Forbes: American policymakers can't deal with budget cuts at the same efficiency level as Baltic States did

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The talks on spending cuts in Washington is fictitious: American policymakers can't deal with budget cuts at the same efficiency level as Estonia, Latvia, and Lithuania did, as Forbes Magazine writes.

Like the United States, the Baltic nations got in fiscal trouble, thanks to the combination of excessive spending and an economic downturn triggered by falling real estate prices. But unlike the United States, these nations didn't follow the Keynesian policy of more deficit spending, as **Daniel J. Mitchell,** a Senior Fellow at the Washington-based think tank Cato Institute, writes in a Forbes column dedicated to politics and finance, writes *LETA.*

Lawmakers in the Baltic nations recognized, to borrow the words of **Dan Hannan**, that "you cannot spend your way out of recession or borrow your way out of debt." So they reduced spending. Not in the Washington sense, where politicians get to increase spending and call it a cut because outlays didn't rise even faster. The Baltic nations imposed real cuts. And not just for one year, but in both 2009 and 2010. Here's the data from the European Union for the Baltic nations.

It appears that fiscal restraint has been very successful for the Baltic nations. After suffering a steep downturn, economic growth has returned. Amazingly, Estonia is even back to having a budget surplus, as the expert noted.

Daniel J. Mitchell also serves as Chairman of the Board for the Center for Freedom and Prosperity, an organization created to defend and promote tax competition.

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