

November 20, 2011

Boring Cruel Romantics

By **PAUL KRUGMAN**

There's a word I keep hearing lately: "technocrat." Sometimes it's used as a term of scorn — the creators of the euro, we're told, were technocrats who failed to take human and cultural factors into account. Sometimes it's a term of praise: the newly installed prime ministers of Greece and Italy are described as technocrats who will rise above politics and do what needs to be done.

I call foul. I know from technocrats; sometimes I even play one myself. And these people — the people who bullied Europe into adopting a common currency, the people who are bullying both Europe and the United States into austerity — aren't technocrats. They are, instead, deeply impractical romantics.

They are, to be sure, a peculiarly boring breed of romantic, speaking in turgid prose rather than poetry. And the things they demand on behalf of their romantic visions are often cruel, involving huge sacrifices from ordinary workers and families. But the fact remains that those visions are driven by dreams about the way things should be rather than by a cool assessment of the way things really are.

And to save the world economy we must topple these dangerous romantics from their pedestals.

Let's start with the creation of the euro. If you think that this was a project driven by careful calculation of costs and benefits, you have been misinformed.

The truth is that Europe's march toward a common currency was, from the beginning, a dubious project on any objective economic analysis. The continent's economies were too disparate to function smoothly with one-size-fits-all monetary policy, too likely to experience "asymmetric shocks" in which some countries slumped while others boomed. And unlike U.S. states, European countries weren't part of a single nation with a unified budget and a labor market tied together by a common language.

So why did those "technocrats" push so hard for the euro, disregarding many warnings from economists? Partly it was the dream of European unification, which the Continent's elite found so alluring that its members waved away practical objections. And partly it was a leap of economic faith, the hope — driven by the will to believe, despite vast evidence to the contrary — that everything would work out as long as nations practiced the Victorian virtues of price stability and fiscal prudence.

♣ Sad to say, things did not work out as promised. But rather than adjusting to reality, those supposed technocrats just doubled down — insisting, for example, that Greece could avoid default through savage austerity, when anyone who actually did the math knew better.

Let me single out in particular the European Central Bank (E.C.B.), which is supposed to be the ultimate technocratic institution, and which has been especially notable for taking refuge in fantasy as things go wrong. Last year, for example, the bank affirmed its belief in the confidence fairy — that is, the claim that budget cuts in a depressed economy will actually promote expansion, by raising business and consumer confidence. Strange to say, that hasn't happened anywhere.

And now, with Europe in crisis — a crisis that can't be contained unless the E.C.B. steps in to stop the vicious circle of financial collapse — its leaders still cling to the notion that price stability cures all ills. Last week Mario Draghi, the E.C.B.'s new president, declared that “anchoring inflation expectations” is “the major contribution we can make in support of sustainable growth, employment creation and financial stability.”

This is an utterly fantastic claim to make at a time when expected European inflation is, if anything, too low, and what's roiling the markets is fear of more or less immediate financial collapse. And it's more like a religious proclamation than a technocratic assessment.

Just to be clear, this is not an anti-European rant, since we have our own pseudo-technocrats warping the policy debate. In particular, allegedly nonpartisan groups of “experts” — the Committee for a Responsible Federal Budget, the Concord Coalition, and so on — have been all too successful at hijacking the economic policy debate, shifting its focus from jobs to deficits.

Real technocrats would have asked why this makes sense at a time when the unemployment rate is 9 percent and the interest rate on U.S. debt is only 2 percent. But like the E.C.B., our fiscal scolds have their story about what's important, and they're sticking to it no matter what the data say.

So am I against technocrats? Not at all. I like technocrats — technocrats are friends of mine. And we need technical expertise to deal with our economic woes.

But our discourse is being badly distorted by ideologues and wishful thinkers — boring, cruel romantics — pretending to be technocrats. And it's time to puncture their pretensions.