

TheModerate Voice

Smart Economists and Stupid Economists

Posted by OWEN GRAY in [At TMV](#).

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Last week, Mitt Romney declared that President Obama had it all wrong: “He says we need more firemen, more policemen, more teachers.” Then he declared, “It’s time for us to cut back on government and help the American people.” Romney and Scott Walker appear to agree with each other. But is agreement a sign of wisdom?

[Paul Krugman wrote yesterday](#) that there is evidence that what Romney and Walker preach is really bad for the economy — in the United States and around the world:

Conservatives would have you believe that our disappointing economic performance has somehow been caused by excessive government spending, which crowds out private job creation. But the reality is that private-sector job growth has more or less matched the recoveries from the last two recessions; the big difference this time is an unprecedented fall in public employment, which is now about 1.4 million jobs less than it would be if it had grown as fast as it did

And, if we had those extra jobs, the unemployment rate would be much lower than it is — something like 7.3 percent instead of 8.2 percent. It sure looks as if cutting government when the economy is deeply depressed hurts rather than helps the American people.

The really decisive evidence on government cuts, however, comes from Europe. Consider the case of Ireland, which has reduced public employment by 28,000 since 2008 — the equivalent, as a share of population, of laying off 1.9 million workers here. These cuts were hailed by conservatives, who predicted great results. “The Irish economy is showing encouraging signs of recovery,” declared Alan Reynolds of the Cato Institute in June 2010.

But recovery never came; Irish unemployment is currently more than 14 percent.

And, this weekend, the world hangs by tenterhooks — waiting to see if Greece, which has been forced to adopt the Romney-Walker prescription, will accept their advice. Certainly, Canada’s Stephen Harper has bought their prescription. This week, after sitting around the clock, Harper’s government passed its own austerity budget, which changes the essential nature of Canada’s social safety net.

Mr. Harper claims to be an economist. But, as Krugman makes clear, there are smart economists and stupid economists.