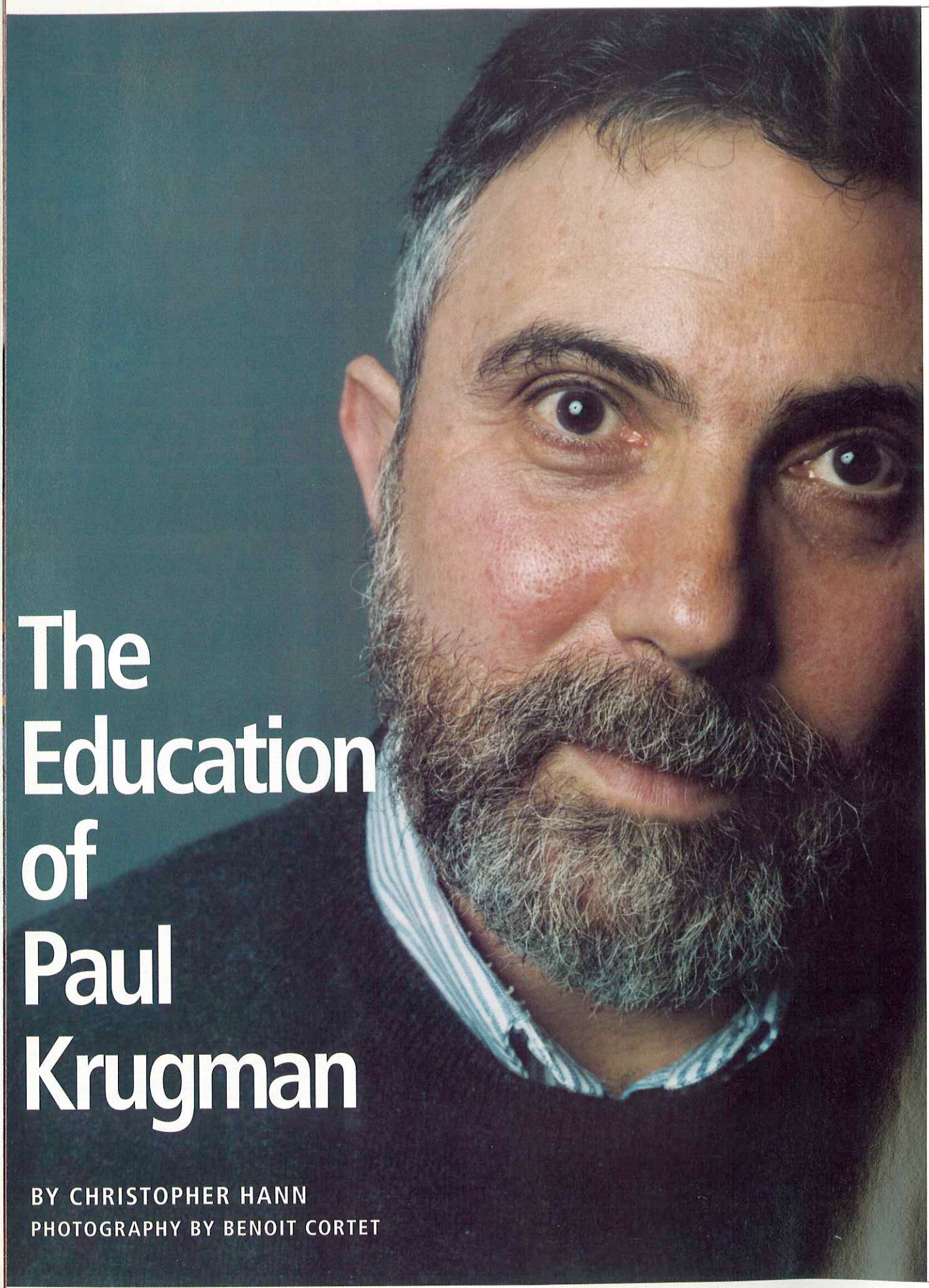
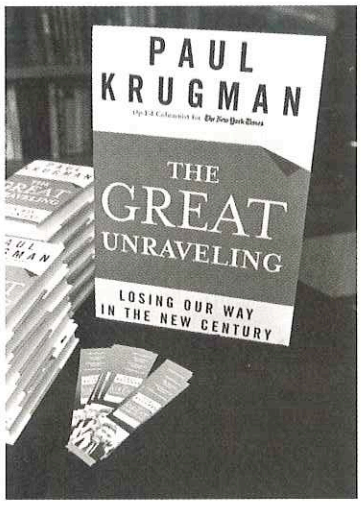


