Studies. We are really standing on their shoulders. I've known these remarkable women for nearly a decade now, and meeting them really profoundly shaped both my intellectual and my professional career. And finally, our board of advisors and the broader international MMT and heterodox academic community who have supported us throughout the years.

And of course that brings me to Bill, who is speaking today. Everyone who learns MMT always picks their favourite economist — the economist that just makes things click for them. And for me, that was Bill. His scholarship has had a profound influence on my own understanding, not just of the mechanics of MMT, but of what economics should ultimately do for people. This has always been a collective endeavour, and we're grateful to be part of a community that has worked patiently and rigorously to advance it.

So today marks the launch of MMTUK Policy Research Group. And with it, something the UK policy landscape urgently needs: a dedicated space for serious, evidence-based research grounded on a clear understanding of how our monetary system really works.

I think most of us here would agree that the UK is at a pivotal moment in its economic history. We have endured more than a decade of under-investment in public infrastructure, rising poverty, stagnant productivity, and widening regional disparities, as well as growing insecurity in the workplace. And at the same time, we face profound collective challenges: the accelerating threat of climate change, persistent volatility in the cost of living, heightened geopolitical instability, and the restructuring of global trade and supply chains. There's a lot of disruption. And yet our policy debate has remained surprisingly narrow. The scale of the challenges has changed, but our macroeconomic framework has not. And that is not sustainable.

Too often, debate is framed as a choice between either repeating strategies that have delivered limited results, or escalating rhetoric that assigns blame to vulnerable groups rather than confronting the structural features in our economy that produce these outcomes. Across much of the political spectrum, discussion still rests on inherited assumptions — that public spending must always be justified through “pay-fors,” that fiscal space is inherently scarce, and that policymaking must be subordinate to financial market reactions. Politicians who speak sincerely about unity and social renewal are frequently judged against these same assumptions. Proposals are assessed primarily through the lens of deficit impact and debt ratios. And their credibility is bound to this inherited

macroeconomic language — one that too often funnels them back towards the same failed strategies. The ceiling of our ambition has become self-imposed.

It is defined purely in financial terms rather than by the real capacities of our economy. But if prosperity is reduced to fiscal arithmetic alone, society risks becoming subordinate to technocratic management. Democracy then begins to look like an inconvenience rather than a source of legitimacy. There's no question that macroeconomic management requires a degree of discipline. But that discipline cannot be established without reference to the people that the economy is meant to serve.

The purpose of MMTUK Policy Research Group is precisely to widen that frame. MMT is not a slogan, nor is it a political programme. As Randeep said, it is a lens — a framework of macroeconomic analysis grounded in operational realities. It's about how sovereign currency systems work, how fiscal and monetary policy interact, how unemployment is used as a stabilisation tool, and how inflation dynamics operate in practice. For too long in the UK, these issues have been discussed too superficially or defensively. There's been no dedicated institutional home for rigorous, policy-focused MMT research tailored to the specific conditions of the British economy. Clarifying these operational realities expands the range of credible policy options and strengthens our democratic debate. It does not remove limits — it simply relocates them onto real resources: labour, skills, productive capacity, and the natural environment, rather than arbitrary fiscal ratios.

We are committed to three principles. The first is **methodological rigour**: every proposal needs to be internally consistent, empirically grounded, and transparent in its methodology and open to scrutiny. The second is **institutional realism**: grounded in the UK's administrative and legal structures. And the third is **public engagement**: macroeconomics shapes everybody's lives; it should not be confined to technical silos. We should be engaging with communities in order to make better policy.

We're not launching today because the UK lacks policy reports — there are plenty of those. We're launching because the UK deserves a macroeconomic framework equal to the scale of its challenges. And that's what we intend to build. Thank you.



4 — Message from L. Randall Wray

Read by David Merrill

RANDEEP RAMESH

We've got a statement read out by David Merrill from Randall Wray, who many of you know is another one of the founding parents of MMT.

