

[Why Paul Krugman is Wrong about the Recession](#) [1]

Written by [Blog Editor](#) [2] | Wednesday 5 September 2012

Steve Horwitz gave this excellent talk on Monday at the Adam Smith Institute, and with the government's new plan to underwrite up to £50bn in private sector spending, it's more timely than ever. Horwitz argues that the Krugmanite conception of the recession is misguided, and has already shown its weakness in the failure of the Obama administration's stimulus package. Instead of stimulating, Horwitz says, we should be restoring profit opportunities and allowing insolvent firms (including banks) to fail, so that the painful recession process can be dealt with as quickly as possible.

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