

## Is the IMF a sinner who is repenting?

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Christine Lagarde is not universally popular. Nor is the IMF. And there are good reasons. The IMF has made serious errors that have had enormous cost in many countries and resulted in the imposition of what has been called the [Washington Consensus](#) on far too many of them. But things are changing at the IMF. They are beginning to realise the error of their ways. This is from a [new blog by Christine Lagarde](#) introducing a staff paper that is part of its radical relearning of what economics has to be all about:

*We have learned, both from working with our member countries, and from our [research](#), that sharing the fruits of growth—what we call [inclusion](#)—is key to achieving sustainable economic growth. All segments of society should feel that they have an opportunity to make a better life for themselves.*

Our new [staff analysis](#), released today, uncovers the various channels through which critical reforms that promote growth (such as those in agriculture, the financial sector, and public investment) can sometimes widen inequality in lower-income countries. The study also illustrates how additional measures can mitigate such growth and equality trade-offs.

The bottom line is this: First, pro-growth policies can be truly inclusive only if policies are designed with careful attention to the details of who gains and who loses. Second, well-targeted measures can ensure that everyone gains from essential economic reforms—and help further strengthen the case for pursuing reforms.

The argument is clear.

First austerity does not work.

Second, trickle down does not work.

Third, what you promote as a mechanism for growth matters: not all growth is equal and much is inequality inducing.

Fourth, what matters most of all then is growth aimed at reducing inequality. Nothing

else is sustainable.

I won't ignore the IMF's past mistakes. But I welcome any sinner who repents. I sincerely hope the IMF is doing just that. It's overdue.