

Rubio and the Zombies

By Paul Krugman

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The State of the Union address was not, I'm sorry to say, very interesting. True, the president offered many good ideas. But we already know that almost none of those ideas will make it past a hostile House of Representatives.

On the other hand, the G.O.P. reply, delivered by Senator Marco Rubio of Florida, was both interesting and revelatory. And I mean that in the worst way. For Mr. Rubio is a rising star, to such an extent that Time magazine put him on its cover, calling him "The Republican Savior." What we learned Tuesday, however, was that zombie economic ideas have eaten his brain.

In case you're wondering, a zombie idea is a proposition that has been thoroughly refuted by analysis and evidence, and should be dead — but won't stay dead because it serves a political purpose, appeals to prejudices, or both. The classic zombie idea in U.S. political discourse is the notion that tax cuts for the wealthy pay for themselves, but there are many more. And, as I said, when it comes to economics it appears that Mr. Rubio's mind is zombie-infested.

Start with the big question: How did we get into the mess we're in?

The financial crisis of 2008 and its painful aftermath, which we're still dealing with, were a huge slap in the face for free-market fundamentalists. Circa 2005, the usual suspects — conservative publications, analysts at right-wing think tanks like the American Enterprise Institute and the Cato Institute, and so on — insisted that deregulated financial markets were doing just fine, and dismissed warnings about a housing bubble as liberal whining. Then the nonexistent bubble burst, and the financial system proved dangerously

fragile; only huge government bailouts prevented a total collapse.

Instead of learning from this experience, however, many on the right have chosen to rewrite history. Back then, they thought things were great, and their only complaint was that the government was getting in the way of even more mortgage lending; now they claim that government policies, somehow dictated by liberals even though the G.O.P. controlled both Congress and the White House, were promoting excessive borrowing and causing all the problems.

Every piece of this revisionist history has been refuted in detail. No, the government didn't force banks to lend to Those People; no, Fannie Mae and Freddie Mac didn't cause the housing bubble (they were doing relatively little lending during the peak bubble years); no, government-sponsored lenders weren't responsible for the surge in risky mortgages (private mortgage issuers accounted for the vast majority of the riskiest loans).

But the zombie keeps shambling on — and here's Mr. Rubio Tuesday night: "This idea — that our problems were caused by a government that was too small — it's just not true. In fact, a major cause of our recent downturn was a housing crisis created by reckless government policies." Yep, it's the full zombie.

What about responding to the crisis? Four years ago, right-wing economic analysts insisted that deficit spending would destroy jobs, because government borrowing would divert funds that would otherwise have gone into business investment, and also insisted that this borrowing would send interest rates soaring. The right thing, they claimed, was to

balance the budget, even in a depressed economy.

Now, this argument was obviously fallacious from the beginning. As people like me tried to point out, the whole reason our economy was depressed was that businesses weren't willing to invest as much as consumers were trying to save. So government borrowing would not, in fact, drive up interest rates — and trying to balance the budget would simply deepen the depression.

Sure enough, interest rates, far from soaring, are at historic lows — and countries that slashed spending have also seen sharp job losses. You rarely get this clear a test of competing economic ideas, and the right's ideas failed.

But the zombie still shambles on. And here's Mr. Rubio: "Every dollar our government

borrows is money that isn't being invested to create jobs. And the uncertainty created by the debt is one reason why many businesses aren't hiring." *Zombies 2, Reality 0.*

In fairness to Mr. Rubio, what he's saying isn't any different from what everyone else in his party is saying. But that, of course, is what's so scary.

For here we are, more than five years into the worst economic slump since the Great Depression, and one of our two great political parties has seen its economic doctrine crash and burn twice: first in the run-up to crisis, then again in the aftermath. Yet that party has learned nothing; it apparently believes that all will be well if it just keeps repeating the old slogans, but louder.

It's a disturbing picture, and one that bodes ill for our nation's future.