

## The last thing we need is austerity

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Joe Stiglitz [had this to say this in the FT](#) this morning:

Naturally, with the huge increase in the debt-to-GDP ratio, many worry whether an economic programme based on breaking away from the old rules is sustainable. The short answer is an unambiguous yes. There are two ways to restore the debt-to-GDP ratio to a more reasonable level: reduce the numerator through austerity or increase the denominator through investments. A decade ago, the EU went down the former route during the eurozone crisis and it proved an enormous failure. The US took the latter route after the second world war and it proved a great success. Given the crises Europe faces today, austerity would be doubly calamitous.

He's right.

I am not sure that there is a lot to add.