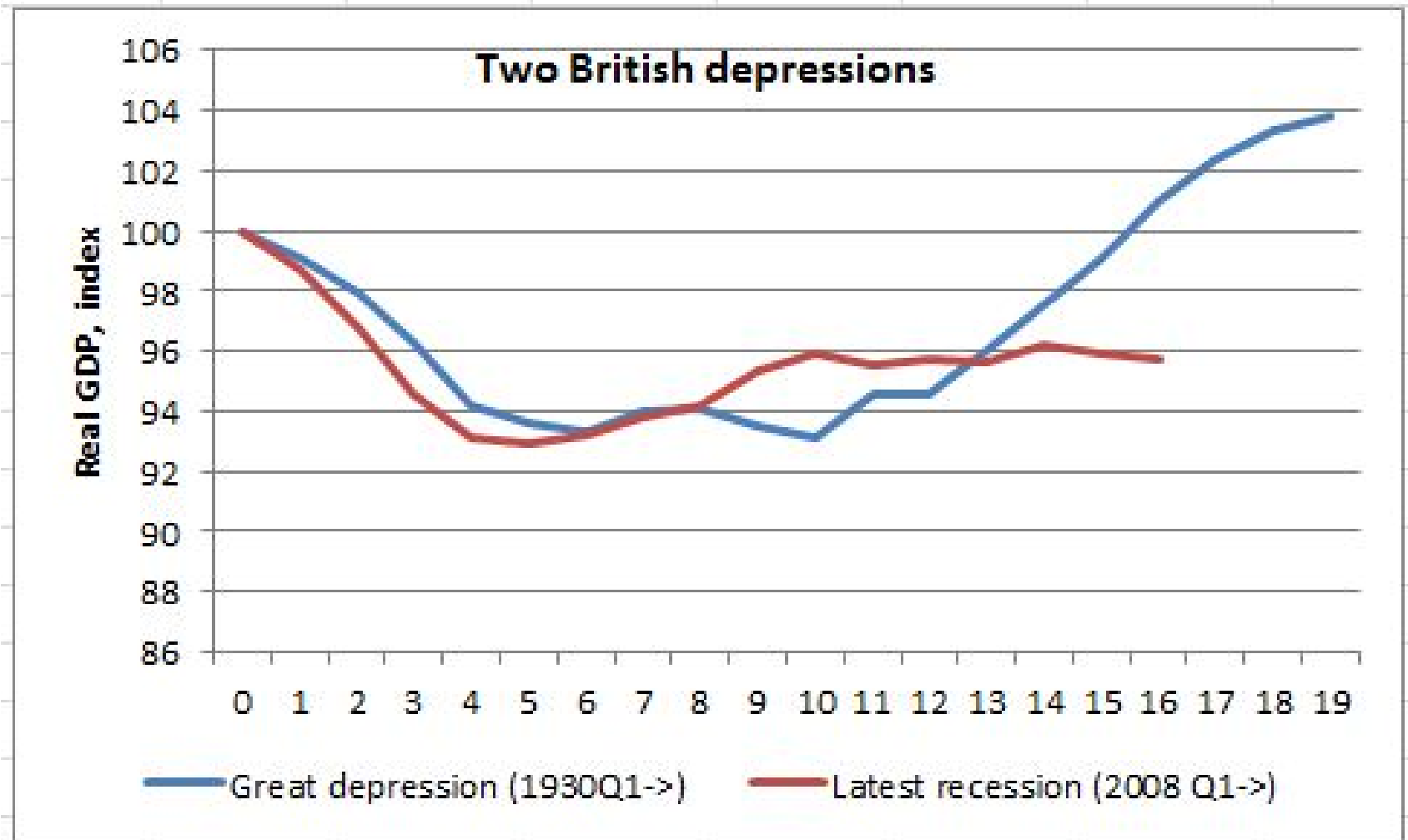