The Education of Paul Krugman

BY CHRISTOPHER HANN
PHOTOGRAPHY BY BENOIT CORTET

SEEING PAUL KRUGMAN FOR THE first time as he strides onstage at a Jewish community center in West Orange, his shoulders slightly stooped, his open suit jacket revealing a modest paunch, you may be struck by his size: He stands no taller than 5-feet-6. Krugman's primary vocation is that of a professor of economics and international affairs at Princeton, and his dark beard and tousled hair serve to satisfy the Ivy League typecast. The beard anchors a round face whose most prominent feature is a pair of ruddy cheeks that seem to take on added luster whenever he smiles, which is often. (Krugman is 51 years old but easily could pass for ten years younger.) In fact, his full complement of physical features, when considered in concert with his academic bearing, gives Krugman the appearance of a highly cerebral leprechaun in a sensible gray suit. All of which might make you wonder how this profoundly unimposing guy—this guy with his hands in his pockets and a voice that doesn't carry to the back of the 300-seat auditorium—ever became what he is, which is one of the most bombastic, censorious, divisive, articulate, and influential voices at work today in the hyperpitched medium of American political discourse.

The Princeton economist and *New York Times* columnist won't give President Bush a break—and people can't stop reading.



Krugman (pronounced with a long U) has come to West Orange tonight to hawk his latest work, *The Great Unraveling: Losing Our Way in the New Century*, published by Norton in September. The book, the twentieth that Krugman has authored or edited, is a collection of columns written from about 1998 through early 2003, mostly, and most notably, for the *New York Times*. Krugman's twice-weekly postings on the *Times* oped page give him access to one of the nation's most prestigious bully pulpits, and, over the course of four and a half years, he's used the space primarily to excoriate in every conceivable way the presidency of George W. Bush. On Bush's tax cuts, on his plan to partially privatize Social Security, on corporate influence in the White House, on the handling of the war against terror and the war in Iraq, Krugman has waged something of a war of his own. "What we have now," he tells his audience in West Orange, "is an amazing indifference to the business of governing the country."

Before the packed auditorium, Krugman delivers a 30-minute diatribe that amounts to his book-tour stump speech. He says that he was hired by the *Times* to write not about politics but about his true expertise, international currency crises, a discipline, he notes with a wry smile, "which I invented." Krugman is famously immodest but also prone to self-effacement; in his next breath, recalling his efforts to track failing markets around the globe, he describes himself as "an ambulance chaser." Not long after Bush moved into the White House, Krugman says, he found his attention focusing more and more on the President's fiscal policies. "At first I was puzzled, then bemused, then outraged at what is happening to the U.S. economy," he says.

In the ensuing months, in column after column on the pages of America's newspaper of record, Krugman called the President of the United States a flat-out liar. He lambasted Bush for failing to explain how he would fill the hole in the Social Security budget that would be created by the President's plan to overhaul the system. He skewered the President for misrepresenting tax cuts that, when fully enacted, Krugman said, would provide the greatest benefits to the wealthiest Americans. And within days of September 11, 2001, Krugman accused the Bush administration of trying to exploit the terrorist attacks for political gain. Given the tenor of public discussion in the immediate aftermath of 9/11, a period marked by candlelight vigils and the ubiquitous display of the American flag, this was truly venomous stuff. In the public eye, Krugman morphed from finger-wagging observer to fire-breathing heretic. By his own recollection, Krugman tells his West Orange audience, "I got radicalized long before anyone else in the major media." The metamorphosis did not go unnoticed. In November 2002, less than three years after Krugman filed his first *Times* column, *Editor & Publisher* named him its Columnist of the Year; the next month *Washington Monthly* anointed Krugman "the most important political columnist in America."