DAVID MERRILL

Just a brief message that Randy sent to us to encourage us and celebrate what we're setting out to do here. And it reads like this:

I'm sorry that I cannot attend the launch of MMTUK that will carry on with the efforts started by the Gower Initiative to apply the findings of MMT scholars to policymaking in Britain. It is sad that British universities and research centres continue to push the thoroughly discredited neoliberalist approach to fiscal and monetary policy that is based on neoclassical economics — that cannot distinguish between the budget constraints faced by individual households and firms from the policy space available to a government that issues its own currency. And not just any currency: your government issues the pound, a currency with a long history that remains in demand by financial markets all over the world.

I wish you the best of luck in your endeavour to inject some sound thinking into policy analysis.

— L. Randall Wray

5 — A Counter-Inflationary Job Guarantee for Britain

Patricia Pino, University College London

RANDEEP RAMESH

And now for the main event. Patricia Pino is going to present her paper: the UK Job Guarantee.

PATRICIA PINO

I'm actually very proud to be presenting this paper today. It has taken quite some time — almost a year of deliberation. In MMT we always talk about the Job Guarantee as the most popular policy amongst those who discuss the framework. And I hope that this makes evident why that is. We led with the title "Counter-Inflationary Job Guarantee" because the Job Guarantee is really doing two things. You can approach it as two different main objectives. One is a welfare-based objective — about ensuring that people have decent access to decent wages and employment and social inclusion. And the other is a macroeconomic aspect — about macroeconomic stability and inflation management.

I know those two are interconnected, but it's really about making sure that people have an income and that income can operate within a stable economy.



PATRICIA PINO (CONTINUED)

Let me talk about the nature of the problem of unemployment in the UK as we know it. We're always told the UK has high employment — only recently have those figures started to slip and we're going into higher and higher unemployment. But the truth is that for a very long time, despite the headline low unemployment figures, we've always had insecure work, we've always had badly paid employment.

And there is a big problem of what they call "hidden unemployment" — people who have spent so long unemployed that they have endured permanent damage from it, and it's increasingly difficult to find employment as a result. They have effectively given up looking. And so they may not be captured in the official figures. Unemployment has also not been endured equally across the UK. We know about regional disparities, we know about the north and how badly previous manufacturing regions have suffered. But there are other sources of inequality too. Young people are particularly affected, but over-50s as well tend to suffer from long-term unemployment. Its impact differs depending on ethnicity — minorities tend to be excluded perhaps because their English isn't as good or for other reasons. As well as gender inequalities.

On gender inequalities: the official unemployment rate for men is higher than for women. But a lot of gender inequality comes from the fact that people in abusive relationships — and let's face it, it's usually women — are not able to escape those relationships. The main reason is lack of financial independence. The ability to find employment is a big factor in someone being able to escape an abusive relationship. And at the same time, the big contradiction is that we have a country where many communities are clamouring for more services. So we have a very large pool of unemployed people and simultaneously a lot of unmet social needs. So what gives?

The problem is that at the moment we treat unemployment as a policy tool. It is effectively a policy choice because we use unemployment to control inflation. That graphic is from the Bank of England — an illustration of the Phillips Curve. There's a trade-off between economic slack and inflation. The lower the unemployment rate, the more inflation. That was understood as: the more unemployment there is, the less likely workers are to demand higher wages and therefore inflation will go down. So our main way of managing inflation is to blame workers for inflation altogether.

There are a number of problems with that. First, I hope you find it ethically jarring. But apart from that, it's not a very effective way of controlling inflation. Throughout my research, what I found is inflation is really a result of three different factors. You have demand management — this is what current policy tries to do. Then you have supply-side shocks, like the war in Ukraine causing oil prices to spike, or supply chains breaking down after the pandemic. Those tend to dominate our current inflation figures, and the current approach doesn't address those problems in any way whatsoever. So not only is our choice for managing inflation unethical, it's also very ineffective.

And the third factor is something called conflict inflation — wage-price spirals. If workers start asking for more wages, businesses adjust prices up, inflation goes up, workers continue to ask for more — and that can spiral. So in heterodox economics, we call that conflict inflation. The Phillips Curve is connected to that concept of empowering or disempowering a particular group to ask for more wages. But our current approach doesn't deal with our main source of inflation, which is supply-side.

Nevertheless, we do need some kind of macroeconomic stabilisation. So instead of using unemployment as a buffer stock, the Job Guarantee proposes using employment as a buffer stock. When there is a recession and

unemployment naturally increases, the Job Guarantee would absorb all those workers — they would continue earning a decent wage and continue producing output. And as there is an expansion, the rate of employment in the private sector would increase, which would reduce the size of the Job Guarantee pool. This stabilises demand and output much more effectively than our current automatic stabilisers like the benefit system.