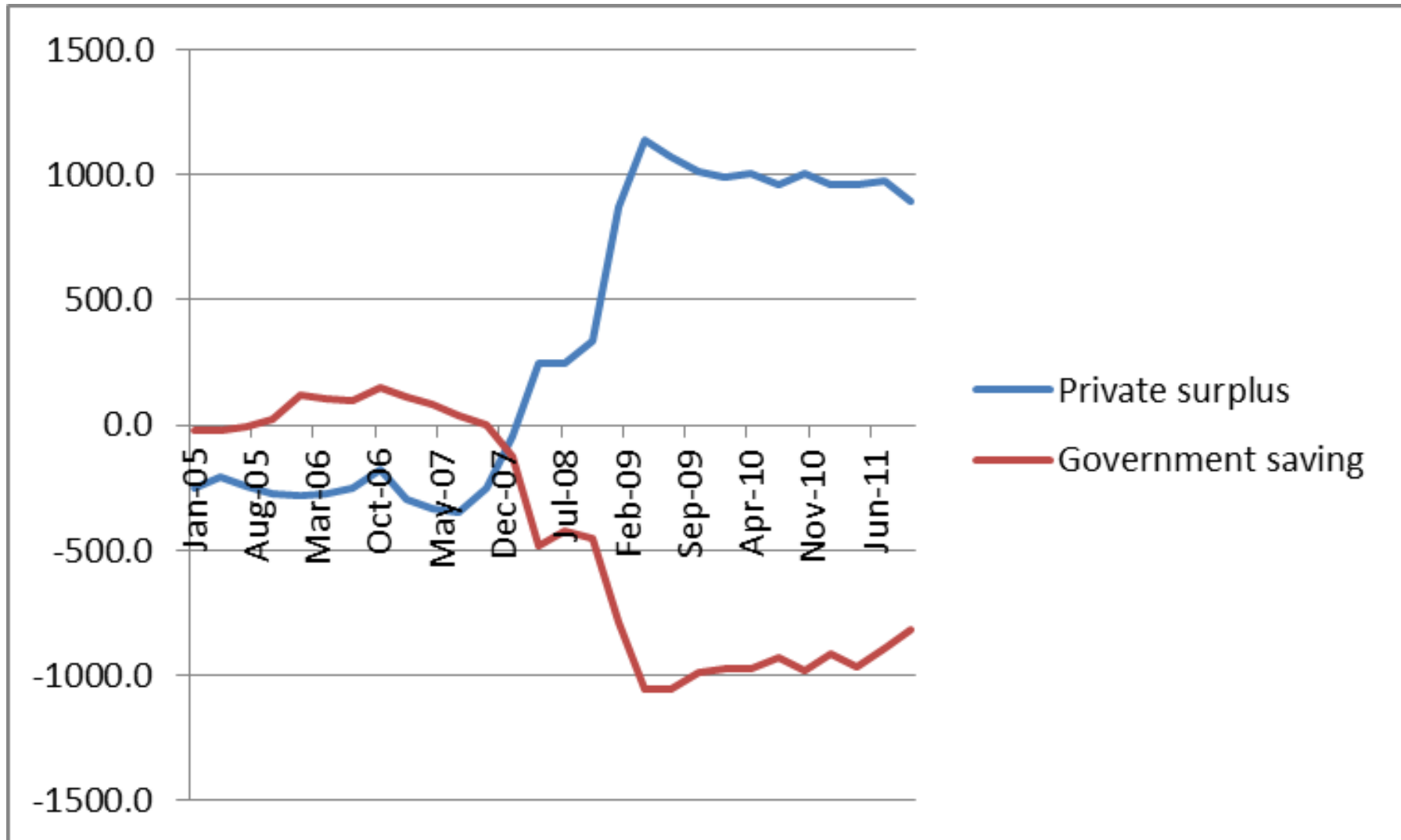
# Which Way To The Exit?

Paul Krugman

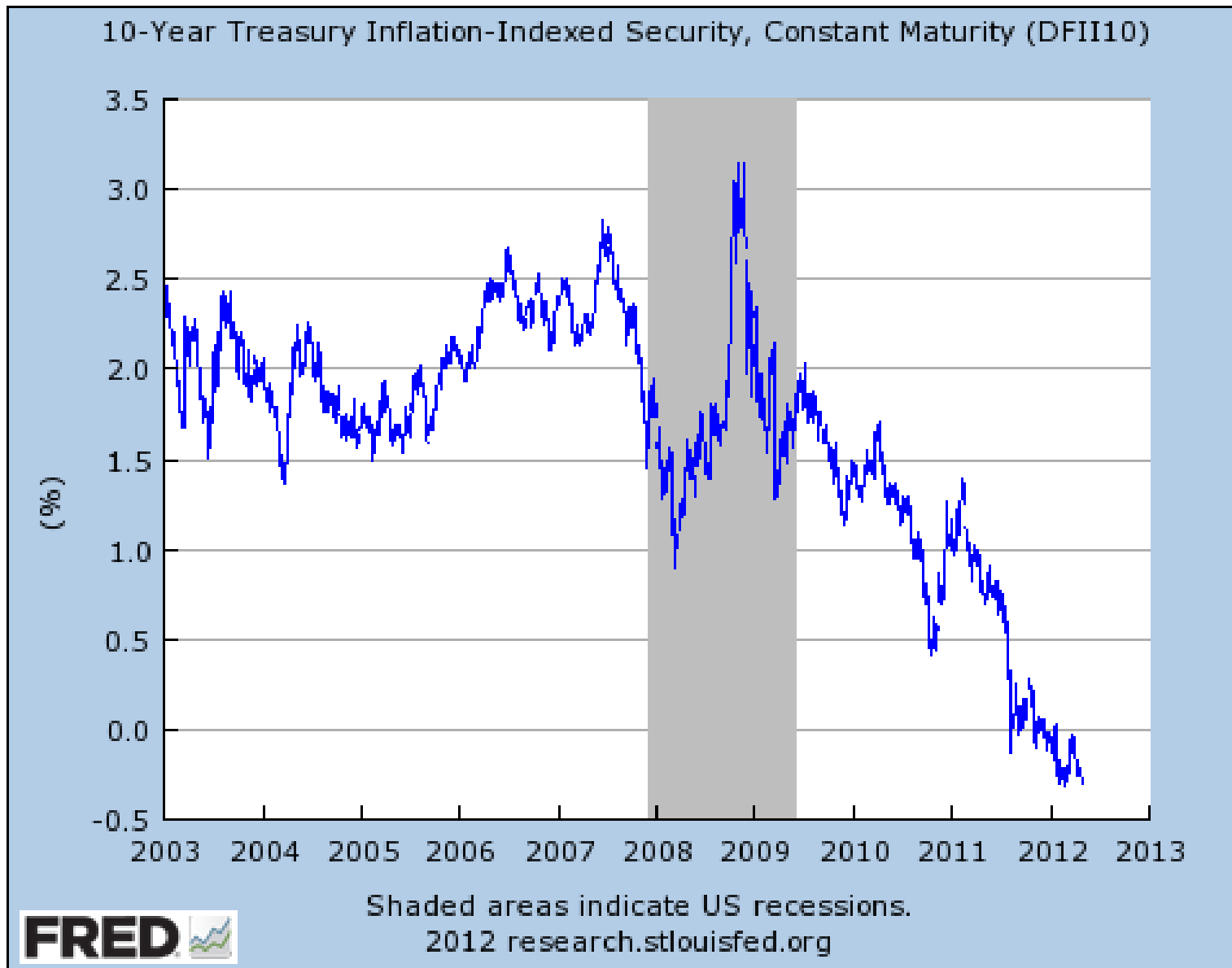