The education of Paul Krugman had its cost. The exposure afforded by his Tuesday and Friday appearances in the *Times* spawned a cottage industry of Krugman-watchers, and the hate mail came in droves. Krugman still keeps an unflattering letter from Ralph Nader. A cursory Internet search yields an avalanche of invectives heaped upon Krugman. *The National Review* maintains a Web site called the "Krugman Truth Squad," dedicated to exposing what it insists are the myriad mistakes, fabrications, and deliberate misstatements that find their way into Krugman's columns; the keeper of the site, Donald L. Luskin, in a review of *The Great Unraveling*, describes Krugman's column, with no apparent irony, as "blisteringly, bitterly, and relentlessly partisan." In March a *New Yorker* cartoon featured one corporate fat cat confiding to another: "It tickles me that my vote will cancel Paul Krugman's." Last year someone going by the online moniker "drstrangelovega" offered $100 to anyone who could provide "as much information as possible about the personal and professional life of Paul Krugman." The query sought the goods on Krugman's consulting work—correctly noting that he'd once

been hired by Enron—his family, his "lifestyle," his financial arrangements at Princeton and the *Times*, royalties from books and speaking engagements, his house, his car, his hobbies, and his sexual orientation. Krugman also has received threats against his life.

At the same time, Krugman has become something he never envisioned becoming: a national spokesman for that slice of the citizenry that occupies a lonely outpost on what passes today for the left edge of the political spectrum. "He tapped into people around the country who were looking for somebody to articulate the malaise," says Princeton resident George Goodman, the television host and financial author who has written several best-sellers under the pseudonym Adam Smith. This disparate and disconsolate constituency has found common ground in Krugman, regarding him as a brave and lonely voice in the wilderness, a true American hero who exposes misdeed upon misdeed at the highest levels of the federal government. Judging by their reception, the people crowded into the auditorium in West Orange, most of them middle-aged or older, who stand in line afterward to get their copies of *The Great Unraveling* signed by the author, fall into this latter camp. You half-expect the audience to start tossing undergarments onstage in rapturous expressions of fealty. Fortunately, it never comes to that, but it's clear on this night that Krugman is preaching to the choir. When one man thanks him for his writings, there is robust applause. Krugman bows his head and stares at the floor, a picture of modesty. When a woman threatens to mount a "Krugman for President" campaign, he demurs. "I'm too short," he says. But when someone in the audience asks whether Krugman believes any novelist could write a story with Krugman's point of view, he responds with vigor: "We need Upton Sinclair. We need muckraking. God knows there's enough muck to rake out there."

IT WASN'T SUPPOSED TO BE THIS WAY. Just five years ago, Krugman was enjoying an intellectually prolific and financially rewarding career as an economics professor, business consultant, and author. His textbooks still sell widely; *International Economics: Theory and Policy* (Little, Brown and Company, 1987), co-written with Berkeley economist Maurice Obstfeld, is considered a leading text in its field. His research in international trade is viewed as groundbreaking. While still in his thirties, Krugman helped found what is known as the "new trade theory," which explains, in his words, "the consequences of increasing returns and imperfect competition for international trade." For more than a decade, Krugman has ranked among the country's A-list economists, a likely candidate for a Nobel Prize.

Before coming to Princeton in the fall of 2000, Krugman spent most of the previous twenty years at MIT, where he earned his doctorate in 1977. In the early 1980s he spent a year on Ronald Reagan's Council of Economic Advisors, his only government post, an experience he recalls today with dismay—not surprising, given that Krugman describes himself as "an unabashed defender of the welfare state." In a 1996 profile, *Newsweek* reported that Krugman, who has spoken critically of economists with whom he's differed, among them former Labor Secretary Robert Reich, was passed over by the Clinton administration precisely because of his unwillingness to hold his tongue. In 1991 Krugman received what he calls "my major professional gong," the John Bates Clark Medal, which the American Economic Association bestows every two years to an American economist under 40 "who is adjudged to have made a significant contribution to economic thought and knowledge."

Afterward, in an essay published in the association's *Journal of Economic Perspectives*, Princeton economist Avinash Dixit lavished praise on the discipline's rising star. Near the end of his 5,300-word homage, Dixit wrote, "If Krugman were not too valuable to the profession for his own work, we should appoint him to a permanent position as the translator of economics journals into English." His point is vital to understanding Krugman's ascension to national prominence. In the rarefied world of the university economist, in which highfalutin arcanum passes for the native tongue, Krugman is known for his facility with the English language. That his work has become popular among wider audiences—he's written regular columns for *Fortune* and *Slate*—is due largely to his ability to communicate complex ideas in easy-to-understand terms. In explaining Krugman's success as a writer for mainstream journals, George Goodman says, "I think the first thing you have to consider is...he really taught himself to write English."