Why? Because it ensures workers have a higher wage. It protects both their demand and the output from their employment. It also makes sure that people who suffer from unemployment are not permanently excluded. Anyone who's met people who have endured long-term unemployment knows it gets worse — the longer you are out of the job market, the harder it is to get back in. It has a big impact on mental health, on school participation of children within unemployed households. It can demoralise entire generations.

But in this system, because everyone retains employment, nobody is excluded from society simply because the private sector has decided it's not profitable to employ them. It preserves their skills and productivity, and they're much more rapidly able to rejoin the private labour market if activity picks up again.

The third way this helps with inflation is that it anchors wages. The Job Guarantee wage is meant to be the lower minimum acceptable wage in the economy — providing a minimum acceptable standard of living. Even during recession, nobody falls below that. And during a boom, because there is always a pool of employed people at that level who are easy to hire into the private sector, it's less conducive to wage-price spirals. It's a wage anchor. And because of that, it's very important to consider how that wage is set. It has to be something which is socially determined.

**PATRICIA PINO (CONTINUED)**

The central tenets of the design of the policy — some of these are inherited from previous Job Guarantee designs, but some were considered quite important for the British context.

First, it needs to be **centrally funded and locally administered**. The centrally funded side ensures there's always enough funding to pay as many people as want to join the programme. But locally administered is also important because the local administration ensures that whatever jobs are done are linked to community needs of the area. All jobs are defined according to what local people want, what councils and organisations affiliated with the programme have identified as local needs.

It is **permanent**, it has **no conditionalities**, and it is **voluntary**. The way we've designed it, at the moment it's an add-on — it doesn't displace existing benefit systems. People who find themselves unemployed can either continue to try and find employment in the private sector and obtain universal credit, or they can simply join the programme. And I truly think a lot will choose to do so.

It establishes the wage floor as a **socially inclusive wage**. We determined that to be **£15 an hour**, based on the Joseph Rowntree Foundation minimum income standard.

It has to be **additional, non-displacing work**. The government cannot use the Job Guarantee pool of workers to fund the NHS, for example. By its nature, the Job Guarantee pool will be growing and shrinking. You cannot count on those services to be offered consistently. Government services like the NHS need to be prioritised with a permanent workforce.

It **meets people where they are, as they are**. There's no need to move or emigrate to different parts of the UK to find employment. And the Job Guarantee should be as accommodating to personal conditions as possible. A very large pool of currently unemployed people happen to be disabled. If they want to work, they should be given the choice to do so, with flexible hours and accommodations.

In our implementation framework, we chose a **four-year timeline** with regional expansion. Initially only a handful of areas, and as it expands, we learn lessons from the previous rollout. Registration will be universal — everybody eligible — but priority access will be given to those who are unemployed. This is to reassure businesses that there won't be a huge exodus from their payroll. But because it is universal, every employer will have to adjust their wages to attract workers, at least offering as good a deal as the Job Guarantee offers.

Delivery will be by the existing Jobcentre Plus offices and local authorities with Department for Work and Pensions supervision. I think a lot of the resources currently used for penalties and policing the unemployed can actually be turned into Job Guarantee administrative staff. Jobcentre Pluses will become actual job centres, as opposed to unemployment policing centres.

Projects are proposed locally. Councils, charities, and individuals can all propose projects, with both national and local standards for what jobs can be included. As I was writing this policy, I spoke to a lot of ordinary people about it. When I told them that individuals could propose something to do — if you see a bench that needs fixing or some hedges that don't look good — quite a few said, "Oh, I already do a lot of work for my community. I already go out and clean certain areas because nobody else is doing it." Those are exactly the kind of things. They know better than central government what is needed at local level.

On **wage selection and adjustment**: the initial £15 is set according to the Joseph Rowntree Foundation minimum income standard for a single person. This includes not just subsistence but an amount for entertainment and socialising — that's why we call it a socially inclusive wage. They're not just surviving, they're actually participating in community. We recognise that within the JRF standard, housing is priced at social housing costs, which isn't available everywhere. There will be a big difference between how far that wage goes in London versus other areas. I don't think we should try to fix that issue with the Job Guarantee itself — the whole UK should have the same wage level. We don't want to exacerbate regional disparities. But we recognise the housing disparity needs addressing, and perhaps the next report might start to do so.

