

Now is the time for a Green New Deal, and this time the...

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I do like this, [from Olivier Blanchard and David Leigh at the IMF in a new working paper](#):

This paper investigates the relation between growth forecast errors and planned fiscal consolidation during the crisis. We find that, in advanced economies, stronger planned fiscal consolidation has been associated with lower growth than expected, with the relation being particularly strong, both statistically and economically, early in the crisis. A natural interpretation is that fiscal multipliers were substantially higher than implicitly assumed by forecasters. The weaker relation in more recent years may reflect in part learning by forecasters and in part smaller multipliers than in the early years of the crisis.

I'll go further: the case for the multipliers being even higher now is very strong indeed as the impact of recession has grown.

If ever there was a time for the [Green New Deal](#) that I and others called for in July 2008, before the crisis really started, this is it.