

## On Paul Krugman

by Ned Netterville

Yasser Arafat received a Nobel Peace Prize, yet he was anything but a man of peace. Terrorist, yes, peacekeeper, no way. After receiving his prize for negotiating a temporary truce between his Palestinian fighters and the Israeli military, Arafat balked before permanent peace could be achieved, resumed his terrorist ways, and again sent young Palestinian men and women—boys and girls, really-- with bombs strapped to their bodies to blow themselves up amidst crowds of innocent people in Israel in what became infamous as the Second Intifada ([http://en.wikipedia.org/wiki/Second\\_Intifada](http://en.wikipedia.org/wiki/Second_Intifada)). By the same token, *New York Times* columnist Paul Krugman was awarded a Nobel prize in economics, yet he is no economist. Cheerleader for government spending, yes, economist, hardly.

In a recent *New York Times* column (“Till debt does its part,” August 28, 2009, <http://www.nytimes.com/2009/08/28/opinion/28krugman.html>), Krugman, a confessed disciple of John Maynard Keynes, argued, as he so often has, that “We would be better off if governments were willing to run even larger deficits...” Krugman’s profligate policy recommendation is

straight from his guru's guidebook for rapacious politicians and bureaucrats, a book which Keynes immodestly or perhaps facetiously entitled, *The General Theory of Employment Interest and Money* (1936, Macmillian Cambridge University Press

<http://www.marxists.org/reference/subject/economics/keynes/general-theor>

[y/](http://www.marxists.org/reference/subject/economics/keynes/general-theor)). As one sagacious critic who read the book scrupulously observed, "I have been unable to find in it a single important doctrine that is both true and original. What is original in the book is not true, and what is true is not original. In fact, as we shall find, even much that is fallacious in the book is not original, but can be found in a score of previous writers" (Quoting Henry Hazlitt in *The Failure of the New Economics, an Analysis of the Keynesian Fallacies*, 1959, D. Van Nostrand Company, p. 6

<http://mises.org/books/failureofneweconomics.pdf>)

When published in 1936 Keynes' *General Theory* understandably found immediate favor among government operatives because it provided "economic" cover for doing what politicians and bureaucrats eternally lust to do, which is to freely spend huge sums of OPM. (sounds like opium, is equally addicting, stands for other people's money). What is not so easy to comprehend is the fact that Keynes' specious theories also incited what

can only be described as a case of mass, intellectual hysteria known as “the Keynesian revolution” among many ivory-tower intellectuals. Notably, a similar “campus revolution” followed publication of Karl Marx’s “economic” treatise, *Das Kapital* (First published in Germany in 1867, <http://www.marxists.org/archive/marx/works/1867-c1/>). Although Marx’s incomprehensible seduction of intellectuals was somewhat slower to ignite, it has lasted much longer and still today finds troglodyte adherents echoing their mentor’s toxic nostrums in departments of economics of cave-like universities scattered here and there about the planet.

Real economists have long since debunked all of the so-called “economic” theories that Marx and Keynes concocted, which communists and Keynesians embraced. However, because of their appeal to people who live off the labors of others (viz., OPM), the discredited theories of Marx and Keynes live on. Solving the riddle of how and why such poseurs were able to attract so many blind epigones from among academicians is not a task for economists; its resolution must await the efforts of psychiatrists.

Henry Hazlitt drove a stake through the heart of Keynes’ *General Theory* with the publication of *The Failure of the New Economics* in 1959.

In it Hazlitt tore Keynes' labyrinthine work apart chapter by tortuous chapter, clearly showing where, how and why Keynes erred. He followed up in 1960 by editing a collection of twenty-two, previously-published, scholarly articles by twenty-one eminent American and European economists, which combine to repudiated most of Keynes' confused and confusing ruminations in his *General Theory*. (*The Critics of Keynesian Economics*, 1960, D. Van Nostrand Company, Inc., <http://mises.org/books/critics.pdf>).

By themselves these two books (there have subsequently been other comprehensive rebuttals of Keynes' so-called theories by worthy economists) should have laid Keynesian economics permanently to rest. However, Paul Krugman, regular op-ed columnist for the New York Times, tenured professor of economics at Princeton, frequent television commentator, and Nobel laureate who evidently has the ear of President Obama, is doing everything in his power to resurrect Keynesian economics from the graveyard of falsified forays into the science, everything, that is, short of addressing the devastating criticisms of Keynes "theories" by eminent economists like Hazlitt and many others, whose ranks also include Nobel laureates in economics, Professors F. A. Hayek and Milton

Friedman, not to mention the brilliant economist-sociologist, Ludwig von Mises. In his unseemly attempt to salvage Keynes, Krugman has either skirted or distorted the veritable library of logically sound repudiations of Keynes' economic nonsense.

