

The New York Times

The Conscience of a Liberal

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NOVEMBER 3, 2009, 8:33 AM

On not listening

Edmund Phelps [begins a column](#) “explaining” disputes in economics by saying

Keynesian economics, which had been nearly forgotten inside the macro field, has found new voices from outside. They take the position that fiscal “stimulus” of all kinds is effective against slumps of all causes.

OK, no point in reading any further.

Nobody, and I mean nobody, holds that alleged position. The position held by Keynesians — by the way, if Keynesian economics has been “nearly forgotten inside the macro field”, someone should tell [Greg Mankiw](#) that he’s an unperson — is that fiscal stimulus is necessary only under certain special conditions. Namely, when you’re up against the zero lower bound, and conventional monetary policy is useless, fiscal stimulus may be your best option.

And we are at the zero lower bound right now, for the first time in 70 years. That’s why fiscal stimulus is on the agenda — not because Keynesians believe that deficit spending is always and everywhere the best policy.

But this complete misrepresentation by Phelps — it doesn’t even rise to the level of caricature, since it bears no resemblance to what people like me are saying — is characteristic. For the most part, the opponents of stimulus just don’t listen; they have this image of the idiot Keynesian so fixed in their minds that they can’t be bothered to pay any attention to the actual arguments.

You might have thought that the worst economic crisis since the 30s, a crisis that should not have happened according to non-Keynesian models, would prompt at least a little intellectual curiosity. But no.