



# *“It’s What We Know that Ain’t So....”*

by Don Boudreaux on February 20, 2012

Here’s a letter to the *New York Times*:

Describing “austerity economics” as “the insistence that governments should slash spending even in the face of high unemployment” in the hope that such spending cuts will restore business confidence, Paul Krugman remarks: “If this sounds to you like something Herbert Hoover might have said, you’re right: It does and he did” (“[Pain Without Gain](#),” Feb. 20).

Easily accessed evidence proves Mr. Krugman wrong.

Here, for example, is economist Steven Horwitz: “the real size of government spending in 1933 was almost double that of 1929. The budget deficits of 1931 and 1932 represented 52.5 percent and 43.3 percent of total federal expenditures. No year between 1933 and 1941 under Roosevelt had a deficit that large.” Also contrary to Mr. Krugman’s claim, Hoover proudly trumpeted his administration’s high-spending and interventionist policies. On the campaign trail in 1932 Hoover bragged that “We might have done nothing. That would have been utter ruin. Instead, we met the situation with proposals to private business and the Congress of the most gigantic program of economic defense and counterattack ever evolved in the history of the Republic.”\*

Mr. Krugman’s unfamiliarity with history is disturbing.

Sincerely,  
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\* Steven Horwitz, “[Herbert Hoover: Father of the New Deal](#),” Cato Institute *Briefing Paper*, Sept. 29, 2011. The first quotation is on page 4; the second is on page 8.

[Here, btw, is Bill Anderson's take on Krugman's column \*du jour\*.](#)

Oh, and do keep in mind that [allegations of European austerity shouldn't be accepted at face value.](#)