We suggest that the Low Pay Commission becomes the **Job Guarantee Wage Commission**, made up of trade unions, business representatives, and government representatives — to discuss what the wage should be, considering the socially inclusive wage level, projections for inflation, and projections for productivity.



PATRICIA PINO (CONTINUED)

This is the last slide. This is what we predict the Job Guarantee programme will do in terms of participation. In a hypothetical scenario, within a year we would expect — in a high uptake scenario — up to two and a half million full-time equivalent workers. Including part-time, it could go up to around 4 million. In the low uptake scenario, which just includes the long-term unemployed, it's about 700,000.

But even with that difference in uptake, because of the impact the Job Guarantee wage has on private sector employment, growth, and productivity, the participation figures start to converge — eventually there is less and less need for the Job Guarantee. What you'll have is a residual pool of workers. We don't know exactly what that will be — we would like to do more modelling. But for your information, the black line is the Jefes y Jefas programme in Argentina, which was a similar Job Guarantee under slightly different conditions — only for heads of households, during a very extreme economic crisis. Their participation rate reassures me that ours is not far off from what they saw in practice.

And then this is what everybody worries about: inflation. This is the predicted impact on inflation of the wage increase to £15 an hour, accounting for the full four-year phased implementation. At the end of the period, the Job Guarantee will have caused an increase in inflation of about 2 or 3 percent. But wages across at least the lower third of workers will have gone up by just under 35 percent. It just illustrates what a considerable improvement to the standard of living of these individuals that represents. I think I'll leave it there — I think it's self-evident. Thank you.

6 — Keynote Address

Prof Bill Mitchell, University of Newcastle, Australia

RANDEEP RAMESH

Thanks, Patricia, that's brilliant. Welcome, Bill. Professor Bill Mitchell, if you'd like to take the floor.

PROF BILL MITCHELL

Okay, well, thanks very much to David and his crew — not that the crew is his, but the collective, let's say that. I'm very happy to be here. To some extent, we've been at this — well, I've been at this with Warren for 30 years. The fact that there's still energy, with new people coming in to push these ideas, is wonderful.

I also want to acknowledge GIMMS, because those women were spectacular in my view. Their commitment to social justice and honourable policy decency was really inspiring. I was very happy to help them — just ordinary people. And when I say ordinary people: non-economists, non-academics, just people caring about their society and putting so much effort into it. Thanks very much for that.



PROF BILL MITCHELL (CONTINUED)

The Job Guarantee — and I wish you'd use capital letters — is interesting because it's really what brought MMT into being, the start of MMT. This was the common ground that Warren Mosler, who was a hedge fund investment banker with virtually no academic involvement, and me, totally the opposite — just an ivory tower researcher with a disdain for the practical — it brought us together. There's this concept called "unity of science," where the same idea emerges from totally different people. And this was a true unity of science, because we came together in 1995 and 1996 through the fact that we'd both come up with the same idea from totally different starting points.

Now, the other thing I wanted to say was about the provenance of the idea, and I think this is important for newcomers especially to fix in their heads, because there's a lot of misinformation about MMT and the Job Guarantee specifically in social media and activist land. And it's incredibly frustrating. I often hear and read, "Oh, we'll have a Green New Deal." And the dislocation that will cause — getting away from carbon is going to be massively dislocating. That's one of the reasons it's not going to happen easily. But I quite often hear people who call themselves MMT activists say, "Oh, we'll pick up the dislocation using a Job Guarantee. Problem solved."

Well, I'm here to tell you that's a misuse of my work and the work of Warren. **The last thing we would have wanted was the emphasis of public policy to be on a Job Guarantee.** When we started, our commitment was that at all times the public sector should aim — its sole aim should be to **minimise** the Job Guarantee. We thought of it as an absolute safety net, but to be minimised at all times. We didn't see it as a job creation programme. We saw it as a macroeconomic stability framework to stabilise inflation when there were specific sources of inflation. That's a really important point.

