HOT AIR®

Flame war of the year: Estonian president unloads on Paul Krugman on Twitter

POSTED AT 8:41 PM ON JUNE 6, 2012 BY ALLAHPUNDIT

Two words, my friends: *Romney/Ilves*. In reverse chronological order:

toomas hendrik ilves @IlvesToomas 1h
Chill. Just because my country's policy runs against the Received Wisdom & I object doesn't mean y'all gotta follow me.
mobile.globalpost.com/dispatch/news/...
Expand

toomas hendrik ilves @IlvesToomas 2h
Let's sh*t on East Europeans: their English is bad, won't respond & actually do what they've agreed to & reelect govts that are responsible.
Expand

toomas hendrik ilves @IlvesToomas 2h
But yes, what do we know? We're just dumb & silly East Europeans. Unenlightened. Someday we too will understand. Nostra culpa.
Expand

toomas hendrik ilves @IlvesToomas 2h
Guess a Nobel in trade means you can pontificate on fiscal matters & declare my country a "wasteland". Must be a Princeton vs Columbia thing
Expand

toomas hendrik ilves @IlvesToomas 2h
Let's write about something we know nothing about & be smug, overbearing & patronizing: after all, they're just wogs:
krugman.blogs.nytimes.com/2012/06/06/est...
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I know what you're thinking — "y'all"? — but Foreign Policy seems convinced that it's a bona fide account. In which case, two more words: *Ilves/Romney?*
Here's the Krugman post that set him off, which I think you'll find notably mild compared to Krugs's sleazier demagogic excrescences. That post was in turn a Keynesian belch at this widely linked Global Post story describing how Estonia managed to kickstart rapid economic growth while the rest of Europe got sucked into a black hole. Three words: "Austerity, austerity, austerity."

Sixteen months after it joined the struggling currency bloc, Estonia is booming. The economy grew 7.6 percent last year, five times the euro-zone average.

Estonia is the only euro-zone country with a budget surplus. National debt is just 6 percent of GDP, compared to 81 percent in virtuous Germany, or 165 percent in Greece…

Estonia's achievement is all the more remarkable when you consider that it was one of the countries hardest hit by the global financial crisis. In 2008-2009, its economy shrank by 18 percent. That's a bigger contraction than Greece has suffered over the past five years…

While spending cuts have triggered strikes, social unrest and the toppling of governments in countries from Ireland to Greece, Estonians have endured some of the harshest austerity measures with barely a murmur.**They even re-elected the politicians that imposed them.**
Decades spent under Soviet rule have apparently inured them to the tumult of recessions. If you want to see what real austerity looks like, check out the graphsCato posted last month comparing spending in the UK, which, to hear Krugman types tell it, is supposedly in the grip of lunatic libertarian budget-slashing, to spending in the Baltic nations. Ilves himself addressed the imbalance in Europe in an essay published by the Hoover Institute in March:

[T]he inability or unwillingness of parts of the EU-17 to submit to agreed-upon rules will be defended by an appeal to the position that "our democracy cannot withstand the kind of austerity demanded of us." The first shoots of this position we have already seen emerge. Yet let us be clear about what this means: **Fiscally responsible countries will be asked to support fiscally profligate countries in the name of democracy**…
The bankrolling of Southern Europe has already and ever-increasingly threatened the fiscally responsible countries, the ones who have shown solidarity and voted to commit to bailing out those better off than we. Moreover, while much has been made of the change of governments in countries that broke the rules, far too little attention has been paid to what to my mind is a far more significant reverberation: the fall of a responsible, poor, *new* member state government coalition (in Slovakia) that made the hard choice and voted to support a country richer than it is, all for the sake of European solidarity…

The price of following the rules for a "poor" country like Estonia has been harsh. Yet if we subtract the fake wealth of the "rich," the ones who today cannot pay their debts, who have borrowed their wealth, are they that much richer than we? If part of being European is playing by the rules, that is, following the rule of law, then how can "European Solidarity" ever take precedence over the rules?

Pretty nifty summary of why the eurozone's headed for a crack-up. Looking forward to Krugman's reply about how Estonia's economy would actually be roaring ahead at 20 percent growth now if only they borrowed a few hundred billion from someone and got cracking on infrastructure improvements.