

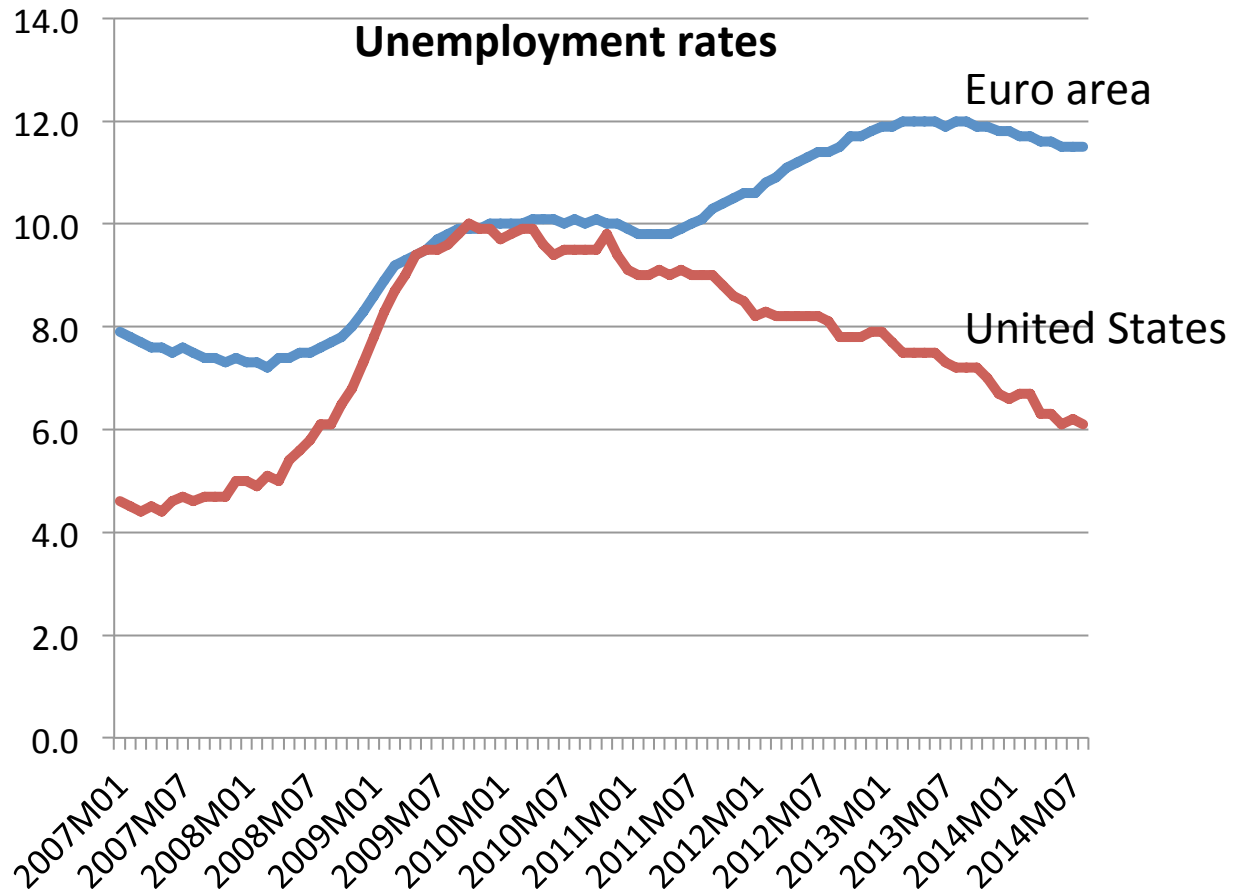
Learning From Europe

Paul Krugman

It is always taken for granted that adventures only happen at the ends of the earth, in tropical forests, in Arctic wastes, in African deserts, on Western prairies, in Chinese opium dens — everywhere in fact, except the places where things really *do* happen ... Nowadays, of course, if you really want adventure, the place to look for it is in Europe.

-- George Orwell

Europe is experiencing a Lesser Depression



And not that much lesser



Why? Here's the kind of thing you hear and read ...