We're going very badly in coping with the aftermath of crisis



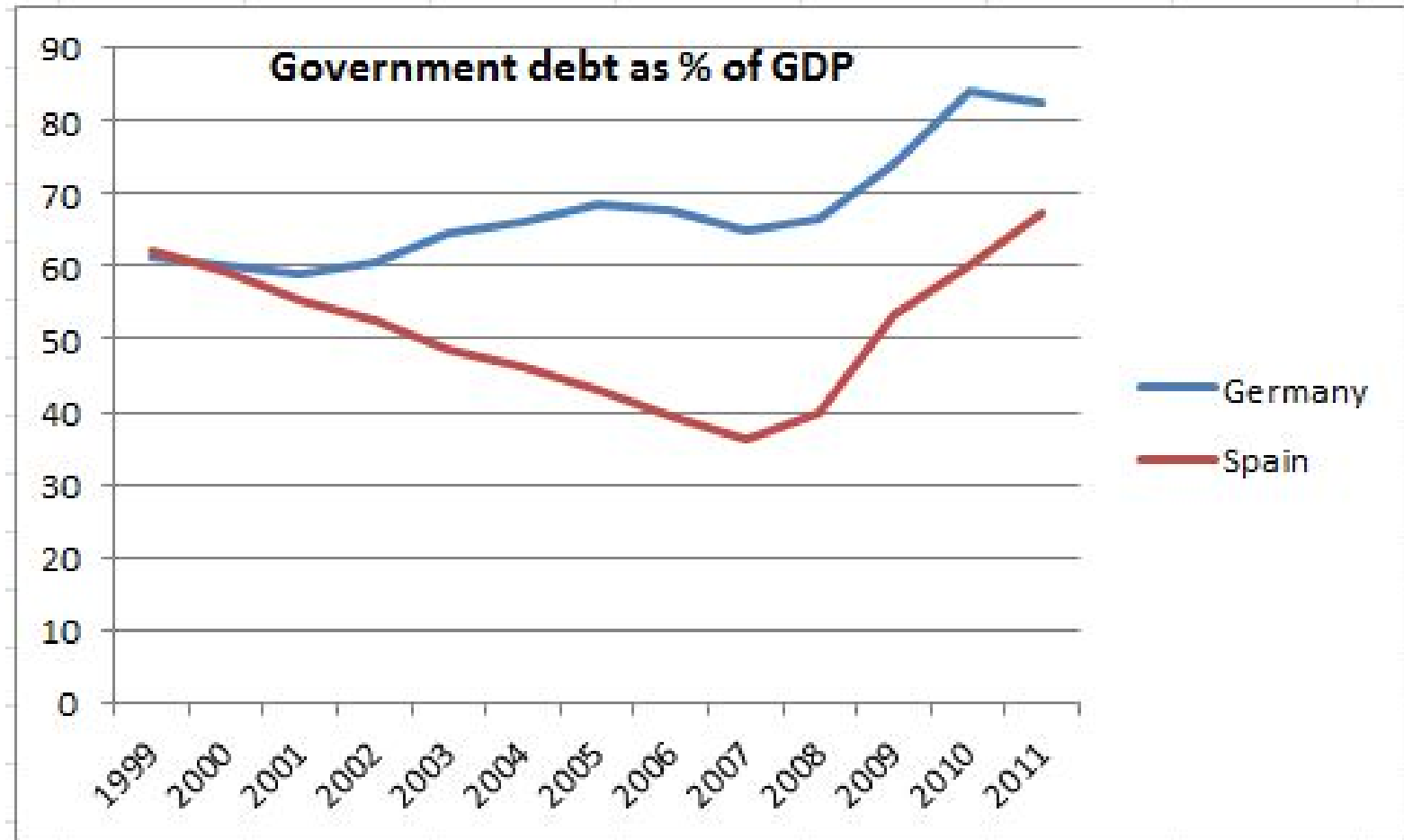
... which has led to persistent inadequacy