The provenance became — when I came up with the idea, it was in the 1970s. I was a fourth-year student at the University of Melbourne in 1978. I'd grown up with the full employment era of the post-war consensus, where governments were responsible for mediating the private sector cycle so that nobody would be left behind. And then we went from that state to the OPEC oil crisis in October 1973, when the Saudis virtually doubled the price of oil. That wasn't an economic decision — it was a political decision against American support of Israel during the Yom Kippur War. They used that in the same way Trump's using tariffs now to get political ends.

What was happening during that period was that the economic consensus in the academy had been under attack from capital. And I've written a lot about how capital became very clever and funded activity to undermine that full employment consensus. The rise of monetarism was part of that. Milton Friedman had been chipping away for 25 or 30 years with his madness and hadn't gained any traction. But the OPEC crisis gave him credibility, because he was always talking about how inflation would ultimately be the response of this period of full employment. And at that point, full employment as we knew it was abandoned.

What I now refer to as the NAIRU logic — the Non-Accelerating Inflation Rate of Unemployment — was argued: there is a unique unemployment rate that stabilises inflation. The role of government was to manipulate demand to ensure you hit that unemployment rate and then inflation would stabilise. In that shift from the Keynesian consensus to the monetarist emergence, **unemployment shifted from being a policy target to a policy tool.** It shifted from something governments aspired to minimise to something the government would use deliberately to stabilise inflation. And the humanity in all of that was completely lost — that the adjustment would be forced on a relatively small group of citizens who were then forced into or close to poverty.

I was a fourth-year student when all this was going on. And I was a left-winger, which was a rarity in my economics class. To me, the fact that we would use the government's capacity to deliberately cause poverty was reprehensible. That really set my whole academic pathway. I was desperate to find a way to deal with excessive spending that was driving inflation, but not cause unemployment. I set that as my goal in life. I wanted to run very fast 10Ks. And I also wanted to solve that problem.

It just happened. I was doing a course in agricultural economics in my fourth year, and Australia had a wool price stabilisation scheme. The farm lobby was sick of fluctuating incomes — wool farmers were sick of their incomes going up and down depending on the size of the wool clip and the demand for wool. So they convinced the government to stabilise the price. When the wool clip was strong and there was too much wool, the government bought the excess. In our capital cities there were big red brick warehouses full of wool — the government's buffer stock. When the wool clip was weak and that would have caused the price to rise, the government sold wool out of the stores.

I wasn't interested in wool at the time, but I was very interested in unemployment. And I suddenly thought: well, we can have a **buffer stock employment scheme** where the government buys and sells labour depending on the fluctuations of the market. That's the provenance of the idea — from a very specific era where the government had to cut spending and cause unemployment to stabilise inflation, and it was to resolve that problem.



PROF BILL MITCHELL (CONTINUED)

Fast-track to now, where we've just come out of COVID and had a supply-side shock. The inflation that emerged from the constraints of lockdowns, shipping disruptions, factory closures — that wouldn't have been an inflation where I would have cut spending and caused unemployment. So to think of the Job Guarantee as just a universal job creation programme is an abuse of the concept. As I said, our goal was that at all times the objective of government would be to keep the Job Guarantee pool at its minimum. That doesn't mean it mightn't be very large at times, but the goal should be to minimise it.

Because the last thing a progressive government should aim for is to satisfy the desires for work of the workforce by minimum-wage jobs. Who wants that? The Job Guarantee was a second-best option to a perfect world, but a whole lot better than making people unemployed. It wasn't meant to fulfil the public service role. If there's unmet community needs, then we want the public sector to provide career-based, well-paid, secure work. That's not what the Job Guarantee was meant to solve.

Since these ideas have been in the public domain, I see a lot of hybrid schemes. People advocating, "Oh, we'll have a Job Guarantee with a wage structure — if I get unemployed, I'll obviously get a higher wage because I'm a professor of economics rather than a manual shop assistant." Well, that's just — that shows a total ignorance of the properties of the Job Guarantee. It has a **single socially inclusive minimum wage** and that's the price anchor of the economy. It has to be a single wage, at the bottom of the wage structure.

