



MMT: THE CURRENCY AS A PUBLIC MONOPOLY

A MMT MANUAL

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with the supervision of **Warren Mosler**



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- graduate in Mechanical Engineering
- Ph.D. student in Mechanical Engineering at Politecnico di Milano, working on Nuclear Fusion
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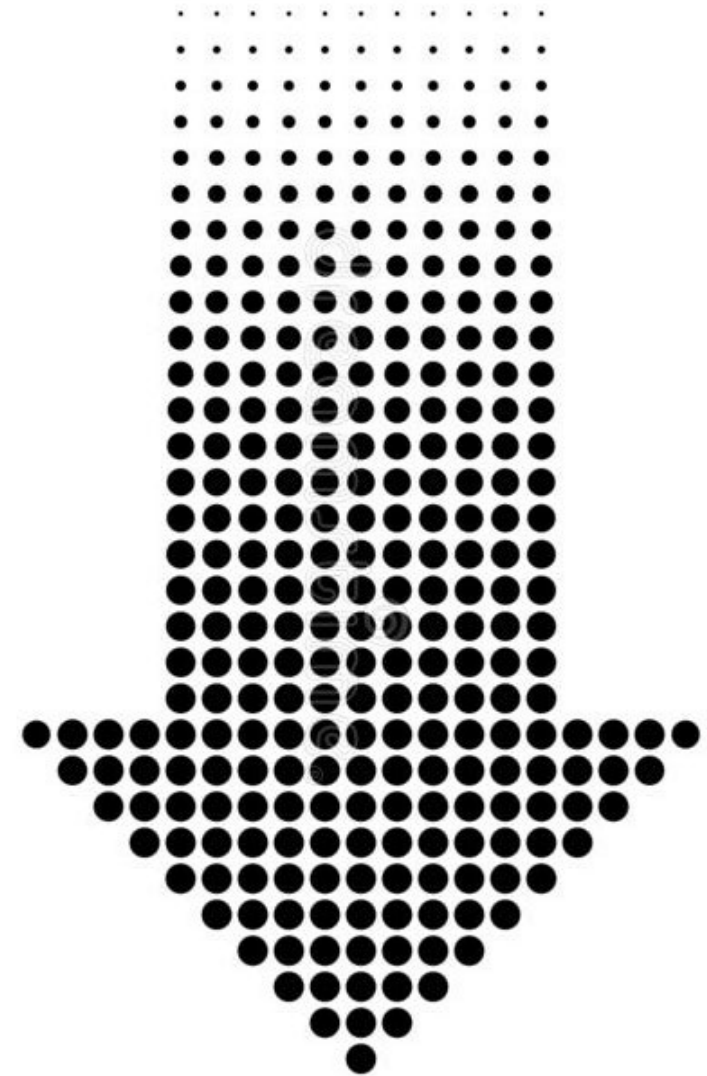
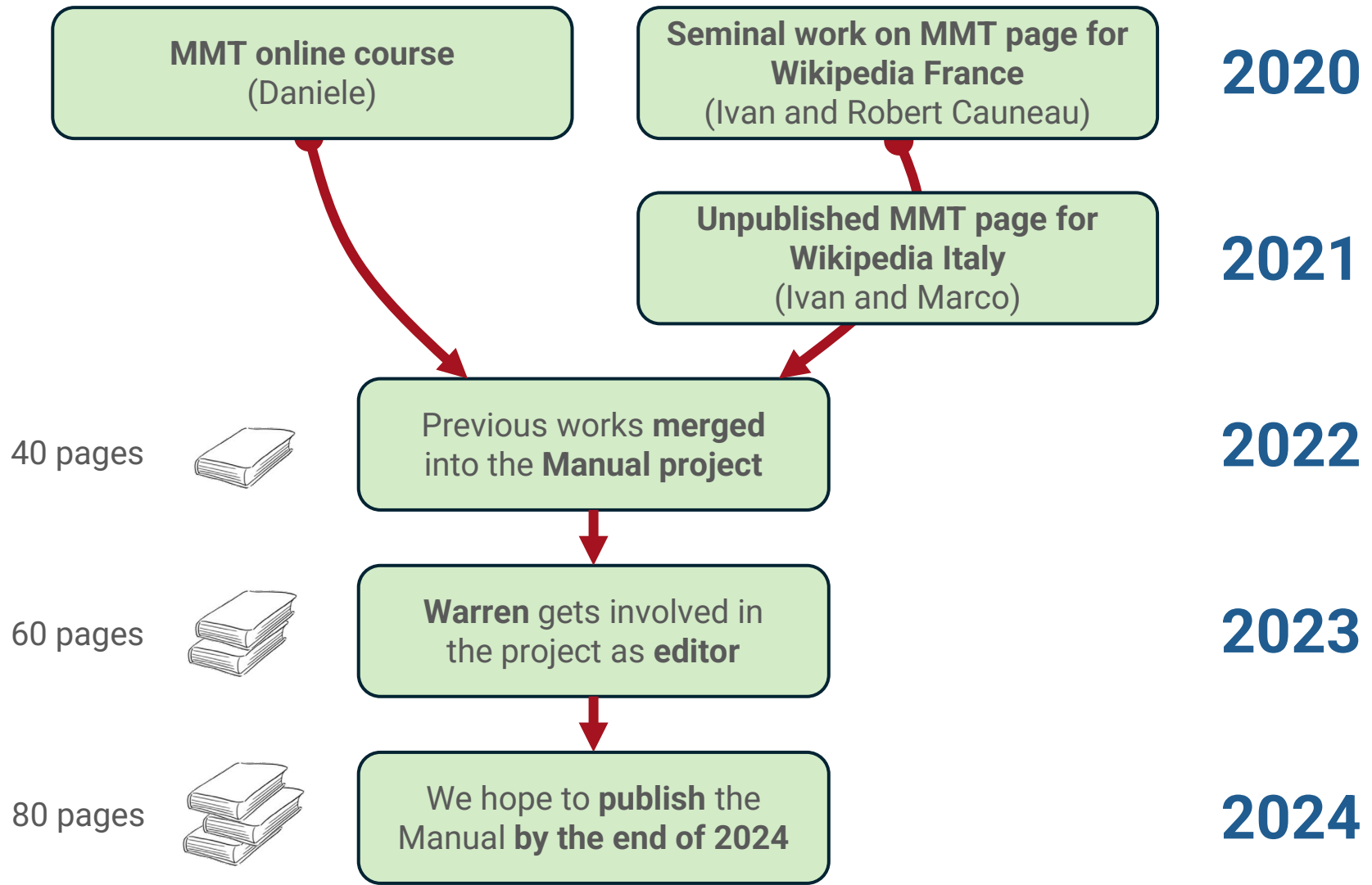
- graduate in Theoretical Physics
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- MMT activist in Rete MMT since 2018



