

The New York Times

The Conscience of a Liberal

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The Confidence Fairy Has Taken a Leave of Absence

Was it only last June when Alan Reynolds was [holding Ireland up as a role model](#), not just for troubled European economies, but for the United States? Yes, it was:

“The Irish approach to tackling the recent recession,” investment adviser Michael Johnston said, “was vastly different than the strategies implemented by the U.S. and much of the rest of the developed world. Most governments cranked the printing presses into high gear and began injecting round after round of capital into the global economy. Ireland went the opposite direction, imposing draconian budget cuts and reeling in government spending.”

The Irish approach worked in 1987-89 — and it’s working now.

This is a lesson that Washington should learn sooner rather than later.

Um:

Ireland: 10-year bond rates

Meanwhile, Greek austerity is failing even to do much to reduce the deficit, because the economy is shrinking. The usually discreet Calculated Risk [sums it up](#):

More austerity coming – the beatings will continue until morale improves!

Even [Business Insider](#) seems to be getting it. Contractionary policies, it turns out, are contractionary. And don’t tell anyone, but this means that Keynesian economics is right.