of private spending



... and very low rates of return on safe assets



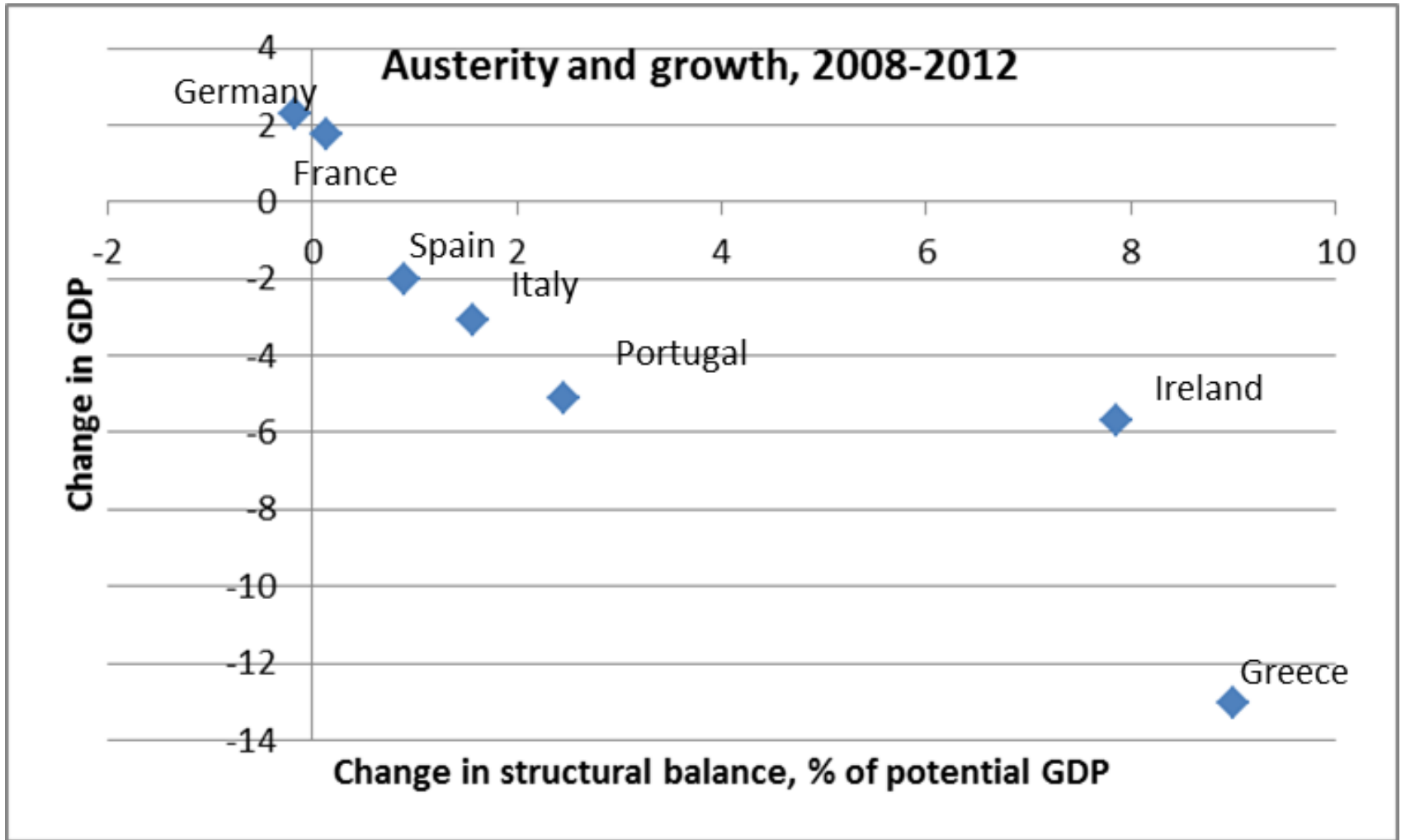
## Fiscal profligacy