Many Americans who have never read a book on economics intuitively realize that it is quite as impossible for nations, as it is for individuals, to achieve prosperity or bring about economic recovery by spending OPM. Such dissolute behavior invariably leads to the poor house, although it can, like an opium high, provide a jolt of euphoria in the short run, which is the most anyone can rationally expect from the federal government's current policies of manipulating money and credit, engaging in fiscal "stimulus" and otherwise intervening in the market and wasting trillions of OPM, all of which policies were advocated by Keynes, endorsed by Krugman, pursued by President Obama (as did Bush before him) and enacted into law by members of both parties in Congress.

No matter how many trillions of dollars Obama and Congress spend on "economic stimulus," it won't be enough for Krugman. In an op-ed column entitled "Franklin Delano Obama," published in *The New York Times* November 10, 2008

(<http://www.nytimes.com/2008/11/10/opinion/10krugman.html>), Krugman admitted that another of his heroes, Franklin Roosevelt, failed to end the Great Depression with his cornucopia of Keynesian policies known as the New Deal. The reason, Krugman said: Roosevelt didn't go far enough.

**"What saved the economy, and the New Deal," according to Krugman, "was the enormous public-works project known as World War II, which finally provided a fiscal stimulus adequate to the economy's needs."**

I've marked the above quote in bold red ink because here you have a Nobel laureate in economics referring to war, unquestionably the most destructive of all economic phenomena, as a "public-works project" and a "fiscal stimulus!" No real economist would ever make such a stupid, odious statement. Moreover, to believe, as Krugman does, that World War II ended the Great Depression is to completely ignore the disastrous economic effects of the War upon people everywhere. Production of consumer goods in the United States was so ravaged by the War that forced rationing was enacted. Many desired goods that were abundant during the Depression became scarce or unavailable during the War. Families that stayed together and even grew closer during the Depression

were torn apart by the War when fathers were drafted or enlisted in the military and were paid chump-change wages that could not support a family, so mothers had to go to work to make ends meet, usually making armaments that were worthless for the domestic economy. Many men who may have experienced hardship during the Depression met with death during WWII. Throughout Europe, Asia and the Pacific, millions of children and adults starved to death because war decimated food production and disrupted its distribution.

([http://en.wikipedia.org/wiki/World\\_War\\_II\\_casualties#endnote\\_US](http://en.wikipedia.org/wiki/World_War_II_casualties#endnote_US)). Of course war deaths did reduce the numbers of the unemployed, which is the overweening objective of Keynesian economic policies. But stimulate the economy? Even an economic caveman should know better. So much for the Nobel prize in economics recognizing economic insight or integrity.

In the preface to the German edition of *The General Theory*, which was published early in Adolph Hitler's glorious Third Reich (1936), Keynes stated (perchance suggesting to Hitler?) that "[T]he theory of output as a whole, which is what the following book purports to provide, is much more easily adapted to the conditions of a totalitarian state, than to the theory of production and distribution of a given output produced under conditions of

free competition and a large measure of laissez-faire." Hitler, an economic ignoramus himself, evidently took Keynes' theory of output to heart, pursuing Keynes' "full-employment" policies with some macabre twists of his own invention. Nazi Germany essentially eliminated its Depression-era unemployment (Was Keynes pleased?) by means of massive expenditures on armaments, military assaults against Europeans and Africans, forced labor in many industries, the extermination of those deemed unfit to work (e.g., Jews, gypsies, the disabled, etc.), conscription of teenagers and seniors into the armed forces and similar measures in harmony with the Keynesian full-employment objective.

Krugman refers to Keynes' *General Theory* as "a masterwork." If anyone requires proof that Krugman is not an economist one need only obtain a copy of Keynes' masterwork and try to read it. If one is not grounded in economics, she should obtain a copy of Hazlitt's *Failure of the New Economics* and read that in tandem with Keynes' book. In so doing, the validity of my equating Krugman to Arafat for their Nobel-prize worthiness will be manifest.

It is extremely disconcerting to realize that the federal government is pursuing Keynesian economic policies that Keynes himself said were more

suiting to an authoritarian-directed economy than that of a free people, policies that will only satisfy Paul Krugman if they are pursued to wartime levels. And it is even more alarming that this nation's so-called "leaders" in Congress and the administration would harken to the voice of any man, whether putative economist or nut case, who believes war is a legitimate economic stimulus. May God save us from such total economic illiteracy among Nobel laureates and high-ranking politicians.