

Without a fiscal stimulus we're sunk

Published: January 14, 2026, 5:56 pm

It was interesting to note two FT Op-Eds this morning calling for the same thing - fiscal stimulus.

Clive Crook did it with [regard to the USA](#):

[Obama] should propose a strong new stimulus, more ambitious than the measures mooted so far. At the same time, with new and equal emphasis, he should call for strong fiscal restraint in the longer term. This means tax increases for the middle class as well as the rich, and cuts to Social Security and Medicare. The president, finally, must spell this out.

That's pure Keynesianism.

Without it he says the Republicans will walk the 2012 election. And the USA will suffer long and hard.

Wolfgang Munchau has [much the same to say of Europe](#):

I would personally go all the way, and advocate a discretionary fiscal stimulus in Germany, the Netherlands and Finland to offset austerity in the south. What matters is the fiscal stance for the eurozone as a whole. There is, as yet, little recognition in the eurozone's cacophonous capitals that an economic downturn poses an existential threat. I would expect therefore that the downturn will hit the eurozone with full force, and without defence. When that happens, the eurozone crisis will turn ugly.

The message is the same: unless Europe agrees, at least in part, to undertake a fiscal stimulus it too is in deep trouble.

And it is very obvious the UK is already in that position.

The universal clamour for austerity is now failing us badly, as some of us predicted it would.

Can we now have the stimulus we need, please? Before it all goes very horribly wrong indeed?