

The federal government responded to the COVID-19 pandemic with little concern over the budgetary effects of its fiscal interventions, prompting many to proclaim that a real-world 'test' of Modern Monetary Theory (MMT) was underway. A rapid economic recovery ensued, together with an outbreak in inflation. This led some to wonder whether MMT had failed its first road test. Kelton will assess the macro policy response to the pandemic-induced recession as well as the subsequent battle against inflation. We will also examine the renewed push for fiscal consolidation and what it means for the economic outlook and for future generations of investors and taxpayers.