

Mervyn King gets it all wrong again because he hasn't...

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Larry Elliott has written two articles in the [Guardian](#) on Mervyn King's speech at the IMF / World Bank meetings this weekend. For those who don't recall, King was the Governor of the Bank of England before Mark Carney. And as Larry points out, he's sending out pretty clear signals that he thinks the world economy is in deep trouble.

The essence of the argument is that King thinks that nothing has been learned as a result of 2008. He says that there has been no new thinking.

QE has simply saved the banks, but allowed stagnation elsewhere.

Debt mountains are now excessive and highly dangerous again. He sees them toppling.

Global imbalances remain. The US deficit is too big. Germany should not be running a surplus. As a result of it doing so the Euro is under threat.

And everywhere the concentration of effort remains on supply side reforms when what is needed is demand, most especially for infrastructure, where the under-investment is chronic.

Three thoughts follow.

One, the analysis is broadly right.

Two, King is wrong to say no one has noticed this. Ample numbers have, and have said so, including right here, day in and day out. But he and his cohort have refused to listen. That is something very different.

Three, there is new thinking. It's shovel ready. It is the Green New Deal. And we can fund it.

I could add another thought. King's right in saying that there is no other new thinking bar the Green New Deal. Like it or not, in 2008 a small group in London created what is

now the only viable game in town. But Mervyn King has not noticed. So he's failing again.