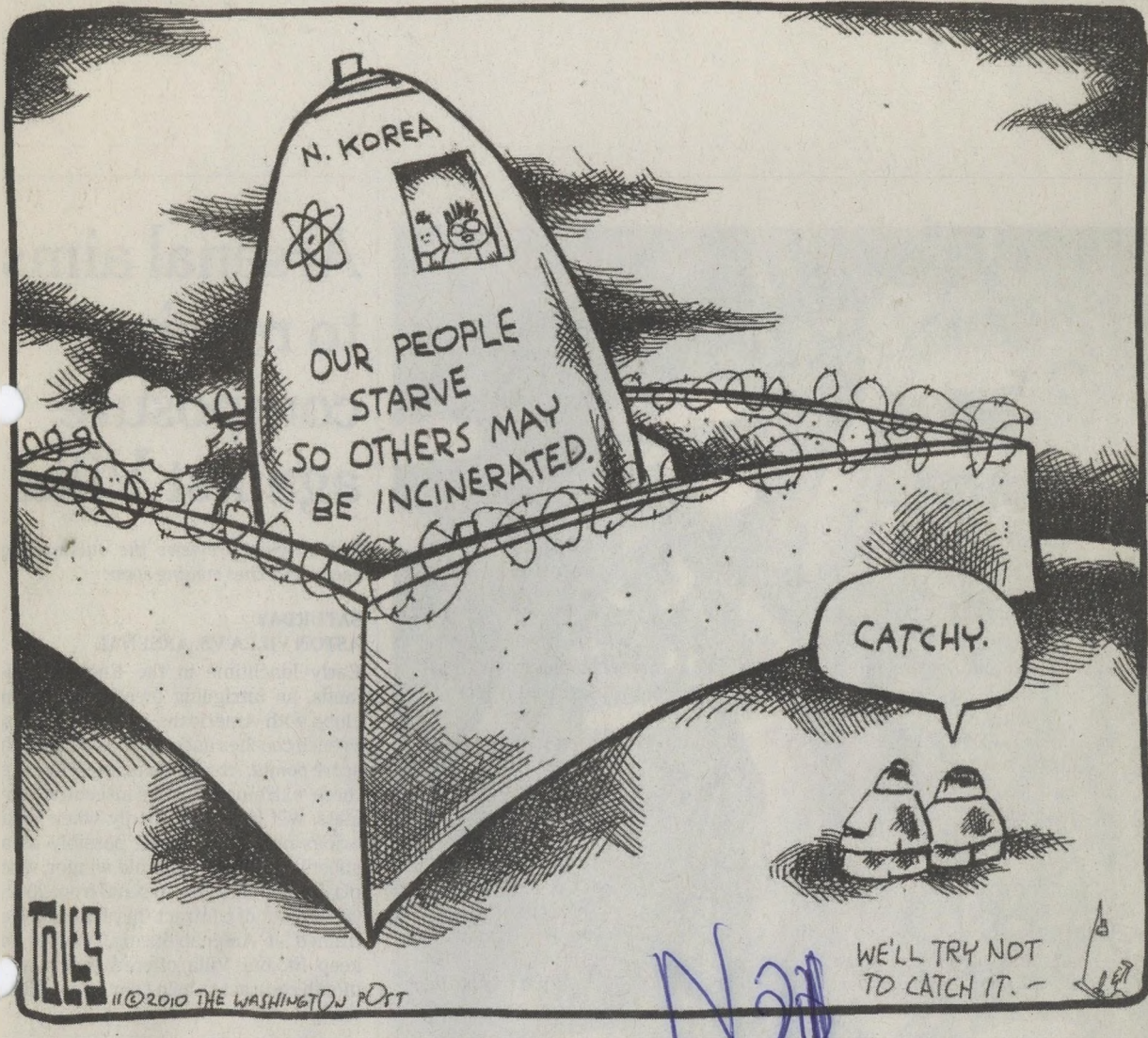


COMMENTARY LETTERS

VIEWS



Eating the Irish



Paul Krugman

What we need now is another Jonathan Swift.