Rev. Robert Sirico
Contributor

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The Collapse of Europe's Welfare State Exposes its False Hopes -- Is America Next?

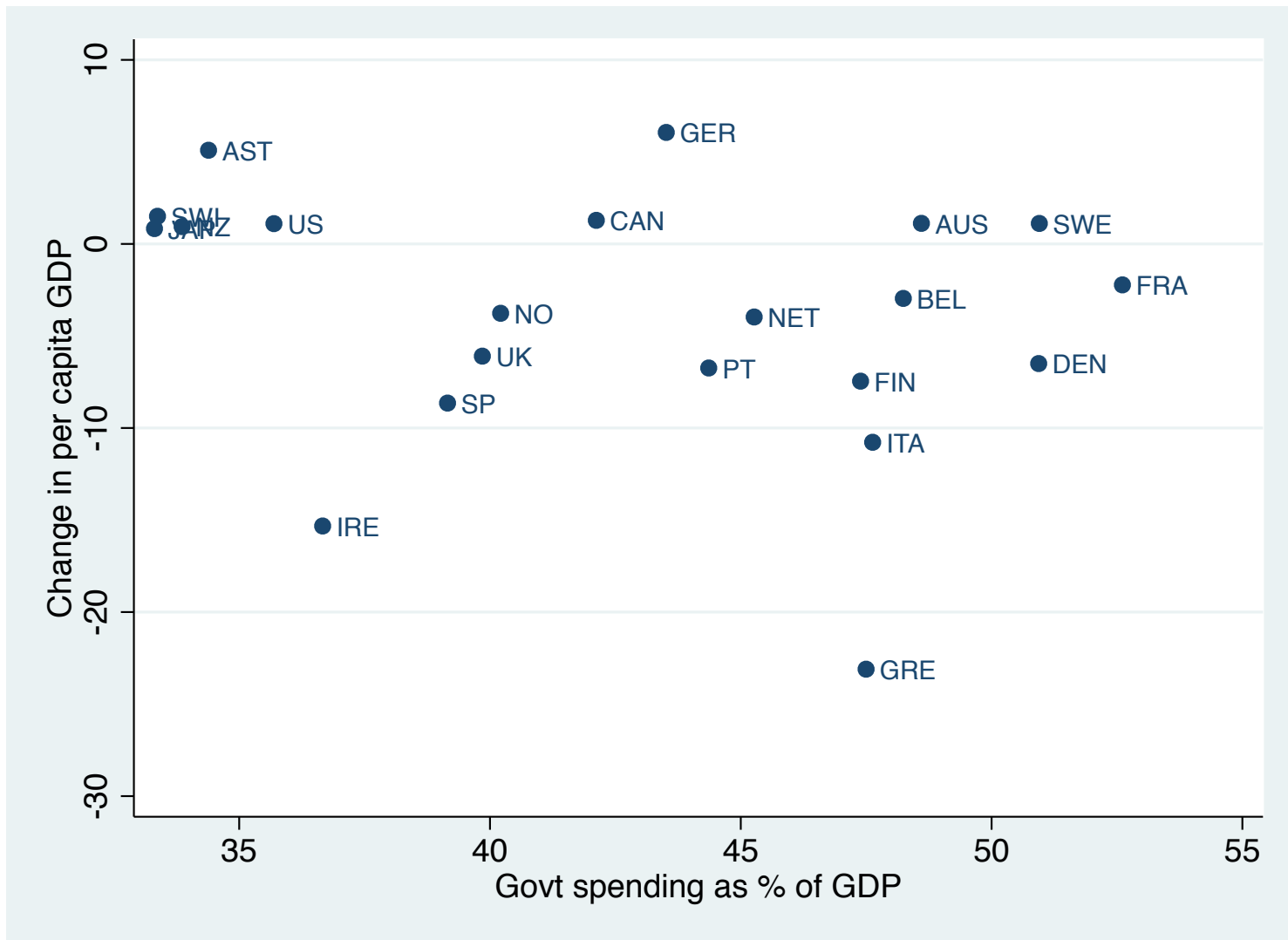
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As the Eurozone crisis deepened this spring and summer, media outlets increasingly issued gut-wrenching reports on what were labeled “economic suicides.”