Ivan Invernizzi:

- graduate in Economics
- working in the insurance sector
- MMT activist since 2011, co-founder of Rete MMT and MMT France

WHY THIS WORK



Targets of the work:

- to serve as **support** for a **monographic graduate course on MMT**
- to focus on the concept of **currency as a public monopoly**, in an attempt to provide an **organic and integral vision** of MMT
- to try **fixing the language** and making the **founding axioms** of the theory **explicit**, while also exploring **new implications**
- to give **numerical examples** as much as possible

The manual is organized in the following main sections:

1 **General framework:** nature of the monetary system, of the market and of bank lending

2 **Technical description** of the functioning of the monetary system

3 **Unemployment** and its cause

4 The **term of exchange of the currency** and the source of the general price level

5 Fixed and floating **exchange rate regimes**

6 The **Job Guarantee:** a peculiar fixed exchange rate regime

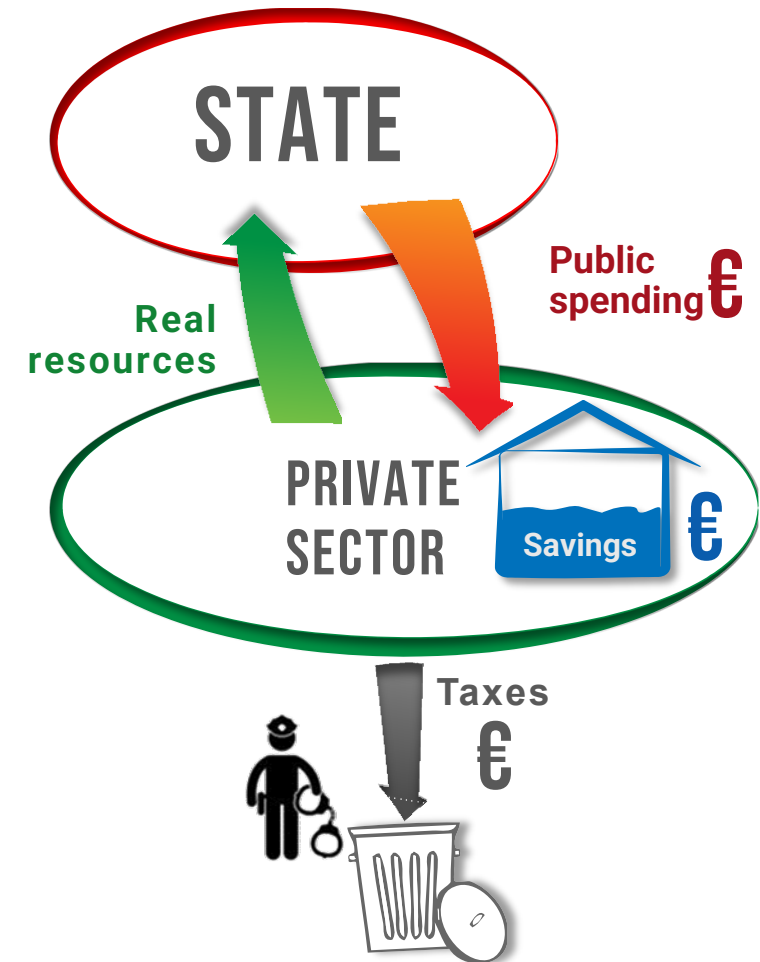
7 **Fiscal policy** tools

8 Tools and implications of **monetary policy** in different exchange rate regimes

9 Determining factors and technical aspects of **international trade**

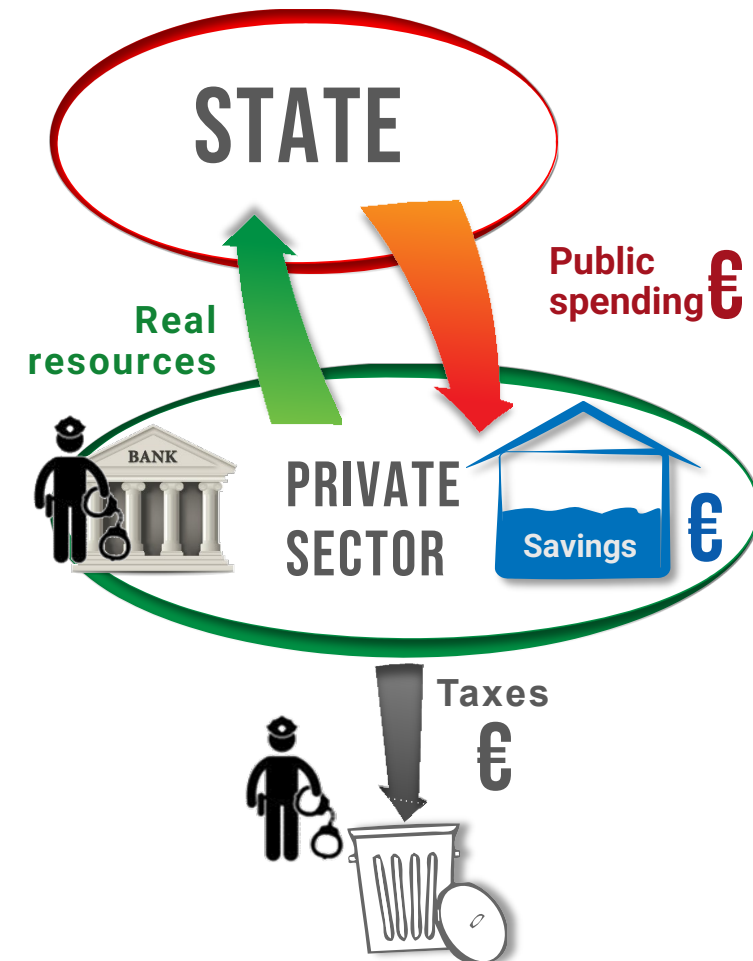
Unemployment and the general price level

1. The State needs to provision itself with **real resources**.
2. The imposition of **tax liabilities** induces a private demand for **tax credits**, both for paying taxes (the **consumption** of currency) and for **saving**.
3. The State, as the currency monopolist, **determines the term of exchange** of the currency when it spends. The general price level follows from **relative values**. The desire to save is mainly in real terms, hence it is influenced by the general price level.
4. If public spending, the monopolist's **supply of currency**, does not satisfy the private **demand for currency** at the current term of exchange, the evidence is **unemployment**.



The banking system: endogenous money and currency monopoly (reconciled)

1. A bank is **an agent authorized by the State to create tax credits**. It **purchases loans by creating deposits**.
2. If the banking system were not regulated, **banks could compete with the public sector** for the acquisition of real resources.
3. Banking **regulation and supervision** serve to **prevent this competition**.
4. The **Treasury is not the only supplier of tax credits**, but the **State** is the currency monopolist because it **determines its term of exchange**.



The manual will be published in the next few months
Stay tuned!



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