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WHAT WILL RUN THE WORLD?

Часть 2

Учебное пособие



ПОЛИТЕХ-ПРЕСС

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Данное пособие является базой для отработки навыков поискового и информативного чтения, перевода и реферирования статей, а также письменной аргументации на английском языке.

II часть посвящена анализу перспектив политической ситуации в Европейских странах.

В пособии даются послетекстовые упражнения и тесты, которые направлены не только на контроль и самоконтроль прочитанного, но и включают задания коммуникативного и творческого характера, ставящие целью подготовить студентов к самостоятельному высказыванию по изучаемой теме. Главной задачей является научить студентов использовать информацию статьи в аналитических целях.

Текстовый материал взят из оригинальных источников, часть материала незначительно адаптирована и сокращена. Весь материал полностью приведен в соответствии с учебно-методическими задачами данного этапа обучения для индивидуальной и групповой работы.

«What Will Run The World?» – многофункциональное пособие (I–II части) для работы с англоязычной литературой и периодикой, которое предназначено для студентов Высшей школы международных отношений (III–IV курсов) по дисциплине «Политический курс».

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EUROPE IN MODERN GLOBAL POLITICS

UNIT I

THE EURO: THE HOPE AND THE REALITY

➤ *Read, translate and discuss the texts*

Politics is not a science, but an art.

(Otto Bismark)

The euro was founded with three hopes: (1) that it would bring Europe ever closer together, and was the next step in Europe's integration; (2) that the closer *economic* integration would lead to faster economic growth; and (3) that this greater economic integration and the consequent greater political integration would ensure a peaceful Europe.

The founders of the euro were visionaries who tried to create a new Europe. They were Argonauts in uncharted waters, traveling where no one had ever been. No one had ever tried a monetary union on such a scale, among so many countries that were so disparate. So it is perhaps unsurprising that matters turned out so different from what these visionaries must have thought.

I shall argue in this chapter that even with the best-designed euro project, the benefits of a single currency would have been more limited than its advocates claimed, that its impact on overall economic integration was likely to have been ambiguous, and that one should not have been surprised that the euro was more divisive than unifying—thus setting back political integration. The very reason that the euro was an incomplete project was the reason that it was likely to prove divisive. Far from being an important step in the creation of a united Europe that would play a critical role in today's global economy, it should have been expected that the euro would have an opposite effect.

Political integration, like economic integration, was not just an end in itself but a means to broader societal objectives — among which was strengthening democracy and democratic ideals throughout Europe. I conclude this chapter by observing that the construction of the euro has instead increased the perceived democratic deficit in Europe, the gap between what Europe *does* and what its citizens want.

We have commented repeatedly on the link between politics and economics. As we have noted, one of the reasons for the failure of the eurozone is that economic integration has outpaced political integration. The hope was that the politics would

catch up with the economics. But as divisiveness and the democratic deficit has grown, the likelihood that that will happen has diminished.

The euro was born with great hopes. Reality has proven otherwise.

A united Europe would be more influential on the world stage

Euro supporters observe that successful large countries, like the United States, share a common currency. It follows, in this reasoning, that if Europe is to play a role on the global stage similar to the United States, it, too, must share a common currency. Could one imagine, they ask, an America with multiple currencies? Many Europeans, noting that if the countries of Europe were united, Europe would be one of the two largest economies, worry that Europe does not pull the weight it should in the global economy, simply because it is politically divided.

But this begs several critical questions: What are the prerequisites for playing the kind of global role that the United States plays? Will having a monetary union move Europe closer to attaining those conditions? Is having a monetary union *necessary* for achieving such a goal? And how important is it for Europe to play that role?

The role of rules

What decisions a united Europe might take would, of course, depend on the political rules that defined the union. If there had to be unanimity among the countries within Europe, then in the absence of a broad consensus about policies, the likely result is gridlock. If the political system gave disproportionate power to Europe's corporate interests, what Europe would "bargain" for in trade agreements would be rules that advance those corporate interests. While those interests would like to see a more united and powerful Europe, it is not obvious that the potential outcomes would serve the interests of the citizens well.