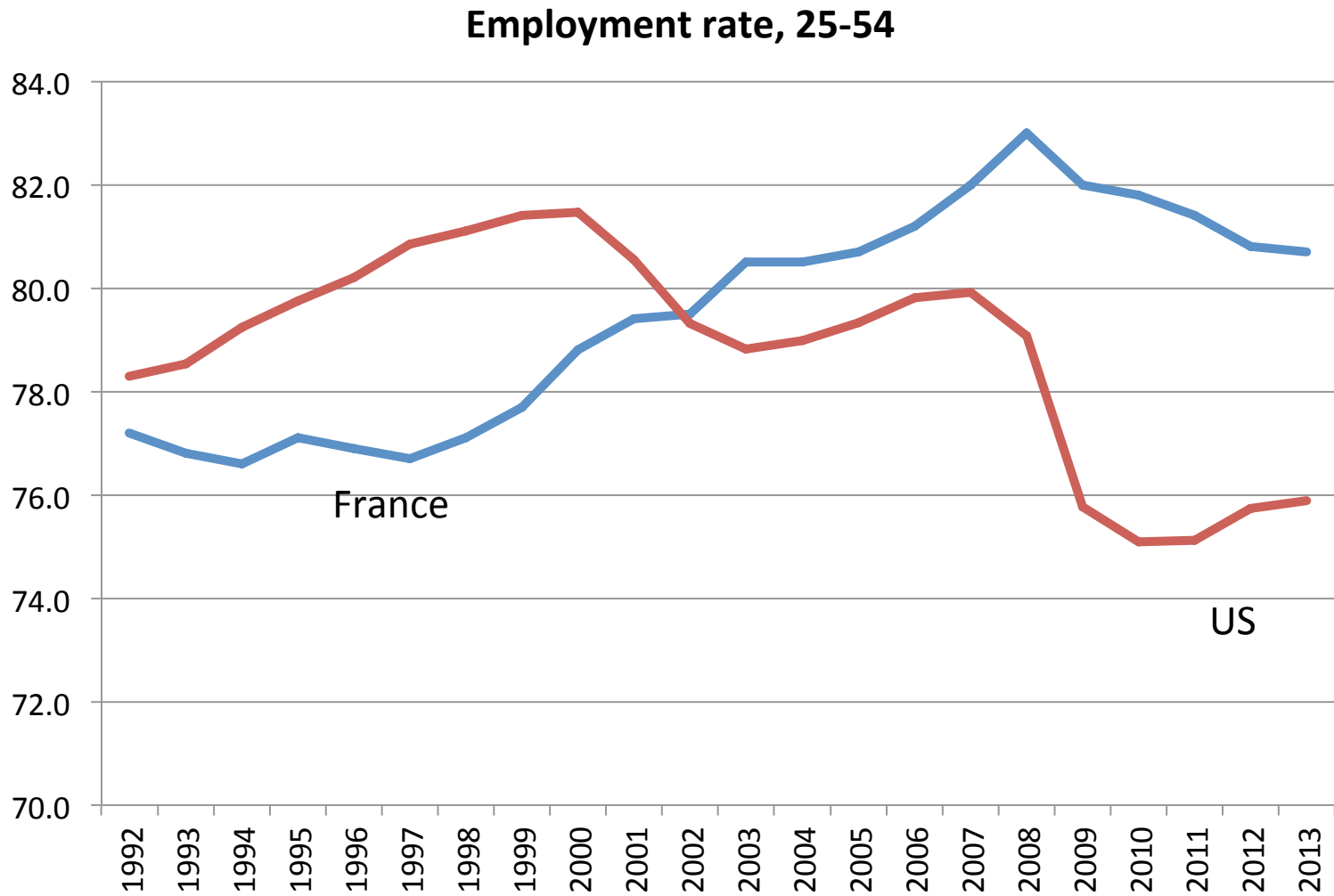
A 52-year old real estate agent in the northern town of Vicenza, Italy,