Where you decide that bottom should have nothing to do with the capacity to pay in the private sector. I helped design the minimum wage system in South Africa some years ago, and I got a lot of resistance from the IMF and World Bank: "Oh, if you put it at a socially inclusive level, a lot of businesses won't be able to pay that." Well — see you later. That's how you deal with it. They either restructure their workplace, invest in more capital, raise productivity so they can pay that wage within their profit ambitions — or they disappear. And society is better off if a lot of low-wage, exploitative companies disappear.

And — without criticising Patricia at all, wonderful work — I wouldn't have businesses on my Low Pay Commission. I'd have sociologists and psychologists and anthropologists and nutritionists — people who know what's required to live a decent life in our society.

The way the inflation stability system works is that when the government has to tighten demand — and that's a very selective situation — instead of creating unemployment, it redistributes workers from the inflating sector into a fixed-price sector. That's what the Job Guarantee is. How many people you have to redistribute depends on how strong the distributional struggle is over the real wage and profit margin. But eventually, once you redistribute enough from an inflating sector to a fixed-price sector, you stabilise inflation. But it has to be a fixed price, at the bottom of the wage structure, to not disturb the wage structure.

One last thing. Within the progressive world there's been a long debate between people like me and people who support Universal Basic Income. I actually dislike UBI because I think it dodges the question of *why* there's unemployment and turns people facing poverty into mere consumption units. You just give people with no income a dollop of currency so they can keep eating and buying stuff from corporations, but you don't attend to any of their psychological needs. In our society, a lot of those needs come from being connected to a workplace. It's incredibly important to be employed — you meet your partners there, you get social esteem. Your position in society is incredibly conditioned by your job. And there are amazing intergenerational advantages in parents

having employment and kids seeing their parents go out each morning to work. UBI just considers us to be consumption units rather than societal members.

The way I conceived the Job Guarantee back in the late '70s was as a radical challenge to the way we conceive contribution to society. I was sick to death of productivity being defined as contribution to private profit margins. And I was sick of people describing government job creation programmes as “make-work,” “painting rocks,” “boondoggling” — all the pejorative terms used to describe a government helping its citizens avoid poverty and despair.

So my concept of a Job Guarantee — what might some jobs be? Well, I'm a surfer. One of the problems in the Australian summer is drownings at our beaches, particularly new immigrants and tourists. Surfers know the dangers — we jump in the rips because it gets us out to the break more quickly. But normal swimmers drown. So what would surfers do on the Job Guarantee? They'd surf and have fun. But they'd also train school kids in beach safety — how to identify dangerous currents, how to deal with them. Incredibly productive work. But it doesn't rank in the way mainstream thinking considers productive work.

Musicians — I'd have musicians on the Job Guarantee. They'd play in their bands and have fun. But they could also have rehearsals in school halls, let kids come and talk about what strings they use on their guitars and get a feel for artistic creativity. Incredibly productive, in my view.

The point is that the Job Guarantee can broaden our perception of what contribution to society is by the types of jobs we design. And in doing that, we move further away from “you're only worth something if you're generating profit for private corporations” toward a much broader view of human contribution. And if you think one step further, you're not that far from a UBI — except that the people are working and they're considered to be workers contributing, not just consumption units taking. Thanks very much.



7 — Panel Q&A

Chaired by Randeep Ramesh

Chair's questions: Randeep Ramesh opened the Q&A by putting a question to each panellist before opening to the floor.

RANDEEP RAMESH

Well, thanks very much, Bill — that was brilliant. I learned a lot from hearing that. We're going to have a Q&A. I'll kick it off. Patricia, I was really interested in your £15, because when we've discussed this in the Guardian, one of the things that always comes up is that if you put it at £15, you suddenly have to pay care workers who are currently on minimum wage — £12.71 — £15. And the same goes for Band 2 at the NHS, some 200,000 healthcare assistants, porters, local government pay scales. I understand the monetary sovereignty argument about that not being a constraint, but it's a wage regime shift. How do you deal with that?

PATRICIA PINO

In the proposal we actually said that any wage pressures that arise in the public sector as a result of the Job Guarantee have to be dealt with through additional funding. If local councils or the NHS need to raise wages, that should be additional funding — they shouldn't be required to use existing budgets. MMT doesn't — the fiscal figure isn't a scary thing when you look at the fact that the UK is a monetarily sovereign entity. What people are really alluding to when they raise this is that they're afraid of inflation. You have to pin them down to exactly what effect they're concerned about. That's why we put so much into estimating inflationary pressures — it mostly relates to the cost-push effect of wages.