Most people know Swift as the author of “Gulliver’s Travels.” But recent events have me thinking of his 1729 essay “A Modest Proposal,” in which he observed the dire poverty of the Irish, and offered a solution: Sell the children as food. “I grant this food will be somewhat dear,” he admitted, but this would make it “very proper for landlords, who, as they have already devoured most of the parents, seem to have the best title to the children.”

O.K., these days it’s not the landlords, it’s the bankers — and they’re just impoverishing the populace, not eating it. But only a satirist — and one with a very savage pen — could do justice to what’s happening to Ireland now.

The Irish story began with a genuine economic miracle. But eventually this gave way to a speculative frenzy driven by runaway banks and real estate developers, all in a cozy relationship with leading politicians. The frenzy was financed with huge borrowing on the part of Irish banks, largely from banks in other European nations.

Then the bubble burst, and those banks faced huge losses. You might have expected those who lent money to the banks to share in the losses. After all, they were consenting adults, and if they failed to understand the risks they were taking that was nobody’s fault but

their own. But, no, the Irish government stepped in to guarantee the banks’ debt, turning private losses into public obligations.

Before the bank bust, Ireland had little public debt. But with taxpayers suddenly on the hook for gigantic bank losses, even as revenues plunged, the nation’s creditworthiness was put in doubt. So Ireland tried to reassure the markets with a harsh program of spending cuts.

Step back for a minute and think about that. These debts were incurred, not to pay for public programs, but by private wheeler-dealers seeking nothing but their own profit. Yet ordinary Irish citizens are now bearing the burden of those debts.

Or to be more accurate, they’re bearing a burden much larger than the debt — because those spending cuts have caused a severe recession so that in addition to taking on the banks’ debts, the Irish are suffering from plunging incomes and high unemployment.

But there is no alternative, say the serious people: All of this is necessary to restore confidence.

Strange to say, however, confidence is not improving. On the contrary: Investors have noticed that all those austerity measures are depressing the Irish economy — and are fleeing Irish debt because of that economic weakness.

Now what? Last weekend Ireland and its neighbors put together what has been widely described as a “bailout.” But what really happened was that the Irish government promised to impose even more pain, in return for a credit line — a credit line that would presumably give Ireland more time to, um, restore confidence. Markets, understandably, were not impressed: Interest rates on Irish bonds have risen even further.

Does it really have to be this way? In early 2009, a joke was making the

rounds: “What’s the difference between Iceland and Ireland? Answer: One letter and about six months.” This was supposed to be gallows humor. No matter how bad the Irish situation, it couldn’t be compared with the utter disaster that was Iceland.

But at this point Iceland seems, if anything, to be doing better than its near-namesake. Its economic slump was no deeper than Ireland’s, its job losses were less severe and it seems better positioned for recovery. In fact, investors now appear to consider Iceland’s debt safer than Ireland’s. How is that possible?

Part of the answer is that Iceland let foreign lenders to its runaway banks pay the price of their poor judgment, rather than putting its own taxpayers on the line to guarantee bad private debts. As the International Monetary Fund notes — approvingly! — “private sector bankruptcies have led to a marked decline in external debt.” Meanwhile, Iceland helped avoid a financial panic in part by imposing temporary capital controls — that is, by limiting the ability of residents to pull funds out of the country.

And Iceland has also benefited from the fact that, unlike Ireland, it still has its own currency; devaluation of the krona, which has made Iceland’s exports more competitive, has been an important factor in limiting the depth of Iceland’s slump.

None of these heterodox options are available to Ireland, say the wise heads. Ireland, they say, must continue to inflict pain on its citizens — because to do anything else would fatally undermine confidence.

But Ireland is now in its third year of austerity, and confidence just keeps draining away. And you have to wonder what it will take for serious people to realize that punishing the populace for the bankers’ sins is worse than a crime; it’s a mistake.

Tolstoy’s vision



David Brooks

One hundred years ago, Leo Tolstoy lay dying at a train station in southern Russia. Journalists, acolytes and newsreel photographers gathered for the passing of the great prophet. Between 3:30 and 5:30 on that freezing November morning, Tolstoy’s wife stood on the porch outside his death chamber because his acolytes would not let her in. At one point she begged them to at least admit her into an anteroom so that the photographers would get the impression she was being allowed to see her husband on his final day.

