

Paul Krugman - New York Times Blog

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Night of the Living Alesina, Continued

So, while I was dealing with real life yesterday — sorry about the blog silence, but sometimes other things are more important — Paul Ryan weighed in. Now, Ryan's status among the Very Serious People has taken a Very Steep Plunge; at this point Dana Milbank sounds a lot like, well, me back in 2010. (But that won't stop the VSPs from considering me unsound; I was prematurely anti-flimflam, you know.) Still, it's worth spending a few seconds parsing his current position.

Like almost everyone on his side (and many centrists), Ryan pretends that Keynesians are for fiscal stimulus always and everywhere — as opposed to the reality, that it's about doing something in a liquidity trap, when monetary policy can't cure mass unemployment. But what really struck me was his assertion that the notion that spending is expansionary and austerity contractionary has been debunked by “lots of studies”. Which studies, exactly?

I think it all comes back to Alesina and Ardagna — which, to repeat has been more thoroughly refuted by both academic criticism and real-world experience than any other popular doctrine I can think of. If Ryan's faith is unshaken, that says everything about him and nothing about the evidence.

And let me ask a broader question: what, exactly, have Ryan and the economists he likes to cite gotten right these past, oh, five years? How has the Heritage Foundation prediction of soaring interest rates from four years ago panned out? How has Ryan's own warnings from two years ago that Bernanke's debasing of the dollar would translate into sharply rising inflation panned out? How has Alesina's prediction that European austerity would be consistent with a strong recovery panned out?

OK, I understand that in GOP internal politics we seem to have a principle of survival of the wrongest, in which the less real-world outcomes corroborate the dogma, the more fiercely that dogma is held. But Ryan's complete lack of self-reflection is nonetheless something wondrous to behold.

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