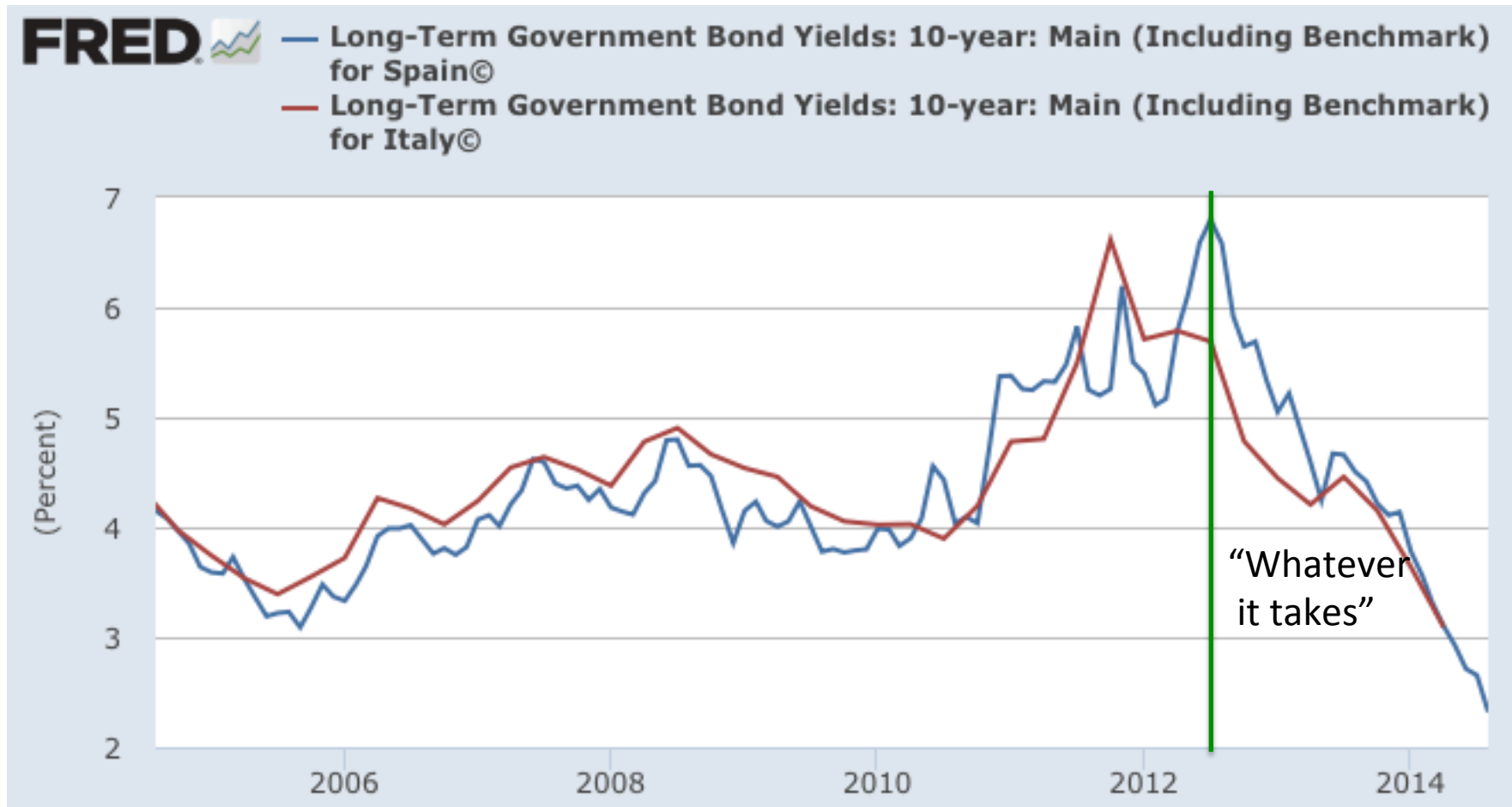
But there's not a shred of evidence to that effect



