

***Estonian President Defends His Country's Economic Performance  
Against Krugman's Attack***

*Matthew Feeney* | June 7, 2012

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Estonian President Toomas Hendrik Ilves is not happy. Paul Krugman's latest snarky [blog post](#) ridicules the European 'poster child for austerity', claiming that Estonia's recovery has been modest but hardly anything to write home about. Ilves [took to twitter](#) to express his [outrage](#) and engage in some ivy-league banter:

Let's write about something we know nothing about & be smug, overbearing & patronizing: after all, they're just wogs

Guess a Nobel in trade means you can pontificate on fiscal matters & declare my country a "wasteland". Must be a Princeton vs Columbia thing

But yes, what do we know? We're just dumb & silly East Europeans. Unenlightened. Someday we too will understand. Nostra culpa.

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.

Follow Ilves on twitter [here](#).

Krugman has dedicated a lot of blog space to criticizing so-called austerity in Europe. Countries where [spending is increasing and taxes are rising](#), like the UK, have for some reason been a favorite target of Krugman who seems to think that the UK's unimpressive growth figures are some indication of the futility of austerity. Estonia, unlike most European countries, [actually has implemented spending cuts](#). Krugman tried to show the failure of Estonia's spending cuts using the graph below, which shows Estonia enjoying a modest recovery after depression:

As Dan Mitchell from Cato points out, this graph [does not show the whole story](#). The graph only shows figures from 2007 onwards, and the Estonian government only began spending cuts in

2009. If figures from the 1990s and the 2000s are seen in one graph, as shown below, then Estonia's success story becomes apparent:

The rise in GDP between 1999 and 2002 can be attributed to many of the reforms made by Prime Minister Mart Laar, a recipient of Cato's 2006 Milton Friedman Prize for Advancing Liberty, who took inspiration from Friedman's classic *Free to Choose* when implementing privatization programs and banking reform.

The Baltic states are providing some of the only reassuring news coming out of Europe, it's a shame these successes are being so blatantly misrepresented by a Nobel Laureate.