

The Keynesian Kruganites of Europe

The following article was submitted to Professor Daniel Gros of Project Syndicate today, with a copy to the prime minister and finance minister of Norway.

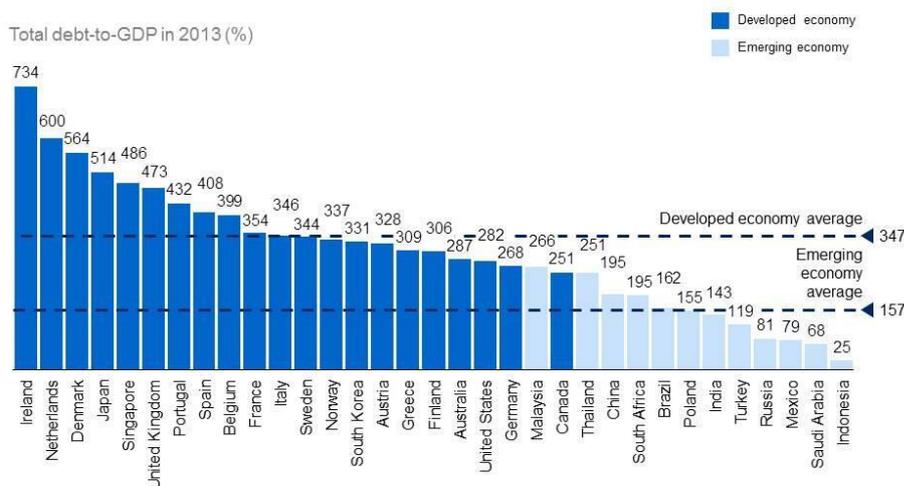
I am copying the prime minister and finance minister of Norway, as they, like the rest of us, needs a deeper understanding of the dramatic events which are taking place in Greece and Europe, and which is bound to become every European taxpayers nightmare, as the politicians seize the people's money to cover up their monstrous and long lasting economic policy mistakes.

In an article published today in Norway's largest trade journal, Dagens Næringsliv, Daniel Gros (Project Syndicate) seems to think that as long as the ECB is able to print money out of thin air, which means a continued manipulation of interest rates by way of increasing debt, Greece and other debt-ridden countries can continue to grow its debt into infinity.

While People in Greece die due to lack of food and medicine, and housewife's in Athens prostitute themselves in order to put food on the table for their unemployed and starving families, Mr. Gros essentially says that even more debt is the solution to the debt we already have in the Eurozone. This is of course easy for Mr. Gros to say, as he eats his meals and drinks his wine with the money left over from the above housewife's proceeds of prostitution, that is if she reports these lifesupporting euros as taxable income? She would then do what politicians in Italy have proposed: include prostitution in the GDP numbers to avoid austerity measures. This is how insane the economic system and our politicians in Europe have become!

Project Syndicate is careful not to make it easy for readers to get in contact with persons like Mr. Gros, who obviously is nothing more than puppets for the ruling elite in Brussels. I therefore kindly ask that you forward this email to Mr. Gros and have him explain the following graph:

Total debt-to-GDP ratios in select countries, 2013



In his article, Gros says that "Greece uses less money on its debt than Italy and Ireland, both of which has significantly lower debt". First of all, Mr. Gros is wrong. As you can see from the above graph, the total debt burden in Ireland is the worst of all Eurozone countries, and Italy's debt is also higher than in Greece. This might seem like a lame point, because all of these countries have debts that is unsustainable; they are in fact all broken economies about to become even more broke as the ECB begins its QE, thus pushing Europe further down the road to catastrophe, perhaps even war.

Please have Mr. Gros explain the arithmetic of the above debt levels, viz:

Lets say the debt in all of the above countries is equal to GDP, 1:1. Furthermore that debt is serviced at an interest rate of 5 % and that nominal GDP grows at 3 % (to be nice). In 10 years the debt will be $163/134 = 122$.