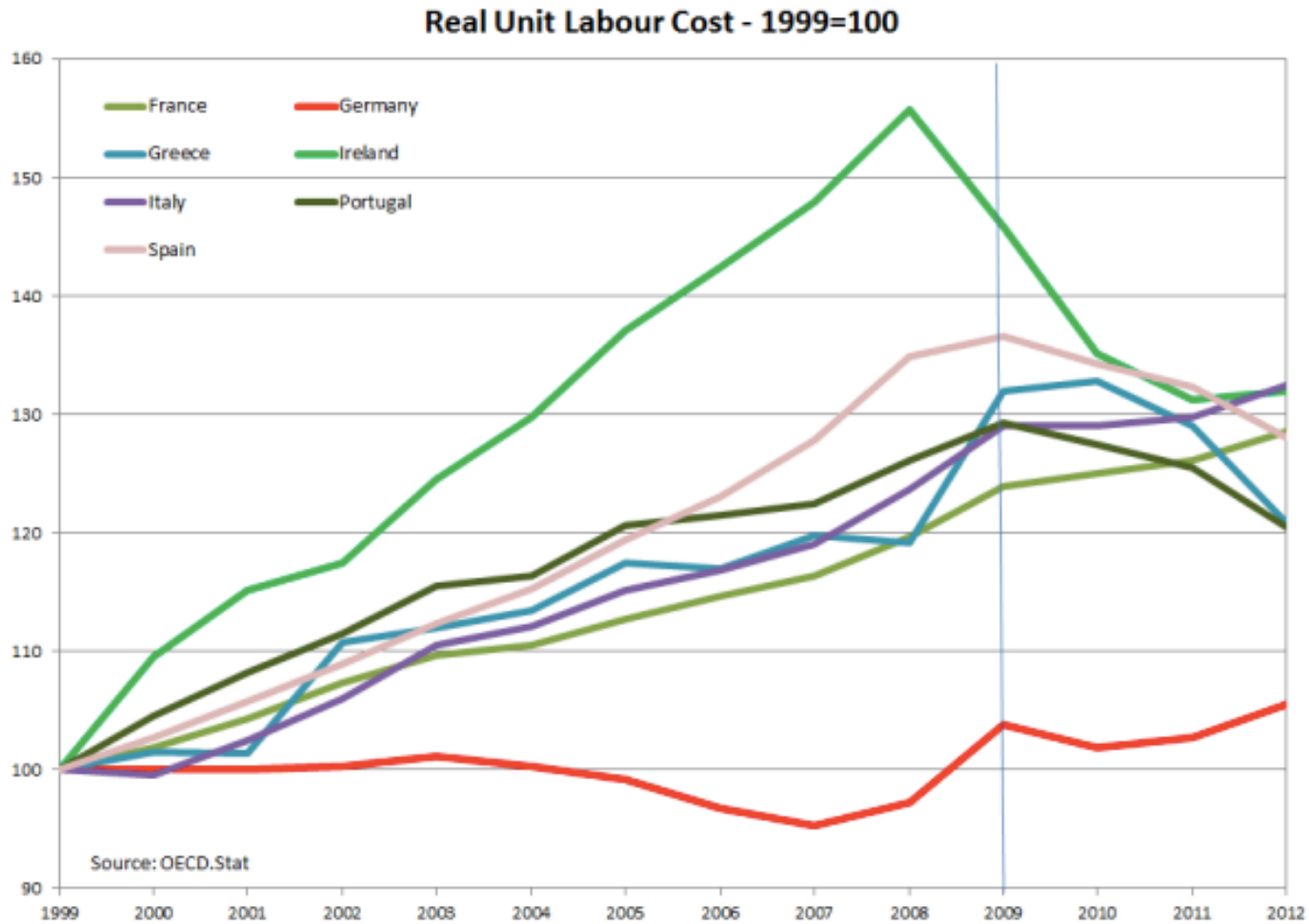
In fact, classic “Eurosclerosis” is mostly over



