

## There is an opportunity for a large fiscal stimulus

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I thought [it worth sharing this tweet](#):

[https://twitter.com/summerton\\_econ/status/1276102335375249409](https://twitter.com/summerton_econ/status/1276102335375249409)

The comment in question is in an appendix, [here](#) and to help enlarge it a little it says:

The Government's rapid economic response to coronavirus has shown that governments can raise large amounts of money, cheaply, from capital markets and, if necessary, backed by the Bank of England. There is therefore an opportunity for a large fiscal stimulus. A crucial difference between now and March 2019 is that, with all the unemployed resources in the economy, public investment will not crowd out private sector investment, which is in any case likely to be low in the short run. If anything, a government stimulus might provide the investment environment for crowding in, by providing certainty in the market. Under these conditions, whether the economy is restarted by a green recovery package or a 'brown' recovery package will not materially affect the outcome for the economy in aggregate. The difference lies in the impact on emissions in the longer term through the impact on the (energy-using) capital stock. It would be imprudent to invest in new capital that locks in high-carbon activities and goes against the grain of currently dynamic low-carbon technological development and innovation.

The aim was to build MMT logic into the report.

Phil Summerton and I worked together at Cambridge Econometrics, and remain good friends. Not many economic consultancies get as close, most of the time, to MMT as Cambridge Econometrics does.