How does simple kindergarten arithmetic fit in with Mr. Gros' assertion about Greece's debt being unproblematic, for that matter all the other countries in this graph?

I have seen similar articles from people working for Project Syndicate, and they all seem to be in favour of the economic follies of the Keynesian Kruganites of this world, who believe we somehow can spend ourselves out of economic problems by simply borrowing more money; much like drunken sailors on landlord with empty pockets. My questions to you are as follows:

1. When the FED or ECB prints either a dollar or a Euro, is this not debt?
2. If it is not debt, then what is it?
3. If debt, then who owes it and how will it be paid back?

The alternative to this unprecedented monetization of debt is explained by "you guys" to be deflation and slow growth. To this I have following questions:

4. Why is deflation bad - I have never heard economists, central bankers or politicians complain about cheaper cell phones, TVs, cameras, food etc.....?
5. Why is it that no one talks about the most obvious remedy to the tremendous increase in debt, both private and public, that has taken place over the last 20-30 years, which is a drastic decrease in the size of government/public sector in proportion to the private sector of the economy, i.e. the ones paying for the public sector.

It seems to me that if we can cut the government/public sector dramatically (say in half or by 2/3 all across the western hemisphere) and at the same time implement large tax cuts, is this not the best solution to achieve real sustainable growth in the economy?

Furthermore, this should lead to less poverty, same time give government/public workers "real jobs" and something meaningful to do, i.e. contribute in the process of creating productive capital for growth rather than spending more and more taxes on unsustainable public programs and government reforms?

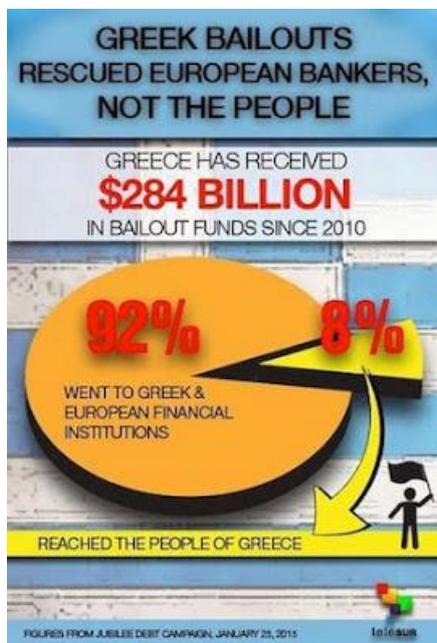
As an real life example: Is it a problem or a benefit to the french people that the public sector in France accounts for nearly 60% og GDP?

A recent study by John W. Dawson and John Seater (Federal regulation and Aggregate Economic Growth) concludes as follows (USA):

If government regulations (largely as a consequence of growth in the public sector) had remained at 1949 levels, the USA GDP would have been USD 54 trillion instead of today's USD 16 trillion. This number equates to USD 125.000 per year for every man, woman and child in the USA.

Is there any other conclusion to be drawn from this than that "Big government" is the reasons for our ills and that the only way out of the mess is to drastically reduce the politicians and governments "heavy handed control" of its people, and in so doing ridding the world of laws and regulations, thus taxes and tariffs, which have kept this insane system alive for all too many years?

Finally, can anyone at project syndicate explain the following graph as anything but a gigantic fraud of the people of Greece, which will soon become a continuing and monumental fraud of the entire European people perpetrated by the politicians and the European banking system?



Is there any other explanation to this graph than the people of Europe having saved the politicians and the bankers backsides, pardon my French! And can there be any other explanation for ECBs QE, than the politicians and bankers yet again trying to push the costs of their total incompetence in economic and financial matters on to an ever increasing unemployed and starving European people? Is there any limit to this "Beast of burden" yoke cast upon the peoples of Europe?

We need people like Mr. Gros, but we need them in productive jobs that contribute to sustainable growth; not as economic wizards spewing out nonsensical and utterly meaningless articles, which only mission is to keep the current completely corrupt and inept "fat cats" in Brussel in positions of power to further increase the agony of the European people.

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