Joe Scarborough, a former congressman (R-Fla.), hosts the MSNBC show “Morning Joe.” Jeffrey D. Sachs is director of the Earth Institute and author of “The Price of Civilization.”

Dick Cheney and Paul Krugman have declared from opposite sides of the ideological divide that deficits don’t matter, but they simply have it wrong. Reasonable liberals and conservatives can disagree on what role the federal government should play yet still believe that government should resume paying its way.

It has become part of Keynesian lore in recent years that public debt is essentially free, that we needn’t worry about its buildup and that we should devote all of our attention to short-term concerns since, as John Maynard Keynes wrote, “in the long run, we are all dead.” But that crude interpretation of Keynesian economics is deeply misguided; Keynes himself disagreed with it.

When President Obama came into office in January 2009, he inherited an economic mess, including a deficit of more than $1 trillion. Yet he soon piled up even more debt by tripling the number of U.S. troops in Afghanistan and pushing through Congress a shortsighted stimulus bill and a healthcare package that did not fundamentally address the excessive costs of the healthcare system. After his party took a midterm drubbing from Republicans, the Obama White House then supported the extension of the Bush-era tax cuts and other “stimulus” items, adding another trillion dollars or so of red ink to Washington’s ledger.

Not so long ago, Keynesians guaranteed that Obama’s stimulus plan would move the U.S. economy more quickly toward growth...
by providing full employment and lowering deficits. We both were skeptical from the start, for good reason. In May 2009, the White House forecast 4.6 percent growth in 2012, an unemployment rate of 6 percent and a budget deficit of $557 billion. The actual outcomes were much worse: growth of 2.3 percent, unemployment at 8.1 percent and a budget deficit of nearly $1.1 trillion.

Both of us opposed the stimulus package, the increased spending in Afghanistan and Washington’s fixation on short-term thinking. We said that the only result of this short-termism would be exploding deficits. And well before Obama acknowledged the point, we said that there was no such thing as “shovel-ready” projects worthy of public investment in the 21st century.

Sadly, our concerns have been borne out. Public debt was around 41 percent of the gross domestic product in 2008. Today it is around 76 percent and still rising. Yet the economy continues to languish.

Nevertheless, a few hardy Keynesians urge the president to raise deficits still further. We respectfully disagree. Doubling down on this dubious policy will move the United States only more quickly toward excessive indebtedness and a possible economic crisis.

Keynes worried about the long-term buildup of public debt and called for balancing the budget over the course of a business cycle — allowing deficits during downturns to be offset by surpluses during good times. Unfortunately, Republicans and Democrats spent the past decade supporting reckless tax cuts, irresponsible wars and budget commitments without supporting revenue. That shortsightedness has created a crisis, soon to be exacerbated by an aging population and rising health-care costs.
Joe Scarborough and Jeffrey D. Sachs: Deficits do matter

3/26/13

It is not a fair assessment to blame the Democrats for the faulty economic policies or the war in Iraq. To cite Krugman’s article from 2001 is also spurious reasoning. There are significant inconsistencies in their analysis. They are unfair to both the Obama and Bush records, where stimulus/bailout programs were begun much earlier than they portend in their article; and packages that were necessary at the time of the Great Recession. As you both attempt at “bipartisan analysis,” by lumping Krugman and Cheney together to catch the eye of the reader, is a transparent tactic to force their agreement.

Hundreds upon hundreds of millions of dollars, given to politicians by people who claim the federal deficit and debt are, or soon will be, too large. Are these billionaires, with all their access to economic facts, also ignorant of economics?

I am saddened to read the analysis of Mr. Scarborough and Mr. Sachs. Their attempt at “bipartisan analysis,” by lumping Krugman and Cheney together to catch the eye of the reader, is a transparent tactic to force their agenda on the moderate middle. There are significant inconsistencies in their analysis. They are unfair to both the Obama and Bush records, where stimulus/bailout programs were begun much earlier than they portend in their article; and packages that were necessary at the time of the Great Recession. They also try to pin the blame for both the war spending and healthcare initiative directly on Obama. How about a Republican House that obstructed the president at every turn so that he could not pass a more fully responsive health care bill or jobs package? Is it not a fair assessment to blame the Democrats for the faulty economic policies of the Bush presidency, either. To cite Krugman’s article from 2001 is also spurious reasoning. As you both well know, historical circumstances were quite different. The Defense Department has been making the move to the post-Cold War world for more than the past decade. Where have you been? Of course, the parochial interests of Congress make this difficult. Great to come out now as the predictors of the current economic situation! Wow, feel good? The end of your article falls flat… the same old blah, blah, blah. I am disappointed in you, particularly, Mr. Sachs.

Not one admits to the federal government cannot run short of dollars. Instead, 100% of them falsely claims the government is “broke” and the federal deficit is “unsustainable” and the debt will be paid by our children.

Not one admits to knowing the U.S. government, being Monetary Sovereign, is different from the monetarily non-sovereign governments of Chicago, Ohio, Greece and France.

Not one admits to understanding why personal finances are unlike federal finances. No our leaders lie, as President Obama did, when he said, “You have to live within your means, so the federal government should live within its means.”

Finally, THE RICH OWN THE MEDIA, which promulgate the lie that deficits must be reduced.

So, which is more likely: Universal ignorance of economics by economics experts and the media or worldwide bribery of politicians and ownership of the media? All the evidence is on the side of bribery; no evidence supports worldwide ignorance.

What is the motive? Why do billionaires, who if anything, are experts in money, “waste” their valuable, and much beloved, dollars spreading the lie that deficits must be reduced? Because that lie will widen the wealth and income gap between the rich and the rest-the Mythfighter.

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