Krugman's rise to the top rung of the nation's punditocracy has been aided by two key factors: First, he can opine on economic matters with an authority that may be unmatched among mainstream columnists; as he likes to say, "I can do my own arithmetic." Second, as a columnist, he is unaffected by what he calls "the curse of evenhandedness." These days, he says, the curse works this way: If President Bush were to declare that the earth is flat, Fox News would report that the earth is flat—and, perhaps, that anyone who doesn't believe the earth is flat is unpatriotic. Meanwhile, the mainstream press would work vigorously to compile an objective account of the President's declaration, seeking comment from those on both sides of the flat-earth issue, inevitably resulting in a wishy-washy news story published under the headline EARTH FLAT? VIEWS DIFFER.

Krugman's first noteworthy effort to "write English" came in 1989, when he published *The Age of Diminished Expectations* (MIT Press), a plainspoken take on how an uninspired American economy got that way. The book established Krugman as a writer who could translate for lay readers the otherwise impenetrable language of economics. Still, ten years later, although he'd been oft-quoted in the press, commanded hefty speaking fees from *Fortune* 500 companies, and enjoyed the highest regard of his professional colleagues—that is, those whom he hadn't publicly lacerated—Krugman barely registered a blip on the national radar.

Then one day in October 1999 Krugman received a phone call from Howell Raines, then the editorial-page editor of the *New York Times*. Raines asked Krugman to write a regular column focusing on economic issues. We have five people writing about the Middle East, Raines told him, but none about the economy. Krugman figured he'd be writing about crises in places such as Argentina and Japan, and for most of his first year on the job, he did just that. Then George W.

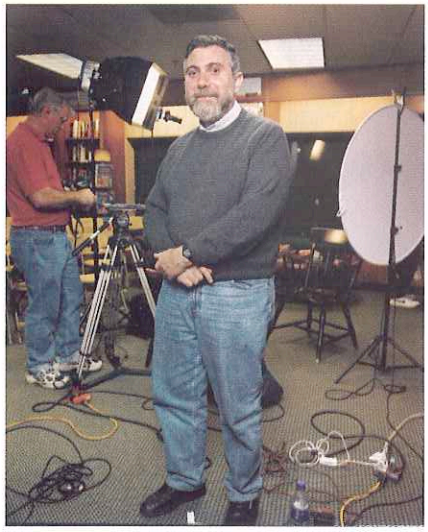
Bush got elected and things got really interesting. "My belief," Krugman wrote after accepting the *Times* post, "is that if an op-ed or column does not greatly upset a substantial number of people, the author has wasted the space." By that assessment, Krugman can rest assured that he's wasted no space at all.

Writing mostly from his home in Princeton Township, far removed from the citadels of power in Washington, Krugman has pilloried the incumbent powers that be, to borrow a phrase from his own newspaper, without fear or favor. Dick Cheney, Alan Greenspan, Harvey Pitt, John Ashcroft, Tom DeLay—each has been subject to a public flogging at Krugman's hand.

Take, for example, this *Times* salvo from October 31, 2001:

> Somewhere I read that to really understand legislation you have to look for the clause giving special consideration to one-eyed bearded men with a limp—that is, you have to look for the provision that turns a bill ostensibly serving a public purpose into a giveaway for some special interest....
>
> For example, it's not too surprising that calculations by Citizens for Tax Justice show General Motors, with its 380,000 workers, getting a check for $800 million. But it's quite amazing that TXU (formerly Dallas Power and Light), a company with only 16,000 employees, would get a check for $600 million. And there are a number of medium-sized companies that, like TXU, are in line for surprisingly big benefits. These companies include ChevronTexaco, Enron, Phillips Petroleum, IMC Global and CMS Energy. What do they have in common?
>
> Well, they tend to be in the energy or mining businesses; and they tend to be based in or near Texas. In other words, the one-eyed bearded man with a limp looks a lot like Dick Cheney.

Michael Wolff, writing earlier this year in *New York* magazine, must have had this sort of bite in mind when he described Krugman as "George Bush's most prominent antagonist." Even like-minded colleagues and friends have suggested to Krugman, to no avail, that he tone down his message every now and then. "It's become almost a crusade with him, frankly," says Peter Kenen, a fellow Princeton economist and an avowed liberal Democrat who thoroughly enjoys Krugman's columns. Kenen is a generation older than Krugman—he'll retire this year—and soon after Krugman began writing the *Times* column, Kenen questioned his younger colleague about the feasibility of coming up with two topics a week over the long haul. "I don't know what



"It's not very pleasant being critical of these guys," Krugman says. "The attack dogs go after you."

