

Paul Krugman - New York Times Blog

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Lack Of Nuance Is Not The Problem

I see that both Tyler Cowen and Austin Frakt are offering explanations/excuses for the Reinhart-Rogoff affair in terms of the dynamics of wonk celebrity — basically, the pressure one feels under to take strong positions to attract and hold media attention. As an explanation, I think this has some merit; as an excuse, none at all.

What happened with R-R was that they came out with a sloppy paper that played to the spirit of the times. The sloppiness was immediately obvious from the way they highlighted slow US growth in the late 1940s as an illustration of the price of debt overhang, somehow missing the point about postwar demobilization. It took only a few days for critics to point out the correlation versus causation issue too.

Now, that was the point where R-R should have said, OK, we've been careless here, we need to rethink this, and backed off. But the paper was also a huge immediate hit with the austerians, and they got sucked in.

Notice, however, that the problem with the original wasn't that it failed to convey the nuances. The problem was that it was just plain wrong — wrong about America after the war, wrong about what a debt-growth correlation means. (It turns out that there was other wrongness too, but that was enough).

So the moral of the story should not be, "Don't take strong positions". It should instead be "Don't take a strong position that some people want to hear if the position isn't supported by theory and evidence". Or maybe, even more briefly, "Don't pander".

And the trouble with where I think Cowen, at least, is going is the apparent suggestion that everyone who develops a prominent public profile in economics has to do it by pandering. No, they don't — and specifically, I don't think that's what I do. I've taken very strong positions over the years; I've been wrong on some occasions; but I can't think of any cases where I took a stronger position than my actual beliefs warranted.

In particular, my hard-line views on policy in the current crisis — it's a demand problem not a structural problem, there is no risk of crowding out, there is no risk of inflation from aggressive monetary expansion, there are large negative effects from austerity — aren't simplifications of some more complex story, they are what my basic model and the lessons of history teach. Where there are things my "base" would like to believe but I'm not convinced, I say so — e.g., on the issue of whether inequality is a key factor holding back recovery.

So don't make excuses for Reinhart and Rogoff by suggesting that somehow their flub was inherent in being prominent, that everyone does it. It wasn't and they don't.

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