did *not* cause the crisis



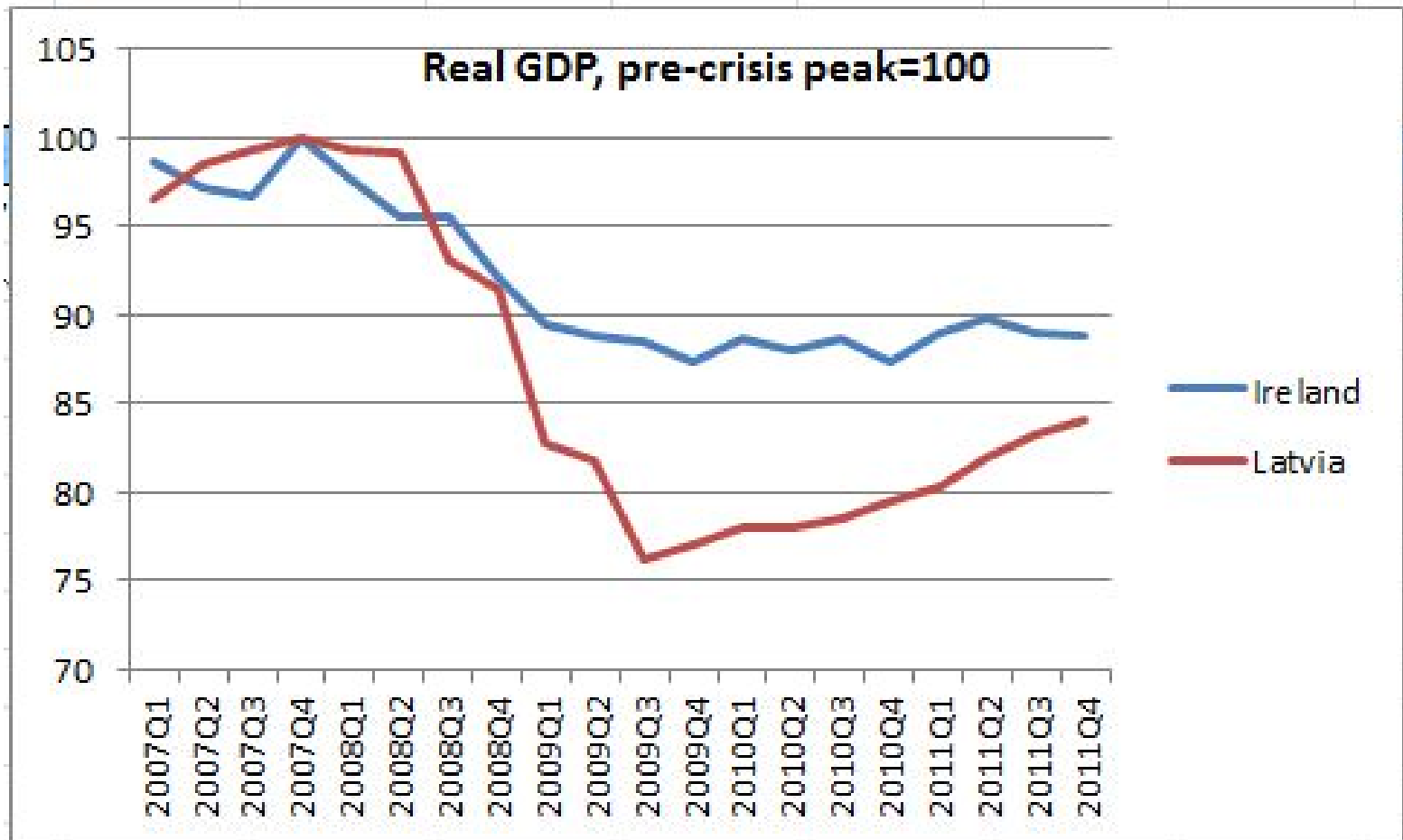
But policy makers have nonetheless insisted that austerity is the solution



