Economists and pundits alike are going wild over the United Kingdom's recent "double dip" recession. The 2008-9 recession prompted the election of a conservative coalition led by Prime Minister David Cameron. Cameron decided the best path for economic recovery was "austerity," a program of reduced government spending and smaller government debt. The new coalition – with the aid of Chancellor of the Exchequer George Osborne – sought to drastically slash the government budget. With the addition of increased taxes, the plan was dubbed "Tax & Axe."

Two years later, the United Kingdom is back in recession. Keynesian economists are enjoying a savory "I told you so" moment, as many pointed out the dangers of austerity during troubled times. The logic runs as follows: When businesses, households, and governments all try to pay back their debts at the same time, they spend less; as they spend less, national income falls, leading to even less spending; this sets off a cycle of decreased spending and economic collapse.

The Keynesian solution is government spending. It goes like this: Governments can increase spending during recessions to keep national income up, preventing the spending collapse. In short, more stimulus is the answer.

In turn, many progressives in the United States are arguing that any similar austerity here (such as Congressman Paul Ryan's budget plan) would have equally bad results: another recession.

Unfortunately, this reasoning is based on a faulty premise. Here is the reality: There is no austerity in the United Kingdom.

Quite the contrary. Government spending in Britain has increased in the past two years, and will continue for the foreseeable future. In real terms (based on estimated inflation and GDP growth), spending was set to decrease this fiscal year. Unfortunately, this prediction was made on the assumption of positive yet small GDP growth. As we now know, this assumption was bad and GDP shrank, heralding a recession.

Public debt in the United Kingdom continues to rise. The 2012 budget clearly outlines increases in public debt all the way until 2016 (when the predictions stop). To top it all off, these numbers exclude the 2008-9 emergency financial interventions. The financial sector in the United Kingdom took a hit in the previous recession and was promptly bailed out in 2009. Since then, the government has borrowed an additional 124 billion pounds to keep banks afloat.

Furthermore, some British think tanks estimate that only around 6 percent of Cameron’s cuts have been implemented, with the remaining 94 percent still waiting to actually be cut by 2016-17. Is this “austerity” (itself a loaded term) in any sense of the word? Suppose you were driving toward a cliff. Is it enough to ease off the gas pedal, or do you need to hit the brakes?

Economists such as Paul Krugman are already branding Europe’s approach a failure. In many ways, it is. But what is *really* at stake is the real reason things are failing. We cannot allow history to think that the United Kingdom tried austerity. It is simply not true. If we interpret this wrong, we will get the wrong historical lessons.

In fact, something similar happened during the onset of the Great Depression. Herbert Hoover was in office when panic struck, and the history books claim he tried free-market principles, which failed. In the first year of the Depression, 1931, federal expenditures rose from $4.2 billion to $5.5 billion. The federal government incurred a $2.2-billion deficit the same year. In 1932, Hoover raised taxes.

Sound familiar? Despite the fact that President Hoover increased government spending and debt, his approach was labeled "free market." The exact opposite is true. When running against Franklin Roosevelt, Hoover actually argued that Roosevelt would make things worse by lowering taxes and decreasing spending. Roosevelt responded by accusing Hoover's administration of being a profligate spender.

The same classification error is happening again today. The United Kingdom has raised taxes, increased government spending, and taken on more debt. This is the exact opposite of the clear meaning of austerity. What sort of Orwellian doublespeak is being used when "free market" means more government?

Of course, the situation in the United Kingdom is not identical to the United States. Exact comparisons and examples do not translate. One thing we do know, however, is that the British have not attempted to rein in out-of-control government spending. Like many governments, Britain scheduled cuts years into the future and continues to pile on debt. Before we even consider the failure of *austerity* in England, we must first be convinced austerity has really happened.

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