Mitt Romney Accidentally Tells Truth About Austerity Budgets During Hard Times, Or Does He . . .?

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Mitt might have told the truth, and if so, his truth may help uncover the pea in the GOP's longstanding economic shell game.

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Krugman - Big Fiscal Phonies

whoever Mr. Romney picks, he or she will cheerfully go along with the budget-busting, reverse Robin Hood policies that you know are coming if the former governor wins.

For the modern American right doesn't care about deficits, and never did. All that talk about debt was just an excuse for attacking Medicare, Medicaid, Social Security and food stamps. And as for Mr. Christie, well, he's just another fiscal phony, distinguished only by his fondness for invective.

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Last Wednesday, in his softball interview of Mitt Romney Time's Mark Halperin, after slow-pitching Romney about his record with Bain Capital, moved on to federal spending, not without first setting up Romney's expertise with "A lot of people don't know that about you; you can really get your arms around a policy issue and go deep. . ." *Really,* Mr. Halperin? Have you *met* Mitt Romney?

In any event, that's the tone of Halperin's interview. Here's the pregnant part of Halperin's question about federal spending:

> . . . let's talk about spending. You have a plan, as you said, over a number of years, to reduce spending dramatically. Why not in the first year, if you're elected — why not in 2013, go all the way and propose the kind of budget with spending restraints, that you'd like to see after four years in office? Why not do it more quickly?
>
> **Romney:** Well because, if you take a trillion dollars for instance, out of the first year of the federal budget, **that would shrink GDP over 5%. That is by definition throwing us into recession or depression.** So I'm not going to do that, **of course.** What you do is you make adjustments on a basis that show, in the first year, actions that over time get you to a balanced budget. So I'm not saying I'm going to come up with ideas five or ten years

> from now that get us to a balanced budget. Instead I'm going to take action immediately by eliminating programs like Obamacare, which become more and more expensive down the road – by eliminating them, we get to a balanced budget. And **I'd do it in a way that does not have a huge reduction in the first year,** but instead has an increasing reduction as time goes on, and given the growth of the economy, you don't have a reduction in the overall scale of the GDP. ***I don't want to have us go into a recession in order to balance the budget.*** I'd like to have us have high rates of growth at the same time we bring down federal spending, on, if you will, a ramp that's affordable, but that does not cause us to enter into a economic decline. [Emphasis added]

Yesterday, William K. Black, an Associate Professor of Economics and Law at the University of Missouri-Kansas City, wrote an article on Huffington Post calling out Mitt Romney for his Time interview performance. And it was in all senses a "performance," as you'll see when you read his article in full. Professor Black has exceptional credibility in the study of white collar crime, banking division. His experience goes back to the S&L crisis days, and his book The Best Way to Rob a Bank Is to Own One: *How Corporate Executives and Politicians Looted the S&L Industry* provides the best dissection of the crisis and the concept of "control fraud"-- the looting a company for personal profit.

What does one call a politician who, solely to advance his personal political ambition, supports his Party's efforts to coerce austerity even though he knows that the austerity would cause a national economic catastrophe and states that he, "of course," would never adopt such self-destructive austerity if he were president? Romney is failing the tests of courage, integrity, and loyalty to our nation and people.

Later in the interview, Romney claims that federal budgetary deficits are "immoral." But he has just explained that using austerity for the purported purpose of ending a deficit would cause a recession or depression. A recession or depression would make the deficit far larger. That means that Romney should be denouncing austerity as "immoral" (as well as suicidal) because it will not simply increase the deficit (which he claims to find "immoral" because of its impact on children) but also dramatically increase unemployment, poverty, child poverty and hunger, and harm their education by causing more teachers to lose their jobs and more school programs to be cut. Fewer children will be able to get college degrees. Austerity is the great enemy of children -- it is the epitome of a self-destructive, immoral economic policy.

According to Ron Susskind's The Price of Loyalty*: George W. Bush, the White House, and the Education of Paul O'Neill,* following the GOP victory in the 2002midterms, Dick Cheney chaired a meeting of the President's economic team. He broached a subject that Treasury Secrretary thought had been abandoned, a 50% cut in the

"Reagan proved deficits don't matter,"

“Reagan proved deficits don't matter,” he said. O'Neill shook his head, hardly believing that Cheney—whom he and Greenspan had known since Dick was a kid—would say such a thing. He was speechless. Cheney moved to fill the void.

Treasury Secretary Paul H. O'Neill

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