Greater power for a united Europe would translate into greater well-being for European citizens only if the political system was truly democratic. There are good reasons to be concerned about this, given the current political structure of Europe.

The euro and peace

The second argument for more political integration focuses on the role that the EU has played in sustaining peace within the core of Europe. Given the destruction of the two world wars of the previous century, it is understandable why this should be of paramount importance. Some observe the absence of war within the core of Europe over the past 70 years and give the European Union credit. That may well be the case,

though there are many other changes that have occurred as well—the creation of the UN, nuclear deterrence, and changes in attitudes toward war. Our question, though, is a narrower one: There is no evidence that sharing a single currency, or the closer integration resulting from sharing a single currency (if that actually happened), would reduce the probability of conflict; no evidence to suggest that it would make a difference either directly or indirectly. Even supposing that adopting a common currency promotes integration, it's not clear that, where economic integration and increasing peace coincide, the former is the cause of the latter. This book will argue that the currency union may actually run counter to the cause of greater economic integration.

The euro and European identification

There is a quite different set of arguments for a single currency, perhaps better reflecting the political drive for it: Every day when individuals use the currency, they are reminded of their identity as Europeans. As this identity gets fostered and strengthened, further political and economic integration might be possible. The importance of this has almost surely been diminished as we have moved to electronic money and the use of debit and credit cards. Young people seldom make use of those funny pieces of paper we call cash.

But it should have been clear at the onset that such psychological benefits, if they exist, would be overwhelmed if the euro failed to deliver on its *main* promise of furthering prosperity. Indeed, if it actually led to worsened economic performance, one might have anticipated a backlash, not just against the euro but against the entire European project.

➤ Answer the following questions

1. What hopes were pinned on the euro?
2. What is the meaning of “power” on the global arena?
3. What are the prerequisites for playing the kind of global role that the United States plays?
4. What is the author's opinion about America's war against Iraq?
5. Why author claims that Europe does not have a coordinated effective “voice”?
6. What role do rules play in the EU's system?
7. What a united Europe's decisions depend on?
8. What role has the EU played in sustaining peace within the core of Europe?

9. Whom should public decisions be taken by?
10. Which countries the Schengen area includes?

Summary

The text is devoted to arguments for the pros and cons of economic integration in Europe. The author mentioned points of view earlier researchers and they emphasized that closer economic integration would lead to faster economic growth and larger markets lead to increases standards of living. What about nowadays reality of economic integration?

It should be noted that in the beginning of 21st century this economic integration has already developed fast. First, tariff and trade barriers are low. Most importantly, there is free movement of goods, labor and capital. From the above we see that certain forms of economic integration may impede the ability of different countries to realize social well-being.

It need to be highlighted that even the economic structures across countries will be the same, in political united Europe views about the appropriate policy course can be differ absent a broad agreement about the economy functions. For example, people in one country might believe that if the unemployment rate drops below some threshold, inflation would break out. Nevertheless, for another country low unemployment rate would impose unacceptable costs on workers. This situation shows that even compromise would leave both sides unhappy.

Finally, a few remarks should be made about pros and cons of economic integration. We can pointed out that even if economic structures were the same, and countries understanding of how the economy behaves were the same, different countries would have different values. These different sets of values would imply different monetary policies.

➤ *Translate into English*

ЕДИНАЯ ЕВРОПА БУДЕТ БОЛЕЕ ВЛИЯТЕЛЬНА НА МИРОВОЙ АРЕНЕ

Сторонники евро отмечают, что успешные крупные страны, такие как Соединённые Штаты, имеют общую валюту. Из этого суждения следует, что для того, чтобы Европа на мировой арене играла роль аналогичную США, она также должна иметь общую валюту. Можно ли себе представить, говорили они, Америку с несколькими валютами? Многие европейцы, отмечая, что если бы европейские страны были объединены, Европа была бы одной из двух

крупнейших экономик, беспокоятся о том, что Европа не имеет тот вес, который должна иметь в мировой экономике просто потому, что она политически разделена.

