

Hard-money men, suddenly going soft

By Paul Krugman

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I have a confession to make: I have been insufficiently cynical about modern conservative economics.

Longtime readers may find this hard to believe. After all, I declared Paul Ryan a “[flimflam man](#)” back when all the cool kids were gushing about his courage and honesty, giving him [awards for fiscal responsibility](#). (Events have settled the issue: Yes, he was and is a flimflam man.) I predicted early and often that Republican cries about the evils of debt would vanish as soon as they held the White House; sure enough, after forcing the U.S. into [job-destroying austerity](#) when the economy was weak, once in power they [blew up the budget deficit](#) with a tax cut for corporations and the wealthy, despite low unemployment.

But while I yield to nobody in my appreciation of the right’s fiscal fraudulence, I took its monetary hawkishness seriously. I thought that all those dire warnings about the inflationary consequences of the Federal Reserve’s efforts to fight high unemployment, the constant harping on the evils of printing money, were grounded in genuine — stupid, but genuine — concern.

Silly me.

It’s no surprise that Individual-1, who lambasted the Fed for keeping interest rates low while Barack Obama was president, is demanding that it keep rates low now that he’s in the White House. After all, nobody has ever accused Donald Trump of having consistent, principled views about monetary policy (or anything else).

But it is a shock to see so many conservative voices — including, incredibly, the [editorial page of The Wall Street Journal](#) — echoing Trump’s demands.

It’s hard to overstate just how consistent and intense The Journal and others of like mind used to be in their attacks on easy money. Many commentators have noted that three years ago The Journal declared that low interest rates are [bad for the economy](#). But that was minor compared with the newspaper’s pronouncements during the financial crisis. For example, it [attacked and ridiculed](#) Ben Bernanke for cutting interest rates in *December 2008* — that is, at a time when the economy was in free fall, and desperately needed all the support it could get.

Now, you might say that the explanation for the right’s about-face on monetary policy is the same as the explanation of its about-face on deficits. That is, Republicans want pain and suffering when there’s a Democratic president, but a nonstop party when one of their own sits in the White House. And that is indeed how it looks now. But I used to think there was something more to the story.

You see, as a pundit who, well, gets a lot of hate mail, I’ve learned that the issue of whether it sometimes makes sense to print money stirs more visceral emotions on the right than anything else. Declare that Trump is a corrupt Russian puppet, and you get a fair bit of blowback, but nothing like what you get if you say that returning to the gold standard would be a bad idea, or that monetary easing isn’t necessarily inflationary. A lot of people on the right just go crazy at any suggestion that money is something to be managed, not treated as a sacred trust with which mortals must not meddle.

The only thing I know that brings comparable blowback is criticism of Bitcoin, a topic that combines some of the same libertarian derp with a hefty infusion of technobabble.

And the right's emotional response to Fed policy — its hatred for using the printing press to boost the economy, no matter what the circumstances — always seemed real to me. I never believed that Paul Ryan really cared about the deficit, but I did believe his assertion that his views on monetary policy were derived from the denunciation of paper money as a [form of looting](#) in Ayn Rand's "Atlas Shrugged."

Furthermore, the view that printing money is always a terrible thing seemed extremely durable, despite an uninterrupted track record of predictive failure. People who warned about looming inflation in 2009 continued to warn about it year after year, even as it kept not happening.

Then Trump decided to pressure the Fed, and many of the erstwhile hard-money men became easy-money men overnight. I mean that more or less literally. Consider the case of Kevin Warsh, a former member of the Federal

Reserve Board who was for a time considered a likely Fed chairman. Up until [two months ago](#) he was always for [higher interest rates](#) — but this week he suddenly wrote an op-ed article calling on the Fed to [stop rate hikes](#).

There is, by the way, a reasonable case (which I accept) that the Fed should, indeed, pause its campaign of raising rates, and even that this week's hike was a mistake. But this case should be made on the basis of fundamental economic principles, not in pursuit of short-term political advantage, and least of all because it's what Donald Trump wants.

Yet that's how it's going. These days the G.O.P. is all about power; there are no principles it will adhere to if they involve any political cost. And it's a party that belongs to Trump: What he says is the party line, on any and every issue.

Trumpism, it turns out, trumps everything else — even Ayn Rand.