But inflation itself is often very misunderstood because people are viscerally against it. What's not discussed is that it's treated as a universal bad, but the truth is somebody is always benefiting. During the oil crisis it was energy companies. During the Job Guarantee, we may see a small price adjustment, but the main beneficiaries will be the lower third of earners.

RANDEEP RAMESH

It would be a one-off, wouldn't it? It would raise the price level at the bottom and for that quintile.

PATRICIA PINO

It would be a one-off. Now, future adjustments would depend on what your inflation target is. If you're targeting 2% inflation, you might increase the wage 2% to achieve that. So any inflation you're generating is on purpose.

RANDEEP RAMESH

Bill, I thought your description of the NAIRU was fascinating. It got me thinking about the UK and whether the labour market clears because of wage suppression, or whether NAIRU is somehow still with us via hidden unemployment. How does that interact with your origin story of the NAIRU?

PROF BILL MITCHELL

At the time, Milton Friedman's original concept was the "natural rate of unemployment." It wasn't until 1975 that Modigliani and Papademos coined the term NAIRU. This was considered a unique level of unemployment where

everybody's expectations of inflation would converge on the actual inflation rate. But interestingly, when econometricians like me tried to estimate it, our confidence intervals were — at a time when unemployment in Australia had risen to about 8% — the range might be 2% to 14%. And in America, the confidence intervals were similar. What does that mean? It means the central bank is entrusted to pursue a NAIRU and deliberately cause unemployment, but where's it going? If it's 2% or 14% or 8%, it's so vague it couldn't possibly be a guide to policy.

Then the monetarists claimed the NAIRU was cyclically invariant — that aggregate demand policy couldn't manipulate it. This was incredibly important because it meant that if the government tried to reduce unemployment, they'd fail — all they'd cause was inflation. That was the key monetarist proposition: abandon fiscal policy to manipulate the business cycle because all it would cause is inflation.

The hysteresis research showed categorically that all the structural imbalances that allegedly drove the NAIRU were in fact driven by aggregate demand. Fiscal policy *could* manipulate these estimates. It's a crock. But it's still a central organising concept within central banking.

During the most recent inflation, the Reserve Bank of Australia had a NAIRU estimate of 4.5%. At that time, the unemployment rate was consistently about 3.6%. So they kept arguing they had to hike rates. But even though unemployment stayed stable around 3.6%, inflation started dropping. Why? Because factories were reopening, ships were delivering goods again, lockdowns were over. How was it that we've got unemployment at 3.6% but inflation is falling? Well, according to NAIRU logic, that's impossible. And the stupid Reserve Bank was saying, "Oh, the NAIRU is 4.5%, we've got to keep hiking rates." And they did. It's an archaic concept which still has incredible traction within policy circles.



Audience questions: Three questions were taken from the floor, followed by panel responses.

RANDEEP RAMESH

Right, we'll go to questions. We'll take three from the back first.

AUDIENCE MEMBER

Congratulations on this and on your paper. I'd like to dig into the nature of the jobs in the Job Guarantee. You said, Bill, that it's about broadening the understanding of what is a contribution to society. So who decides that a particular job is or isn't within the Job Guarantee? If a community says, "We need the potholes filled," — but that's clearly the job of the local authority — does that count? Or not?

AUDIENCE MEMBER

This is just a clarification. Would workers on the Job Guarantee have any union bargaining power? Because the comment about the "fixed part of the economy" suggests to me that it would be a take-it-or-leave-it wage level.

ANDY VERITY — BBC

If this were proposed — a Job Guarantee — you can almost hear the lobbying from employers' organisations. You'd remove a whole lot of insecurity from workers, who'd also be more willing to shrug when their boss was irritated with them, because they knew they'd have a job. That insecurity in the workplace has been a structural feature of our employment market for decades. If you remove it, don't you change the power balance dramatically?

And the other critique: you're going to go back to Soviet Union times where everyone had a job, but it was "we pretend to work and you pretend to pay us" — you don't have productivity, you don't have much growth, and because you've given workers too much power, they're complacent and the whole thing slows the economic machine down. I'm not saying I agree with that, but how do proponents counter those arguments?

