

## **NYT's Krugman Drools Over Democratic Embrace of Tax-and-Spend Denmark, 'As Opposed to Just Chanting 'U.S.A.!!'**

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An exchange from the Democratic debate in Las Vegas October 13 involving Scandinavian economic superiority caught the elitist attention of economist turned Democratic political hack Paul Krugman. Sen. Bernie Sanders opined: "We should look to countries like Denmark, like Sweden and Norway, and learn from what they have accomplished for their working people." Rival Hillary Clinton half-agreed, saying "I love Denmark," while noting that we aren't actually Denmark. That gave Krugman all the wedge he needed to snobbily celebrate little Denmark for his Monday New York Times column, "Something Not Rotten."

Krugman enthused that at least one party realized how brilliant the high-tax, high-spending Scandinavian model was, "as opposed to just chanting 'U.S.A.! U.S.A.! U.S.A.!!'"

Such an exchange would have been inconceivable among Republicans, who don't seem able to talk about European welfare states without adding the word "collapsing." Basically, on Planet G.O.P. all of Europe is just a bigger version of Greece. But how great are the Danes, really?

The answer is that the Danes get a lot of things right, and in so doing refute just about everything U.S. conservatives say about economics. And we can also learn a lot from the things Denmark has gotten wrong.

To summarize Krugman's argument: Denmark is right when it maintains sky-high tax rates, wrong when it reduces the growth of spending (which Krugman chides as "fiscal austerity").

Denmark maintains a welfare state -- a set of government programs designed to provide economic security -- that is beyond the wildest dreams of American liberals. Denmark provides universal health care; college education is free, and students receive a stipend; day care is heavily subsidized. Overall, working-age families receive more than three times as much aid, as a share of G.D.P., as their U.S. counterparts.

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Nor are the Danes melancholy: Denmark ranks at or near the top on international comparisons of "life satisfaction."

Actually, America doesn't do too badly in those life satisfaction surveys either. Marian Tupy of the Cato Institute, writing at The Federalist, remarked that "The small Scandinavian monarchy plays an important role in progressive mythology. It is a place many liberals want America to become, and both Bernie Sanders and Hillary Clinton sung its praises during the debate." Then he unloaded this factoid: "...in terms of national well-being, the United States performs slightly better than Denmark. The United Nation's Human Development Index, a composite measure of human well-being based on educational attainment, life expectancy, and income, ranked the United States in fifth place and Denmark in eighth place in 2013."

Krugman crowed:

It's hard to imagine a better refutation of anti-tax, anti-government economic doctrine, which insists that a system like Denmark's would be completely unworkable.

Of course, there's a serious question whether what works in homogenous Scandinavian countries can apply to a much larger, more ethnically diverse place like the United States.

While admitting that not everything is "copacetic in Copenhagen," and that Denmark's real gross domestic product per capita has actually plummeted 5.5 percent since 2007, Krugman excused high taxes and social spending as possible culprits. That's even as Denmark has overhauled entitlements because of welfare abuse, as captured by the Times itself in this amusing/infuriating anecdote from a 2013 story:

It began as a stunt intended to prove that hardship and poverty still existed in this small, wealthy country, but it backfired badly. Visit a single mother of two on welfare, a liberal member of Parliament goaded a skeptical political opponent, see for yourself how hard it is. It turned out, however, that life on welfare was not so hard. The 36-year-old single mother, given the pseudonym "Carina" in the news media, had more money to spend than many of the country's full-time workers. All told, she was getting about \$2,700 a month, and she had been on welfare since she was 16.

Krugman didn't mention such problems on Monday, and typically blamed conservative "fiscal austerity" for any problems Denmark may be having.

What explains this poor recent performance? The answer, mainly, is bad monetary and fiscal policy. Denmark hasn't adopted the euro, but it manages its currency as if it had, which means that it has shared the consequences of monetary mistakes like the European Central Bank's 2011 interest rate hike. And while the country has faced no market pressure to slash spending -- Denmark can borrow long-term at an interest rate of only 0.84 percent -- it has adopted fiscal austerity anyway.

Shorter Krugman: Hands off the welfare state!

But Denmark's monetary and fiscal errors don't say anything about the sustainability of a strong welfare state. In fact, people who denounce things like universal health coverage and subsidized child care tend also to be people who demand higher interest rates and spending cuts in a depressed economy. (Remember all the talk about "debasing" the dollar?) That is, U.S. conservatives actually approve of some Danish policies -- but only the ones that have proved to be badly misguided.

His cramped economic arguments aside, the last paragraph revealed Krugman as a liberal snob who shudders at signs of U.S. patriotism.

So yes, we can learn a lot from Denmark, both its successes and its failures. And let me say that it was both a pleasure and a relief to hear people who might become president talk seriously about how we can learn from the experience of other countries, as opposed to just chanting “U.S.A.! U.S.A.! U.S.A.!”