Unfortunately, Keynes was right



There are no austerity success stories

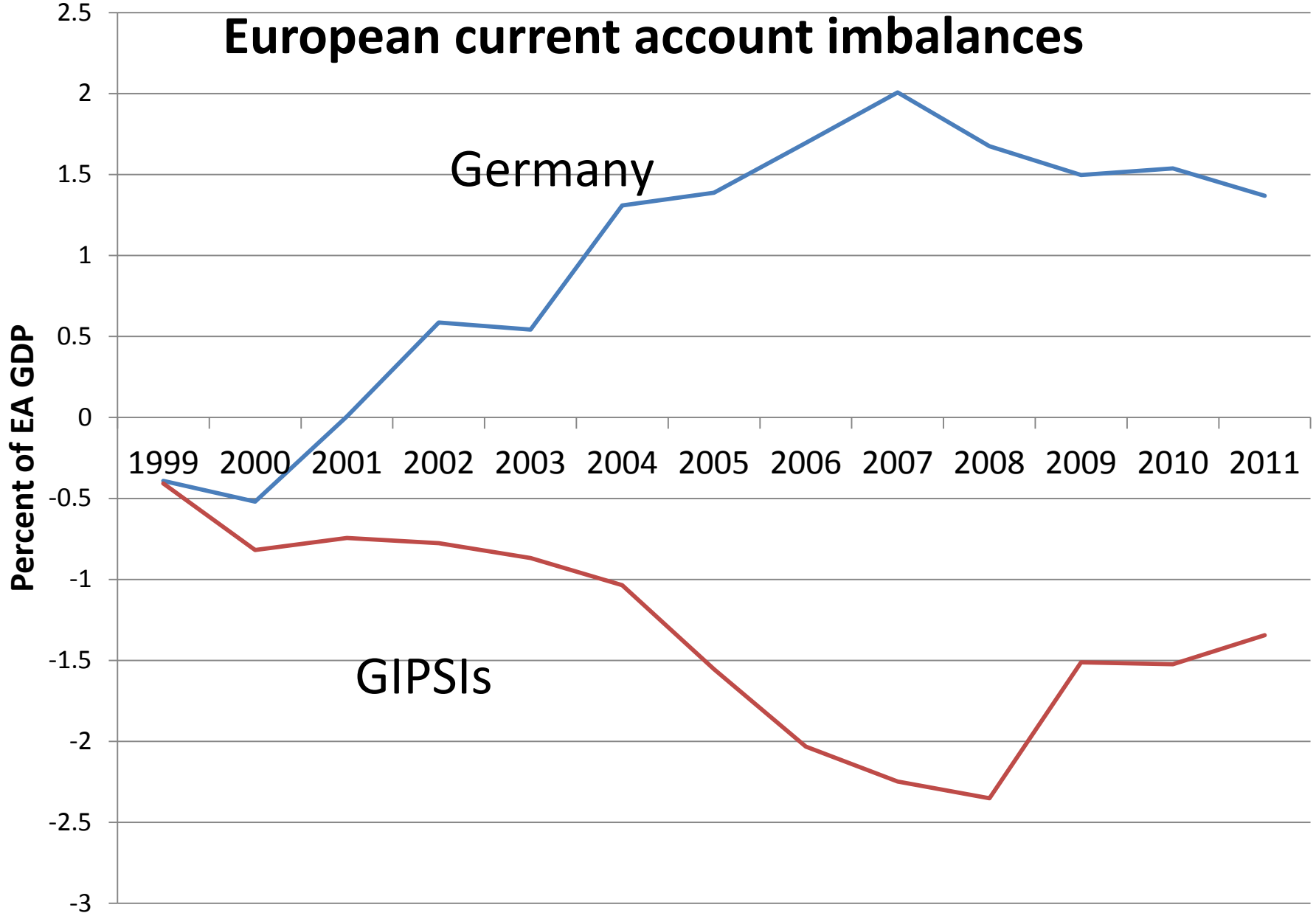