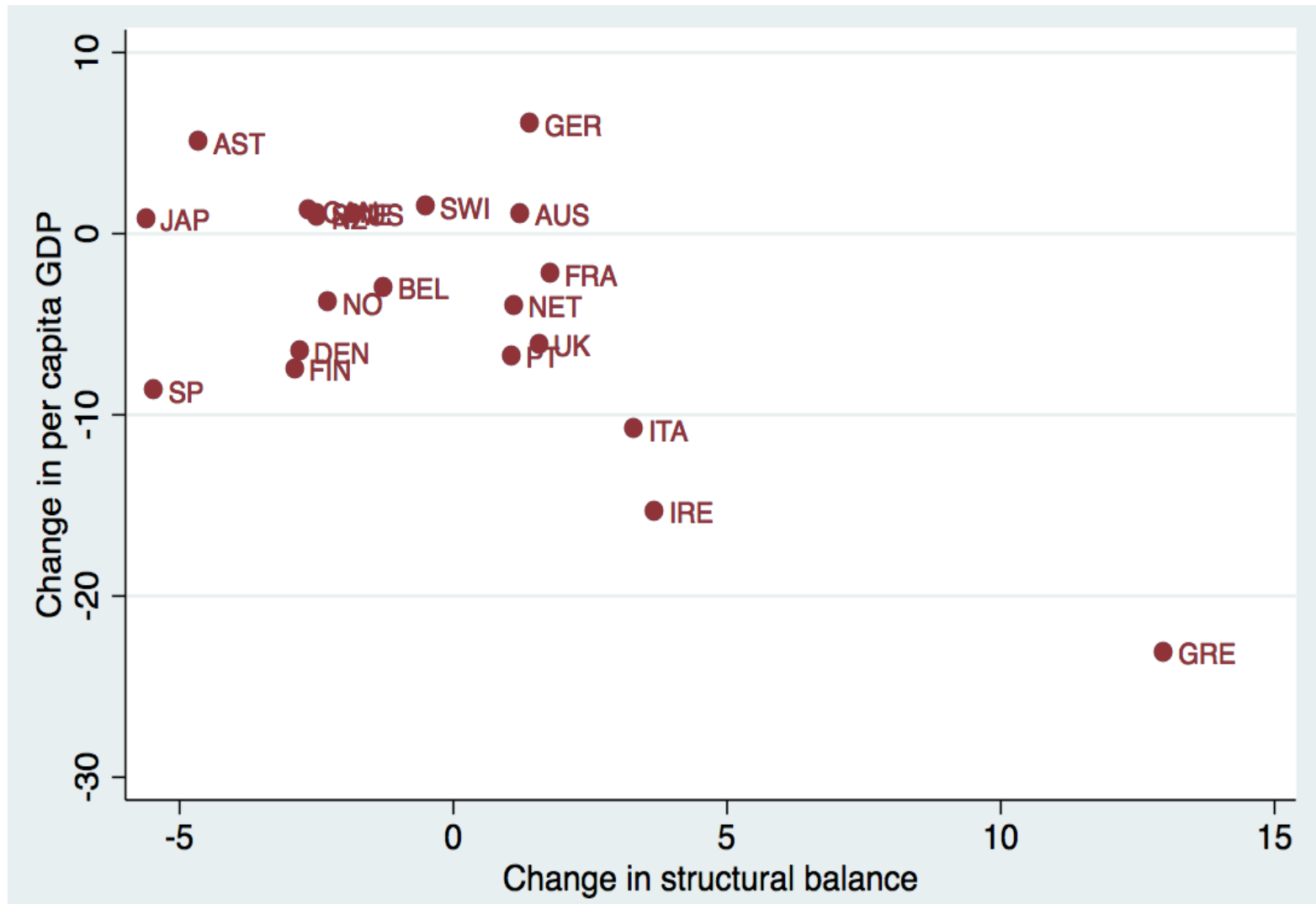
Real lesson #1: It's very dangerous to borrow in someone else's currency ...



... especially if you share that currency with a partner determined to force deflation



Real lesson #2: Keynes was right



Real lesson #3: Against stupidity, the gods themselves contend in vain

BERLIN—Germany's finance minister Tuesday insisted that structural overhauls and innovation will help boost economic growth and create jobs, dealing a blow other European countries that it might be willing to accept a looser deficit policy.

Wolfgang Schäuble said Europe would "surrender to the world of illusion" by believing that the use of more public money and higher deficits would achieve sustainable growth and permanent jobs.