

## Hawks and hypocrites

By Paul Krugman

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Back in 2010, self-styled deficit hawks — better described as deficit scolds — took over much of our political discourse. At a time of mass unemployment and record-low borrowing costs, a time when economic theory said we needed more, not less, deficit spending, the scolds convinced most of our political class that deficits rather than jobs should be our top economic priority. And now that the election is over, they're trying to pick up where they left off.

They should be told to go away.

It's not just the fact that the deficit scolds have been wrong about everything so far. Recent events have also demonstrated clearly what was already apparent to careful observers: the deficit-scold movement was never really about the deficit. Instead, it was about using deficit fears to shred the social safety net. And letting that happen wouldn't just be bad policy; it would be a betrayal of the Americans who just re-elected a health-reformer president and voted in some of the most progressive senators ever.

About the hypocrisy of the hawks: as I said, it has been evident for years. Consider the early-2011 award for “fiscal responsibility” that three of the leading deficit-scold organizations gave to none other than Paul Ryan. Then as now, Mr. Ryan's alleged plans to reduce the deficit were obvious flimflam, since he was proposing huge tax cuts for the wealthy and corporations while refusing to specify how these cuts would be offset. But in the eyes of the deficit scolds, his plan to dismantle Medicare and his savage cuts to Medicaid apparently qualified him as a fiscal icon.

And how did the deficit scolds react when Mitt Romney served up similar flimflam, with Mr. Ryan as his running mate? Well, the Peter

G. Peterson Foundation is deficit-scold central; Peterson funding lies behind much of the movement. Sure enough, David Walker, the foundation's former C.E.O. and arguably the most visible deficit scold in America, endorsed the Romney/Ryan ticket.

And then there's the matter of the “fiscal cliff.”

Contrary to the way it's often portrayed, the looming prospect of spending cuts and tax increases isn't a fiscal crisis. It is, instead, a political crisis brought on by the G.O.P.'s attempt to take the economy hostage. And just to be clear, the danger for next year is not that the deficit will be too large but that it will be too small, and hence plunge America back into recession.

Deficit scolds are having a hard time with this issue. How can they warn us not to go over the fiscal cliff without seeming to contradict their own rhetoric about the evils of deficits?

This wouldn't be hard if they had been making a more honest case on the budget: the truth is that deficits are actually a good thing when the economy is deeply depressed, so deficit reduction should wait until the economy is stronger. As John Maynard Keynes said three-quarters of a century ago, “The boom, not the slump, is the right time for austerity.” But since the deficit scolds have in fact been demanding that we make deficits the priority even when the economy is depressed, they can't go there.

So what we get instead, for example in a white paper on the fiscal cliff from the Committee for a Responsible Federal Budget, is a garbled set of complaints: The adjustment is too fast (why?), or it's the wrong kind of deficit reduction, for reasons not made clear. Or maybe they are made clear, after all. For even

as it rails against deficits, the white paper argues against raising tax rates and even suggests cutting them.

So the deficit scolds, while posing as the nation's noble fiscal defenders, have in practice shown themselves both hypocritical and incoherent. They don't deserve to have a central role in policy discussion; they really don't even deserve a seat at the table. And they certainly don't deserve to have one of their own appointed as Treasury secretary.

I don't know how seriously to take the buzz about appointing Erskine Bowles to replace Timothy Geithner. But in case there's any reality to it, let's recall his record. Mr. Bowles, like others in the deficit-scold community, has indulged in scare tactics,

warning of an imminent fiscal crisis that keeps not coming. Meanwhile, the report he co-wrote was supposed to be focused on deficit reduction — yet, true to form, it called for lower rather than higher tax rates, and as a “guiding principle” no less. Appointing him, or anyone like him, would be both a bad idea and a slap in the face to the people who returned President Obama to office.

Look, we should be having a serious discussion about America's fiscal future. But a serious discussion is exactly what we haven't been having these past couple years — because the discourse was hijacked by the wrong people, with the wrong agenda. Let's show them the door.