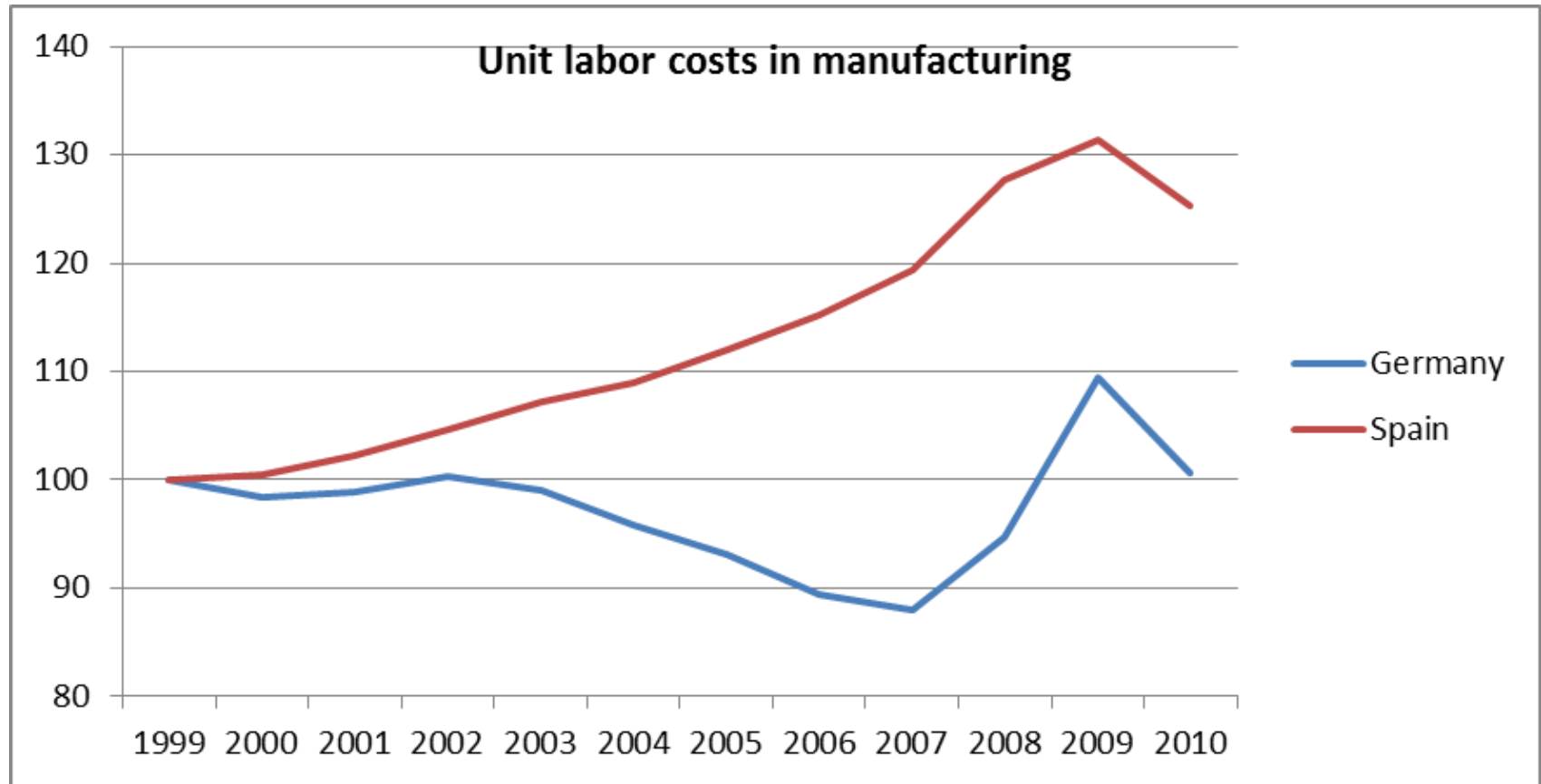
Not even in terms of reassuring lenders



# Europe's fundamental problem isn't fiscal, it's balance of payments



# And the severe problem of how to restore cost competitiveness



“Internal devaluation” is very slow and painful