Paul would have done if he didn't have George W. Bush to bash," Kenen says.

Yet while critics might regard Krugman as a conspiracy-minded doomsayer, in person he comes off as a truly funny man who, despite his academic station and newly elevated profile, doesn't seem to take himself too seriously. "He is not the combative, partisan sort of guy in private conversation," Kenen says. "The person and the column are very different." Last year, a day after "drstrangelove-ga" offered the $100 bounty for dirt on Krugman, the target of the posse replied in a lengthy posting on his Web site. Krugman's response was notable not only for its scope but for its candor. On his "corrupt consulting deals," he wrote:

> Before I went to work for the NYTimes I did a lot of paid speaking, mainly to investment bank conferences outside the US: I was considered an expert on financial crises, and was credited with having predicted the crisis in Asia....So people wanted to hear my predictions about the next one. My fee for overseas talks was usually $40-50K.

On his "excessive current income":

> I won't tell you my salary at either Princeton or the Times. But they are both very nice. Combined with royalties on my textbook with Maury Obstfeld...and my wife's salary (she also teaches at Princeton), I am definitely comfortable. Hey, it's OK to make money as long as it's not based on exploiting insider status, and as long as you pay your proper share of taxes.

Krugman went on to report about his "scandalous personal life," recalling that his first marriage ended in divorce; that before they married, he and his current wife lived in sin—"very sedate, bourgeois sin, I'm afraid"; that he has no children from either marriage and no sexual escapades to report; and that he has two cats, whose names he was withholding to protect their privacy. "To get away from it all," Krugman wrote, "we take bike trips in France, on which we drink wine and eat too much." As for "other evil actions," he confessed that he'd never murdered anyone, had never been arrested, once tried smoking pot (which induced a coughing fit), and had one unpaid parking ticket. "There's this convenient lot on Princeton's campus, right next to the econ dept., that we're not supposed to use," he wrote, "and I thought I could get away with it for an hour...."

KRUGMAN IS SEATED BEFORE A television camera, waiting out a technical delay—the sound isn't working—before today's interview can proceed. The sound guy tries a new plug, which doesn't work. The lighting guy turns on a bright lamp, turns it off again. Still no sound. Krugman weathers the crisis, chin in palm, his face a mix of resignation, impatience, and boredom. Krugman's newspaper columns may have raised his profile among the nation's political cogno-

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scenti, but the publication of *The Great Unraveling*, which peaked at number three on the *Times* best-seller list, and the subsequent promotional tour have put him front and center before the general public. The tour began in early September and continued for nearly six months, taking him around the United States and Europe during a sabbatical from teaching. The night after he spoke in West Orange, he appeared on CNN. "We can't send him to all the places that want him," says Yvette Romero, a publicist for the Manhattan firm that's been coordinating his schedule. "There's not enough days in the month."

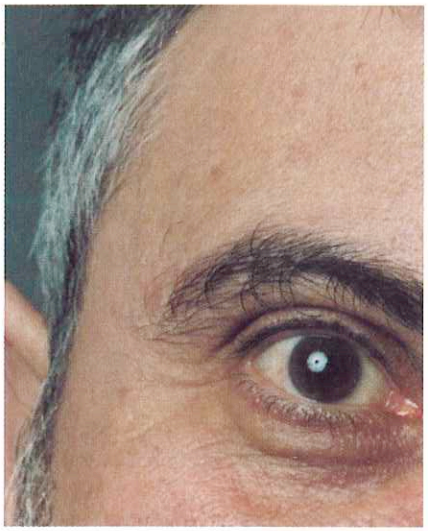
On this day in mid-November, seven weeks after his appearance in West Orange, Krugman's itinerary has brought him home to Princeton. Dressed in jeans and a button-down blue shirt under a gray crewneck sweater, Krugman looks like a man about to enjoy an evening among friends. Tonight, on the third floor of the Princeton University Bookstore, he'll talk about *The Great Unraveling*—and a great many other things—and afterward sign copies. Earlier today he did four radio interviews by telephone from his house, just five minutes away, and after he finishes with the TV crew—but before his book talk tonight—he sits down for another hour of Q&A.

Looking back over his tenure at the *Times*, Krugman concedes that he never expected his columns to elicit such vitriol. "It's not very pleasant being critical of these guys," he says. "The attack dogs go after you. I found it really unnerving at first, and I've gotten used to it. But I also know I can always go back to being a college professor full-time."