There are many reasons to think about Tolstoy on the centennial of his death. Among them: his ability to see. Tolstoy had an almost superhuman ability to perceive reality.

As a young man, he was both sensually and spiritually acute. He drank, gambled and went off in search of sensations and adventures. But he also experienced piercing religious crises.

As a soldier, he conceived “a stupendous idea, to the realization of which I feel capable of dedicating my whole life. The idea is the founding of a new religion corresponding to the present development of mankind: the religion of Christ purged of dogmas and mysticism.”

But when he sat down to write his great novels, his dreams of saving mankind were bleached out by the vivid-

ness of the reality he saw around him. Readers often comment that the worlds created in those books are more vivid than the real world around them. With Olympian detachment and piercing directness, Tolstoy could describe a particular tablecloth, a particular moment in a particular battle, and the particular feeling in a girl’s heart before a ball.

He had his biases. In any Tolstoy story, the simple, rural characters are likely to be good and the urbane ones bad. But his ability to enter into and recreate the experiences of each of his characters overwhelms his generalizations.

Isaiah Berlin famously argued that Tolstoy was a writer in search of Big Truths, but his ability to see reality in all its particulars destroyed the very theories he hoped to build. By entering directly into life in all its contradictions, he destroyed his own peace of mind.

As Tolstoy himself wrote, “The aim of an artist is not to solve a problem irrefutably, but to make people love life in all its countless, inexhaustible manifestations.” But after “Anna Karenina,” that changed. He was overwhelmed by the pointlessness of existence. As his biographer A.N. Wilson surmises, he ran out of things to write about. He had consumed the material of his life.

So he gave up big novels and became a holy man. Fulfilling his early ambition, he created his own religion, which rejected the Jesus story but embraced the teachings of Jesus. He embraced simplicity, poverty, vegetarianism, abstinence and pacifism. He wrote religious tracts to attract people to the simple, pure life.

Many contemporary readers like the novel-writing Tolstoy but regard the holy man as a semi-crackpot. But he was still Tolstoy, and his later writings were still brilliant. Moreover, he inspired a worldwide movement, deeply influencing Gandhi among many oth-

ers. He emerged as the Russian government’s most potent critic — the one the czar didn’t dare imprison.

What had changed, though, was his ability to see. Now a crusader instead of an observer, he was absurd as often as he was brilliant. He went slumming with the peasantry, making everybody feel uncomfortable. He’d try to mow the grass, make shoes, and then he’d return to his mansion for dinner. He was the first trust-fund hippie. He seemed to lose perspective about himself: “I alone understand the doctrine of Jesus.”

There were many inconsistencies running through Tolstoy’s life, but there were also two phases: first, the novelist; then, the crusader. And each of these activities called forth its own way of seeing.

As a novelist, Tolstoy was an unsurpassed observer. But he found that life unfulfilling. As he set out to improve the world, his ability to perceive it deteriorated. Instead of conforming his ideas to the particularities of existence, he conformed his perception of reality to his vision for the world. He preached universal love but seemed oblivious to the violence he was doing to his family.

In middle age, it was as a novelist that Tolstoy achieved his most lasting influence. After all, description is prescription. If you can get people to see the world as you do, you have unwittingly framed every subsequent choice.

But public spirited, he also wanted to heal the world directly. Tolstoy devoted himself to activism and spiritual improvement — and paid the mental price. After all, most historical leaders write pallid memoirs not because they are hiding the truth but because they’ve been engaged in an activity that makes it impossible for them to see it clearly. Activism is admirable, necessary and self-undermining — the more passionate, the more self-blinding.

Alice’s adventures in retail land

Meanwhile

JOAN WICKERSHAM

“The rule is, jam tomorrow and jam yesterday, but never jam today.”

“It MUST come sometimes to ‘jam today,’” Alice objected.

“No, it can’t,” said the Queen. “It’s jam every OTHER day: today isn’t any OTHER day, you know.”

