CHRISTINA ROMER'S EVIDENCE BASED ECONOMICS

Christina Romer and some other Chairs of Democratic Presidents' Council on Economic Advisors are out tut-tutting Bernie Sanders' economic plans.

> We are concerned to see the Sanders campaign citing extreme claims by Gerald Friedman about the effect of Senator Sanders's economic plan—claims that cannot be supported by the economic evidence.
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> [snip]
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> As much as we wish it were so, no credible economic research supports economic impacts of these magnitudes. Making such promises runs against our party's best traditions of evidence-based policy making and undermines our reputation as the party of responsible arithmetic. These claims undermine the credibility of the progressive economic agenda and make it that much more difficult to challenge the unrealistic claims made by Republican candidates.

I find Romer's signature on this document to be interesting given what we know about a report Romer and President Obama's other economic advisors did in the transition period in 2008. Romer had calculated that it would take $1.7-1.8 Trillion to undo the damage the banks had done. But Larry Summers not only bullied her into taking that out of the report presented to the President, but even the "compromise" $1.2 Trillion she proposed instead.

> Romer calculated that it would take an eye-popping $1.7-to-$1.8 trillion to fill the entire hole in the economy—the

> "output gap," in economist-speak. "An ambitious goal would be to eliminate the output gap by 2011–Q1 [the first quarter of 2011], returning the economy to full employment by that date," she wrote. "To achieve that magnitude of effective stimulus using a feasible combination of spending, taxes and transfers to states and localities would require package costing about $1.8 trillion over two years."
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> [snip]
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> When Romer showed Summers her $1.7-to-$1.8 trillion figure late the week before the memo was due, he dismissed it as impractical. So Romer spent the next day or two coming up with a reasonable compromise: $1.2 trillion. In a revised document that she sent Summers over the weekend, she included the $1.2 trillion figure, along with two more limited options: about $600 billion and about $850 billion.
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> At first, Summers gave her every indication that all three figures would appear in the memo he was sending the president-elect. But with less than twenty-four hours before the memo needed to be in Obama's hands, Summers informed her that he was inclined to strike the $1.2 trillion figure.
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> [snip]
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> The final version of the memo had framed the debate around two basic choices—roughly $600 billion and roughly $850 billion—and these were the focus of the conversation.

In the end, Congress passed somewhere between $787 and $831 billion in stimulus — near the high side of what Summers presented, but still half of what Romer said the economy really needed.

As a result, of course, we’ve had a recovery for the banks, but far less of one for average people. That is, short-selling the stimulus put us where we are now, with millions of voters supporting outsider candidates like Sanders and Trump, because wonks like Larry Summers promised the stimulus was adequate to the problems facing the country.