Asked whether he considers himself a political columnist, Krugman replies, "The center of gravity of my columns is still economics. I would have to tie myself up in knots not to be writing political. I could try to somehow write about economic matters and steer clear of tax cuts and budget deficits and the rollback of environmental provisions, but those really are the issues that people care about most."

Over the course of the discussion, Krugman expresses his worries about the influence within the Bush administration of the religious right, predicts that the fight for the White House will be "hell on wheels...a vicious, mudslinging campaign," and iterates his disappointment in the national media, which he's persistently criticized for their inability to more thoroughly explore the day's most important issues. To what does he attribute their shortfalls? Timidity? Laziness? Incompetence? "Yeah," Krugman says, "all three."

A short time later, Krugman is introduced to the excited assembly. The early arrivals have filled up all the folding chairs, and the rest lean against bookshelves along the walls or stand at the rear. A store employee later estimates the crowd at 175 to 200; in recent memory, she says, only Bill Bradley has drawn a larger audience. Krugman approaches the podium carrying a small blue box, which he places on the floor.



"Whenever there's static on the phone line," Krugman deadpans, "I always say, 'Hello, Mr. Ashcroft.'"

He steps up to the microphone and cuts to the chase, characterizing the Bush agenda as "much more radical than is generally acknowledged." In the introduction to *The Great Unraveling*, Krugman, attempting to describe what he regards as the administration's disdain for the American political system, invokes a doctoral dissertation about the French Revolution written in 1957 by a young Harvard scholar named Henry Kissinger:

> Kissinger describes the problems confronting a heretofore stable diplomatic system when it is faced with a "revolutionary power"—a power that does not accept that system's legitimacy....It seems clear to me that one should regard America's right-wing movement—which now in effect controls the administration, both houses of Congress, much of the judiciary, and a good slice of the media—as a revolutionary power in Kissinger's sense. That is, it is a movement whose leaders do not accept the legitimacy of our current political system.

Though Krugman covers much of the same ground that he riffed on in West Orange, tonight he sounds edgier, angrier—and funnier. Krugman still may be somewhat stiff on the stump, but by now he's polished his delivery of the sound bite. Tracing his success as a columnist, he cracks, "I know something that most pundits didn't—arithmetic, mostly." He ridicules Bush for claiming that under his plan 92 million Americans would receive an average tax cut—*average* being the operative word—of $1,000. This brand of logic, Krugman argues, is like saying that every time Bill Gates walks into a bar, the average net worth of every patron goes up by a few billion dollars; he says that in truth, half of all taxpayers will receive a tax cut of $100 or less. He lampoons the post-9/11 system of justice orchestrated by Bush's Attorney General. "Whenever there's static on the phone line," Krugman deadpans, "I always say, 'Hello, Mr. Ashcroft.' "

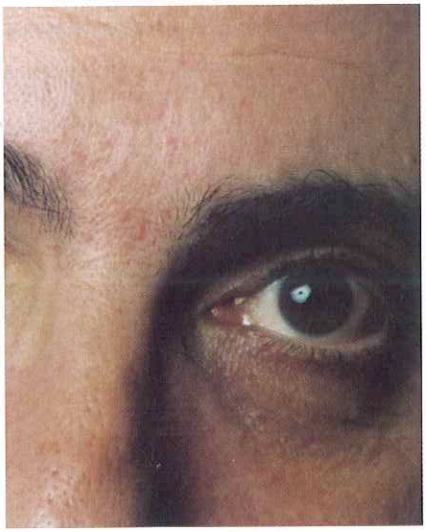
When the floor is open to questions, it becomes apparent that those in attendance tonight account for some of Krugman's most smitten admirers. The tenor of their discussion is decidedly anti-Bush, their questions posed to Krugman as if he's some sort of prophet. The fan club includes Princeton professor Cornel West, the noted scholar of African-American studies. West first met Krugman earlier in the fall, when Krugman took part in a panel discussion about the war in Iraq. Afterward, West thanked Krugman for his "decency and courage" and declared himself honored to be a colleague. "He's a courageous truth-teller," West says later. "He shows what a brilliant, decent, honest citizen

can do."