Но здесь возникает несколько важных вопросов: каковы предпосылки для того, чтобы играть ту глобальную роль, что играют Соединённые Штаты? Сможет ли валютный союз приблизить Европу к достижению этих условий? Нужно ли иметь валютный союз для достижения такой цели? И насколько важно для Европы играть эту роль?

Роль правил

Какие решения примет единая Европа, конечно же, будет зависеть от политический правил, установленных союзом. Если для этого страны в пределах Европы должны быть единодушными, то, вероятно, они зайдут в тупик при отсутствии общего согласия в отношении политик. Если бы политическая система давала непропорциональную власть корпоративным интересам Европы, то, на что Европа будет «торговаться» в торговых соглашениях, были бы правилами, продвигающими эти корпоративные интересы. Хотя эти интересы и направлены на создание более сплоченной и мощной Европы, не факт, что возможные результаты будут отвечать интересам народа.

Евро и мир

Наш вопрос, однако, менее обширный: нет никаких доказательств того, что совместное использование единой валюты или более тесная интеграция, как результат совместного использования единой валюты (если это действительно произошло) уменьшили бы вероятность конфликта; нет доказательств того, что это на что-то повлияет прямо или косвенно. Даже если предположить, что принятие единой валюты способствует интеграции, неясно, где экономическая интеграция и укрепление мира совпадают, первое является причиной второго. В этой книге будет доказываться, что валютный союз может фактически противоречить причине расширения экономической интеграции.

Второй аргумент в пользу большей политической интеграции сосредоточен на той роли, которую ЕС сыграл в поддержании мира в центре Европы. Учитывая ущерб, нанесенный двумя мировыми войнами прошлого века, понятно, почему это должно иметь первостепенное значение. Некоторые отмечают отсутствие войны в центре Европы в течение последних 70 лет и отдают должное Европейскому союзу. Это утверждение имеет место быть, хотя

также произошло и множество других изменений – создание ООН, ядерное сдерживание и изменение отношения к войне.

Tasks

1. According to the text match the words below

pliant	union
requisite	waters
supranational	access
local	importance
uncharted	performance
favorable	levels
economic	workers
efficient	communities
monetary	authorities
paramount	conditions

2. Fill in the gaps with the words in the frame

A UNITED EUROPE WOULD BE MORE INFLUENTIAL ON THE WORLD STAGE

common currency global stage multiple politically divided critical monetary

Euro supporters observe that successful large countries, like the United States, share a _____. It follows, in this reasoning, that if Europe is to play a role on the _____ similar to the United States, it, too, must share a common currency. Could one imagine, they ask, an America with _____ currencies? Many Europeans, noting that if the countries of Europe were united, Europe would be one of the two largest economies, worry that Europe does not pull the weight it should in the global economy, simply because it is _____.

But this begs several _____ questions: What are the prerequisites for playing the kind of global role that the United States plays? Will having a _____ union move Europe closer to attaining those conditions? Is having a monetary union *necessary* for achieving such a goal? And how important is it for Europe to play that role?

3. According to the text match the words below to create collocations

to sustain	interest rates
to anticipate	policies
to set	wages
to enact	peace
to tailor	a floor
to constrain	a backlash
To put	policies

Word-combinations

The nation wealth – богатство наций

Conquest of colonies – завоевание колоний

War spoils – военные трофеи

Impose will – навязывать свою волю

The willing coalition – Коалиция согласных

International law violation – нарушение международного права

Serve the interests of the citizens – служить интересам граждан

Current political structure – действующая политическая структура

Sustaining peace – поддержание мира

Nuclear deterrence – ядерное сдерживание

perceived democratic deficit – предполагаемый демократический дефицит

the former is the cause of the latter – первое является причиной второго

worsen economic performance – снижение экономических показателей

anticipate backlash – ожидать негативную реакцию

cost production unit – себестоимость единицы продукции

diminishing returns law – Закон убывающей доходности

public goods provision – предоставление общественных благ

investment efficient levels – эффективный уровень инвестиций

badly out of date – сильно устареть

latter-day devotees – нынешние сторонники

to constrain wages – ограничивать заработную плату

competitive devaluation – конкурентная девальвация

the principle of subsidiarity – принцип субсидиарности

supranational authorities – наднациональные власти

GDP (Gross Domestic Product) – ВВП

money supply – денежный запас

“beggar–thy–neighbor” politics – политика «разорения соседа»

