

Op-Ed Columnist

Romney's Economic Model

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Mitt Romney's best argument on the campaign trail has been simple: Under President Obama, the American economy has remained excruciatingly weak, far underperforming the White House's own projections.

That's a fair criticism.

But Obama's best response could be this: If you want to see how Romney's economic policies would work out, take a look at Europe. And weep.

In the last few years, Germany and Britain, in particular, have implemented precisely the policies that Romney favors, and they have been richly praised by Republicans here as a result. Yet these days those economies seem, to use a German technical term, kaput.

Is Europe a fair comparison? Well, Republicans seem to think so, because they came up with it. In the last few years, they've repeatedly cited Republican-style austerity in places like Germany and Britain as a model for America.

Let's dial back the time machine and listen up:

"Europe is already setting an example for the U.S.," Representative Kenny Marchant, a Texas Republican, said in 2010. (You know things are bad when a Texas Republican is calling for Americans to study at the feet of those socialist Europeans.)

The same year, Karl Rove praised European austerity as a model for America and approvingly quoted the leader of the European Central Bank as saying: "The idea that austerity measures could trigger stagnation is incorrect."

Representative Steve King of Iowa, another Republican, praised Chancellor Angela Merkel of Germany for preaching austerity and said: "It ought to hit home to our president of the United States. It ought to hit all of us here in this country."

"The president should learn a lesson from the 'German Miracle,'" Representative Joe Wilson of South Carolina, a Republican, urged on the House floor in July 2011.

Also in 2011, Senator Jeff Sessions of Alabama, the top Republican on the Senate Budget Committee, denounced Obama's economic management and said: "We need a budget with a bold vision — like those unveiled in Britain and New Jersey."

O.K. Let's see how that's working out.

New Jersey isn't overseas, but since Sessions and many other Republicans have hailed it as a shining model of austerity, let's start there. New Jersey ranked 47th in economic growth last year. When Gov. Chris Christie took office in 2010 and began to impose austerity measures, New Jersey ranked 35th in its unemployment

rate; now it ranks 48th.

Senator Sessions, do we really aspire for the same in America as a whole?

Something similar has happened internationally. The International Monetary Fund this month downgraded its estimates for global economic growth, with only one major bright spot in the West. That would be the United States, expected to grow a bit more than 2 percent this year and next.

In contrast, Europe's economy is expected to shrink this year and have negligible growth next year. The I.M.F. projects that Germany will grow less than 1 percent this year and next, while Britain's economy is contracting this year.

Karl Rove, that sounds a lot like stagnation to me.

All this is exactly what economic textbooks predicted. Since Keynes, it's been understood that, in a downturn, governments should go into deficit to stimulate demand; that's how we got out of the Great Depression. And recent European data and I.M.F. analyses underscore that austerity in the middle of a downturn not only doesn't help but leads to even higher ratios of debt to economic output.

So, yes, Republicans have a legitimate point about the long-term need to curb deficits and entitlement growth. But, no, it isn't reasonable for Republicans to advocate austerity in the middle of a downturn. On that, they're empirically wrong.

If there were still doubt about this, we've had a lovely natural experiment in the last few years, as the Republicans in previous years were happy to point out. All industrialized countries experienced similar slowdowns, and the United States under Obama chose a massive stimulus while Germany and Britain chose Republican-endorsed austerity.

Neither approach worked brilliantly. Obama's initial economic stimulus created at least 1.4 million jobs, according to the nonpartisan Congressional Budget Office. But that wasn't enough, and it was partly negated by austerity in state and local governments.

Still, America's economy is now the fastest growing among major countries in the West, and Britain's is shrinking. Which would you prefer?

I'm not suggesting Obama distribute bumper stickers saying: "It Could Be Worse." He might want to stick with: "Osama's Dead and G.M. Is Alive."

Yes, there are differences between Europe and America. But Republicans were right to call attention to this empirical experiment.

The results are in. And, as Representative King suggested, the lessons "ought to hit all of us here in this country."

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