At one point Krugman reaches down to retrieve the blue box he's placed on the floor. He says that someone recently sent it to him unsolicited. He opens the box and raises it above his head to show what's inside: a foot-long George Bush doll dressed in a flight suit, reminiscent of the commander-in-chief's landing in a Navy jet aboard the U.S.S. *Abraham Lincoln* on May 1, 2003, during which he declared the end of major combat in Iraq. For Bush, it was a Michael Dukakis moment, a memorable image that already has appeared in a John Kerry TV campaign ad: Bush the triumphant, declaring victory, not knowing that by the time the 2004 campaign rolled into high gear, several hundred more U.S. soldiers would die in combat, even more than had died prior to that day.

ROBIN WELLS ANSWERS THE DOORbell and invites a visitor inside. The house that she and Krugman share is built on a wooded slope on a two-acre lot that's sometimes visited by a flock of wild turkeys. It's a stunning contemporary that Wells helped design, full of floor-to-ceiling windows and rooms that seem to stretch in every direction. Assessed at $1.2 million, it contains more than 3,600 square feet, and it's close enough to the Princeton campus that Krugman can bike to work when the weather permits. Walk through the front door, and you descend a wide staircase to the dining room, living room, and kitchen, where a framed picture of Krugman and Molly Ivins, the Texas syndicated columnist and fellow Bush-basher, rests on the counter. Krugman and Wells moved in less than a year ago, and the place still has that not-yet-settled feel to it. Outside, a crew of Spanish-speaking laborers are landscaping the front yard. It's a Friday morning the week before Christmas, and although Krugman's promotional obligations have subsided, they haven't ended entirely. This afternoon he's scheduled for a series of telephone interviews with reporters in Japan, where *The Great Unraveling* has just been published.

Wells is 45, fashion-model slim, and a gracious hostess, serving her visitor a cup of green tea. While her husband's biography has been amply reported, hers, though comparatively unknown, seems no less inspiring. She grew up in Texas, but left the state at the age of sixteen—"As Molly Ivins said, I escaped," she says—to enroll at the University of Chicago. Later she earned her doctorate in economics from the University of California at Berkeley, and while doing post-doctoral work at MIT, she met Krugman. They were married in 1996, and today she, too, teaches economics at Princeton.



Krugman claims to work according to an "amazingly unsupervised" system with his *Times* editors, and says he prefers it that way.

It was Wells who foresaw just how much a twice-weekly column in the *New York Times* would change her husband's life. She worried about his academic reputation, knowing that some of his colleagues would frown upon his writing for the unwashed masses. "There is what you always get among academics when one of your colleagues become a major figure but no longer does research, a certain mixture of jealousy and admiration," says Peter Kenen.

Wells reviews each of her husband's columns before he sends them to the *Times*, and it's to his wife that Krugman dedicated *The Great Unraveling* (it was she who alerted him to the Kissinger thesis). These days Wells and Krugman have another collaboration in the works, an introductory economics textbook, due to be published in October. In the 1990s, the couple moved from MIT to Stanford and back to MIT, but they appear to be settled in Princeton, where Krugman has reunited with some longtime acquaintances, among them George Goodman, who, upon publication of *The Great Unraveling*, threw a party for the author. "Robin and I are both happy here," Krugman says, "and have agreed that anyone who suggests moving will get beaten up by the other one."

At home Krugman receives four daily newspapers—*USA Today*, the *Wall Street Journal*, the *Financial Times*, and the *New York Times*—and each day he reads the *Washington Post* and two British papers online. He's known to be an inveterate user of the Internet, and says with some pride that just about any fact or figure that he cites in his columns can be found by anyone who is computer-savvy. "Most of what I do is neither terribly deep nor dependent on insider sources," Krugman says. He usually files the 700-word *Times* column from home just before the 5 PM deadline. He claims to work according to an "amazingly unsupervised" system with his *Times* editors, and says he prefers it that way. "No one has ever said, 'Please be nice to George Bush,' " he says.

While Krugman talks like someone who has settled down for good, some colleagues worry that his new career as a part-time journalist may hinder his future as an academic. "The profession has lost a very fine guy," says Kenen. "I might add, the country has gained one." The longer Krugman is away from academia, Kenen says, the more difficult it will be for him to eventually return. "I think Paul may find if he comes back that the profession has gone in directions that he's less interested in," he says, "and I don't know what he's going to do at that point."

At the moment, none of this speculation concerns Krugman, who is rushing to finish lunch before the round of overseas phone interviews begins. Minutes later, he retreats to an office to await the first call, while his wife escorts their visitor back up the staircase. As they reach the front door and exchange goodbyes, the telephone rings. Japan is on the line.