PATRICIA PINO

On what counts as a Job Guarantee job: the best phrase I could come up with is **useful but non-essential**. "Non-essential" meaning something very specific. If somebody was not to do that job, nobody's life would be at risk. And nobody's rights would be at risk. And it should not displace any current roles in the public sector. Within that, there's scope to do as much as you like.

With the pothole example: somebody might decide potholes are a safety issue and should be dealt with by the local authority. But there's no reason why you couldn't have someone in a supporting role — enhancing what is already being delivered rather than replacing it.

On private sector provisioning: the priority should be placed on jobs that fill a gap. The private sector may offer a service but may not be offering it in a way that is accessible to all, or consistently. That opens opportunities. You could potentially pay a band to do what Bill described in a school, but they're not doing it. So there's no reason why that job shouldn't be in the Job Guarantee. There are also national and local priorities around energy consumption, climate change, and resource utilisation.

PATRICIA PINO

On Andy's question about the power balance: I find it interesting you say that out loud, because we don't often discuss it in the public domain. Businesses talk about offering employment and being saviours of workers, but very often they don't talk about the need for a whip to make sure workers deliver. If the Job Guarantee brings those debates to the surface, that could actually be a good thing. What degree of disciplining do we collectively feel we need in order to provide socially useful work? Yes, it is a shift of power. But ultimately I think there will be more support for it than not.

**RANDEEP RAMESH**

Bill — workers in the Job Guarantee having bargaining power, and bargaining power more generally. What does it mean?

PROF BILL MITCHELL

The only way the system can work is at a fixed wage. That's the concept. The onus is on the authorities to make sure it's truly a living wage — that it allows people to go to the cinema and football, eat properly, take care of their kids, and save a bit for risk management. That fixed wage would be increased at periodic intervals, like a minimum wage structure typically is. In Australia, every year in the second quarter, the Fair Work Commission deliberates and sets next year's minimum wage. That orderly process would continue.

The conditions of work would have to satisfy all legal requirements — discrimination rules, safety rules, occupational health and safety. If they wanted to have a Job Guarantee trade union, it wouldn't be a very smart thing to do because it's a fluctuating pool. The answer to your question is no, they wouldn't have bargaining power in the way you're conceiving it, but there would be all the protections of society and the law to avoid those jobs being exploitative.

Now, on whether the Job Guarantee is a descent into Stalinism — any policy intervention can be misused and abused by the government. A Job Guarantee could become a horrific labour camp in a gulag if the government misused the concept. That's true. But you would hope that to get to a stage where you could implement a Job Guarantee, there have to be serious changes in the way society thinks.

In the Keynesian full employment period, society was dominated by a concept of collective will — that you looked after each other, that what mattered was stability for everybody. One of the ways the monetarist surge gained traction was to disabuse us of collectivism and promote individualism. Politicians started saying, "Look at those unemployed — they're dole bludgers, they don't want to work." That was divide and conquer. Margaret Thatcher saying "no such thing as society" — that was a premeditated strategy to undermine the fact that we're all in this together. We need to shift that back again before a Job Guarantee could become viable.

And as to the business sector — in Australia, the business lobbies have had annual wage-setting tribunals since 1912. They have **never once** argued that workers can have a wage increase. So they can go and I'm going —

RANDEEP RAMESH

I'm going to have to stop it there. I'm very sorry, because we've run out of time. I think there is time for a bit of networking after, so please do. And there's the pub — David is your man for location and Google Maps.

DAVID MERRILL

Those who would like to carry on the discussion, we are going to the pub. We'll tell you where and how to get there. If all of you who would like to help us pick up all these papers and give them to me, we can all go together. You should take the papers home. So gather up — the person over there will lead us to the promised land. Thank you. Should we thank our speakers?

RANDEEP RAMESH

Yes — oh, thank you very much. I'm sorry, it's rude of me. Bill Mitchell. Well done on getting the paper out. Thanks, Bill.

— END OF PROCEEDINGS —

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Speakers: Prof Bill Mitchell · Patricia Pino · Prue Plumridge · David Merrill · Randeep Ramesh (chair) · Andy Verity (BBC)