



Obama Odd Man Out at Summit

Barack Obama arrived on Friday in Toronto for the G-8 and G-20 economic summits. This summit comes amid an unprecedented explosion of red ink in America from an approach to sluggish economies that Obama is recommending to other industrial nations.

Other nations, notably Germany, Japan, Britain, and France, intend to move in the other direction, reducing their government deficits by reducing expenditures. Two years ago the leaders of these nations supported “pump priming” as a solution to the financial crisis caused by the collapse of Lehman Brothers, a giant American investment bank. Now these leaders believe that more government spending will make things worse.



Stephen Harper, Prime Minister of Canada and host of the summit, supports governments committing to reducing deficits. He has noted that the Greek debt crisis was caused by fiscal irresponsibility. Canadian Finance Minister Jim Flaherty has said that “One size doesn’t fit all,” in response to Obama’s opinion that all governments should work in concert on debt reduction. German Chancellor Angela Merkel seems particularly annoyed with Obama’s lecturing other world leaders. In an interview with the *Wall Street Journal*, Merkel said: “German exports successes reflect the high competitiveness and innovation strength of our companies. Artificially reducing Germany’s competitive [advantage] would be of no use to anyone.”

British Prime Minister David Cameron, unhappy with Obama’s use of British Petroleum as a scapegoat for his failure to contain the Gulf oil spill, must also be wondering if Obama is really committed to improve the productivity of business or simply warring on private enterprise, whatever the economic costs. Cameron is also seeking fairly deep cuts in British government spending, and hearing an American President criticize his government’s actions must seem unnecessarily hostile.

Obama, indeed, seems to be the odd man out at this summit. Europe watches with deep concern as Greece, Spain, Portugal, Italy, Ireland, and Iceland face meltdowns because of financial irresponsibility. The leaders of the major nations in Europe face popular unrest because of this crisis — Merkel’s party has just suffered serious setbacks in state elections because of this crisis. Canada and Japan also are trying to reduce public deficits as a way of improving long term economic prospects.

Only Obama, mired in the flawed and irresponsible Keynesian approach to economic problems, appears to view spending yet more money in the public sector as the only way to approach hard times.

Photo of Angela Merkel: AP Images



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