

South Korea to inject \$10bn into economy after Mers Outbreak

SOURCE: BBC

VOCABULARY AND PHRASES:

1. **outbreak** - a sudden breaking out or occurrence; eruption:
2. **stimulus** - something that incites to action or exertion or quickens action, feeling, thought,
3. **flagging** - becoming smaller or weaker
4. **supplementary** - Something added to complete a thing, make up for a deficiency, or extend or strengthen the whole.
5. **austerity** - sternness or severity of manner or attitude.
6. **forecast** - predict or estimate (a future event or trend).
7. **deceleration** - To slow down the rate of advancement
8. **drought** - a prolonged absence of something specified.

INITIAL QUESTIONS:

- What are some things that could pull down the economy of the country?(This can have numerous answers, let the the students do some brain storming)

ARTICLE:

South Korea's government has proposed pumping billions of dollars into its economy as it struggles with falling exports and an **outbreak** of Middle East Respiratory Syndrome (Mers). A fresh **stimulus** package put forth on Friday, worth 11.8tn Korean won (\$10.5bn £6.7bn), is part of a larger economic stimulus plan worth 22tn won.

South Korea is targeting a growth rate of 3.1% for the year. Analysts say even with additional stimulus it may not achieve its target. South Korea's export-led economy has been hit by slowing global demand for its goods, together with sluggish consumer demand at home. The proposed injection of funds is an attempt to counter the impact of a **flagging** economy with government spending.

"The government proposed a **supplementary** budget ... to deal with revenue shortages and 5.6 trillion won to help overcome the Mers outbreak, improve water resources management, support the working class and stimulate local economies," the government said in a statement. "Compare and contrast" might be the call from Europe.

As the governments in London and Berlin stick tightly to "**austerity**" and reining in public spending as economies slow down, South Korea goes in the opposite direction and increases government borrowing to spend and pump the economy up. South Korean growth this year is **forecast** to be just over

3%. For many developed economies, that would be satisfactory but for South Korea it is far slower than they have come to expect.

This **deceleration** is caused primarily by the slowing of the Chinese economy but the outbreak of MERS raises a fear for the future. Accordingly, some of the extra spending is targeted at hospitals and clinics which failed to cope when the illness first appeared. Tourism, as an industry hit hard by the outbreak, will also get some money. Farmers will benefit because of the ongoing **drought**.

But the detail does not seem as significant as the big picture: South Korea is rejecting the economics of Europe. Who's right?

COMPREHENSION QUESTIONS:

1. What proposal did the South Korea Government make to improve its economy amidst the MERS outbreak?
2. How much growth are they targeting?
3. For what purpose are they doing these boosting?
4. What is the cause of this pull down of the economy in South Korea?
5. With the MERS outbreak on going, do you think this move by the South Korean Government will bridge them from this crisis?

THINGS TO DO:

Debate Topic: "Debt is important for the country to survive the economic crisis".