

# Headline English

2011, week 6 *Learn English through reading on current world affairs*

1 **Paul Krugman**

2 **The conservative interpretation of the crisis**

3 original at:

4 <http://www.nytimes.com/2011/01/28/opinion/28krugman.html?ref=paulkrugman>

5 Mr. Ryan, a Republican Representative, recently argued that Europeans  
6 didn't take cuts soon enough and that led to the crisis. Greece, Ireland  
7 and other countries, Mr. Ryan said, dithered on deficits for too long.

8 Unfortunately, while that's more or less true for Greece, it isn't at all what  
9 happened in Ireland and elsewhere. The Irish experience actually refutes  
10 the current Republican narrative.

11 Let's talk about what really happened in Ireland. On the eve of the  
12 financial crisis, conservatives had nothing but praise for Ireland, a low-  
13 tax, low-spending country by European standards. In 2006-2007 Ireland  
14 was running a budget surplus, and had one of the lowest debt levels in the  
15 advanced world.

16 So what went wrong? The answer is: out-of-control banks. Irish banks ran  
17 wild during the good years, creating a huge property bubble. Following the  
18 bubble's burst, the Irish government had to take over the debts of its  
19 banks, which created a huge public deficit. The government then imposed  
20 harsh spending cuts. These have led to huge job losses, but have failed to  
21 restore confidence.

22 The lesson of the Irish debacle, then, is very nearly the opposite of what  
23 Mr. Ryan would have us believe. It doesn't say "cut spending now, or bad  
24 things will happen"; it says that balanced budgets won't protect you from  
25 crisis if you don't effectively regulate your banks. Have I mentioned that  
26 Republicans are doing everything they can to undermine financial reform?

## Questions

- 1) Paraphrase 'dithered on deficits for too long' (line 7).
- 2) According to the author, is Mr. Ryan right in his interpretation of the Greek experience?
- 3) What was, according to the text, the big difference between Greece and Ireland before the crisis?
- 4) Paraphrase 'banks ran wild' (lines 16 to 17).
- 5) What is a 'property bubble' (the explanation of property in the vocabulary section might help you answer this question).
- 6) How come Ireland ended up with a large public deficit?
- 7) Paraphrase 'would have us believe' (line 23).
- 8) What is the message of the author of the text and how does it differ from what Mr. Ryan (presumably) thinks?
- 9) What is your opinion on the debt crisis in Europe? Do you think Mr. Krugman is right in saying that cuts will not help bring about a recovery? Do you think that we are going to see a solution to the crisis that might emerge soon?

## Vocabulary

**property** (line 17) – a piece of land or real estate or anything that a person owns

**fail to** (line 20) – to be unsuccessful in the performance or completion of (Note that *fail* or *failure* is very often used in legal contexts, e.g. *failure to comply with the regulation*)

**restore** (line 21) – to bring back to a former, original, or normal condition

**lesson** (line 22) – something from which a person learns or should learn; an instructive example or a reproof or punishment intended to teach one better ways.

You can find additional explanation and more examples to help you understand and use English words and phrases at <http://dictionary.reference.com>, <http://dictionary.cambridge.org/>, <http://www.merriam-webster.com/> or <http://www.ldoceonline.com/>

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