

## Debt, doomsayers and double standards

By Paul Krugman

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So the federal budget deficit just hit \$1 trillion (actually \$984 billion, but close enough). That's about \$300 billion more than the Congressional Budget Office was projecting in the summer of 2017, before the Trump tax cut was enacted. And basically everybody yawned.

Were there fiery speeches in Congress, denouncing fiscal irresponsibility? No. Was there intense media coverage? No — the story was tucked deep inside major newspapers. Was there severe market reaction? No — interest rates are substantially lower than they were before the deficit surge.

This lack of reaction to a deficit that would have been considered shocking only a few years ago is sort of the fiscal policy equivalent of Sherlock Holmes's dog that didn't bark in the night. It tells us a lot about economics, politics — specifically the utter hypocrisy of the G.O.P. — and the news media, which on economic matters has a de facto conservative bias.

Start with the economics.

The budget deficit has now soared back roughly to where it was in 2012, when the unemployment rate was more than twice its current level, and the economy desperately needed deficit spending to sustain demand.

Back then, however, the inside-the-Beltway crowd was obsessed with deficit reduction. And it wasn't just politicians. As Ezra Klein, now the editor of *Vox*, noted at the time, "the rules of reportorial neutrality don't apply when it comes to the deficit. On this one issue, reporters are permitted to openly cheer a particular set of highly controversial policy solutions." And those of us who argued that reducing the deficit shouldn't be a high priority were treated like freaks.

But the deficit wasn't a crisis then, and it isn't one now. In fact, leading economists are now telling us that concerns about government debt have been greatly exaggerated all along. The Very Serious People were completely wrong, and those who opposed austerity have been vindicated.

Of course, while practically everyone in Washington was hyperventilating about debt circa 2012, the most apocalyptic warnings came from Republicans — people like Paul Ryan (remember him?), who declared then, "In this generation, a defining responsibility of government is to steer our nation clear of a debt crisis while there is still time." His pose as the ultimate deficit hawk won him media adulation, which in turn propelled him into becoming speaker of the House.

The truth, however, is that right from the beginning it was obvious that Ryan was a phony. All you had to do was look at the actual content of his budget "plans." But the media narrative demanded that there be serious, honest Republicans, so that blame for the deficit could be equally divided between the parties; so Ryan was slotted into that role even though he was totally unsuited for the part.

And then, when he and his party got a chance to exercise the fiscal responsibility they declared essential, they blew up the deficit instead. Republicans only pretended to care about debt as an excuse to hobble President Barack Obama and slash social programs. They were and are complete hypocrites when it comes to budgeting (and other things too, like patriotism, but that's another topic).

Which brings me to the issue of double standards.

When progressives propose new or expanded social programs, they face intense media

scrutiny bordering on harassment over how they intend to pay for these programs. Republicans proposing tax cuts don't face anything like the same scrutiny; they are seemingly able to get away with blithe assertions that tax cuts will pay for themselves by boosting economic growth, even though every single piece of evidence we have says that this is nonsense.

We're talking about big numbers here. As I said, the Trump budget blowout, overwhelmingly driven by tax cuts, seems to have raised the deficit by around \$300 billion, or around 1½ percent of G.D.P. Over the course of the next decade, that would amount to something like \$3.8 trillion — substantially more than, for example, the combined cost of all of Elizabeth Warren's proposals other than Medicare for All, which we're still waiting to hear about.

And the truth is that proposals like universal child care are far more likely than tax cuts to

repay a significant fraction of their upfront costs, partly by freeing up adults to work, partly by improving the lives of children in ways that will make them more productive adults.

The point is that the media clearly leans conservative in covering budget issues. Progressives face intense grilling over the cost of fairly modest social programs, while conservatives get a virtual free pass on budget-busting tax cuts.

Let me be clear here: I'm not complaining about the lack of panic over our trillion-dollar deficit. *We shouldn't* be panicked. The problem is the selectivity of deficit hysteria, which somehow kicks in only when a Democrat is president or progressives propose spending that would make American lives better.

That selective hysteria has done enormous harm. And those who propagate it need to be called out for their bias.