

## What are you going to do about unemployment?

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Few economists have come out of the recession with credit. Few predicted the collapse. Fewer still seem to understand it.

As has been said in [a letter from LSE](#) economists to the Queen, seeking to justify why the crisis was not predicted, the fault was “a failure of the collective imagination of many bright people”.

David Blanchflower is not one of those who failed. A professor of economics at Dartmouth College and a research associate at the NBER, he was a member of the Bank of England's MPC from June 2006 to May 2009 and famously predicted both the complete failure of the Bank's policy (George Osborne please note) and the need for interest rate cuts to avoid recession. He was ignored. It was in other's vested interest to ignore him.

But now he [has asked](#):

*I have a question for Gordon Brown, David Cameron and Nick Clegg. What plans do you have to get unemployment down any time soon? If you want to transform a recession into a depression, go ahead and cut public spending. I would advise against it and so, I believe, would John Maynard Keynes. Voters want jobs.*

Which I said, in [more words, here](#). And Paul Sagar [says, here](#).

But this is the issue for the moment. As [William Keegan says today](#):

*The last thing an economy in serious recession requires is being dug further into the hole.*

*The government's deficit is so vast principally because revenue has been hit for six by the biggest financial crisis since the 1930s. Obviously Brown's abandonment of prudence did not help, to put it mildly, but, to quote every mother in the land, two wrongs don't make a right. This is no time for public spending cuts, and the obsession of the Conservatives and the media with the supposed need for "cuts" is becoming*

*dangerous.*

That is the nub of it.

If the Tories cut as they say they will [I have predicted](#) 2 million will be put out of work. I am confident in that estimate.

As [Will Hutton says](#), that is the key question now. Will people vote next year for the most massive recession that turns into a depression all because the Tories say the government's books must be balanced, when the oh-so-obvious way to achieve that is to stimulate appropriate, green growth which will in turn boost tax revenues?

This has to be the argument the left takes to the electorate. It's a vote winner. It's also the only option bar extreme pain available to us.