Lewis Carroll, “Through the Looking-Glass”

Alice felt that she would never understand the rules about jam, but it didn’t matter, as jam was not what she was interested in. She was interested in getting her Christmas shopping started, and she had driven to a department store, where she had found a coat for her son.

It was a handsome coat; the only thing wrong with it was that it wasn’t on sale. “In this economy?” Alice asked the salesperson. The store was hardly bustling; perhaps, thought Alice, it would be sensible for them to be running a sale in order to attract more customers.

“Actually, I can let you have the coat today at our special sale price,” the salesperson said.

Alice said that would be lovely.

“You have to come in and pick it up after next Wednesday.”

“Why?”

“Because that’s when the sale starts.”

“So the price I pay today depends entirely upon whether or not I’m willing

to inconvenience myself by coming back next week?”

“That’s right.”

“I suppose you’re hoping I will buy something else when I come back next week,” said Alice. “If I come back simply to pick up the coat, I am thwarting the store’s assumptions about retailing psychology. All that happens is that I am wasting time, wasting gasoline, and needlessly increasing my carbon footprint.”

“Yes,” said the salesperson. “And if you spend enough money, you will be eligible to join our exclusive elite shopping program, which will entitle you to even more seductive special promotions.”

“This makes no sense,” Alice said.

“We are talking dollars, not sense,” the salesperson said.

Alice said she would think about it, and she went on to another store to buy her husband a pair of gloves. “If you spend a 100 dollars, I can give you a 15 percent discount,” the salesperson said. Alice wavered. She didn’t really need socks or a nightgown. Then the salesperson said, “You just need to come in and pick it up after next Tuesday. And when you do, we’ll give you a card entitling you to a 15 percent discount.”

“On whatever I buy after next Tuesday?”

“No. On what you buy the next time you come in after that.”

“But wait,” said Alice. “I’m here today.”

“That doesn’t matter,” the salesperson said. “These special deals only happen if you come in on other days.”

“Then by paying full price today, I am in effect subsidizing the discount you are giving to the customers who are willing to waste time and gasoline making multiple trips to the mall.”

“Stop trying to be logical. Come back on a different day!”

“Look,” said Alice. “I expect, and hate, this sort of nonsense when I need to buy a car. I put up with it when purchasing plane tickets. But should I really have to do tricks in order to buy holiday gifts? The economy is still lousy. You department stores are hardly swarming with eager buyers. In fact, you’re snoozing along, except when you really do have a sale. You need the business, we need the deals. Why does it take a creepy, sleazy little minuet to get us there?”

“If you spend \$47.50, I can give you a special tote bag for only \$29.50 more.”

Alice got back into her car without buying anything. She went home and read an article in the newspaper about retailers and their fears about the holiday shopping season. She bought some gifts at local independent boutiques and bookstores, because the shopping experience was pleasant and rational.

Then she went online and finished her shopping, without exercising her patience — indeed, without exercising anything more than her fingers and a little bit of common sense.

BOSTON GLOBE

LETTERS TO THE EDITOR

Step up, China

Andrei Lankov’s fatalistic description of North Korea’s ability to lead other states around by the nose (“North Korean blackmail,” Views, Nov. 25) makes one really wonder: Does the situation have to be this bad and, increasingly, so dangerous?

Surely the major players in East Asia should be able to agree that the denuclearization of the Korean Peninsula is a vital interest of all the parties. The United States, for its part, has never supported policies to spread nuclear weapons within the region.

Perhaps it is time to call upon China to meet its responsibilities as a regional leader and to work rapidly toward assuring the necessary adjustments in North Korean behavior.

Surely there is nothing in Marxist ideology that should cause Beijing to protect a degenerating dynasty.

ERWIN VON DEN STEINEN,
BONN, GERMANY

The fiesta is over

Regarding your editorial “Greece, Ireland . . .” (Nov. 26): If Spain falls, so does the euro. And the grownups in Brussels,

Berlin and Paris won’t let that happen. Still, when a family member has a huge deficit, 20 percent unemployment, a sclerotic government and delusional unions, discipline is due.

Spain spent lavishly for years. We believed we could have three cars and a beach house, and put it all on a credit card. Spain needs to sober up. La fiesta is over.

GERALD HOUGH, MADRID

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