fixed exchange rate – фиксированный обменный курс

interest rates setting – размер процентной ставки

appropriate policy course – соответствующий курс политики

European Free Trade Association Court – Суд Европейской ассоциации свободной торговли

the deposit insurance fund – фонд страхования вкладов

An EU–wide tax – Общеввропейский налог

VOCABULARY

Visionaries – Мечтатели

Argonauts – золотоискатели

uncharted waters – неизведанные воды

monetary union – валютный союз

argue – утверждать

advocates – сторонники

divisive – разобщающий, divisiveness – разобщённость

set back – препятствовать

societal objectives – общественные цели

strengthen democracy – укрепление демократии

the gap – провал

repeatedly – неоднократно

outrance – опередить

likelihood – вероятность

diminish – уменьшать

otherwise – обратное

encounter – сталкиваться

beg – возникать

critical questions – важные вопросы

prerequisites – предпосылки

attain – достигать

Circumscribe – ограничивать

favorable access – благоприятный доступ

diversity – разнородность, разнообразие

clout – влияние
unanimity – единодушие
the lack of – отсутствие
the source of the problem – источник проблем
Enhancing – усиление, enhance – усилить, способствовать
in this respect – в этом отношении
in the absence of – при отсутствии
gridlock – тупик
bargain – торговаться
to be concerned – быть обеспокоенным
paramount importance – первостепенное значение
occurred – произошло
coincide – совпадать
run counter – противоречить
fostered – поощряется
at the onset – с самого начала
overwhelmed – ошеломлен
furthering prosperity – дальнейшее процветание
unpersuasive – неубедительны
impede – препятствовать, затруднять
comparative advantage – сравнительное преимущество
gain – повышение
flaws – недостатки
relative benefits – относительные выгоды
reductions – сокращения
labor – рабочая сила
irrelevant – не имеет значения
tailoring policies – адаптация политики
preferences – предпочтения
expenditures – расходы
conceptions – представления
demand – требовать, нуждаться
stress – подчёркивать
to constrain wages – ограничивать заработную плату
implication – значение

local highways – местные автомагистрали
local communities – местные сообщества
spillovers – побочные эффекты
externalities – внешние факторы
adverse effects – неблагоприятные воздействия
constraining – ограничение
excessively – чрезмерно
debts – задолженности
obsession – одержимость
moderate levels – умеренные уровни
enacting policies – принятие политики
absent – отсутствие
threshold – порог
break out – вспыхнуть
To put a floor – урегулирование уровня
Impose – привести к
Bondholders – держатели облигаций
Imply – подразумевать
compelling reason – убедительная причина
multiplicity – множественность
evident – очевидный
Savers – вкладчики
Redistribution – перераспределение
Accomplish – выполнять, совершать
requisite conditions – необходимые условия

UNIT II

THE EURO: A DIVERGENT SYSTEM

➤ *Read the texts attentively, using a dictionary and give the main idea*

The eurozone was a beautiful edifice erected on weak foundations. The cracks were clear from the beginning, but after the 2008 crisis, those cracks became fissures. By the summer of 2015, 16 years after the euro was launched, it looked as if Greece would have to exit. A huge creditor/debtor schism had opened up, and political power within the eurozone rested with the creditors, and Germany in particular. The crisis countries were forced into deep recessions and depressions. Europe had created a divergent system even as it thought it was putting together a convergent one.

Several features of the eurozone that were thought of as *essential* to its success were actually central to its divergence. Standard economics is based on the gravity principle: money moves from capital-rich countries with low returns to countries with capital shortage. The presumption was that the risk-adjusted returns in such countries would be high. But in Europe under the euro, movements of not just capital but also labor seem to defy the principles of gravity. Money flowed upward.¹ In this chapter, I explain how Europe created this gravity-defying system. Understanding the sources of the divergence is essential to creating a eurozone that works.

Divergence in capital and financial markets and the single-market principle

One of the strengths of the eurozone was that capital and labor could move freely throughout the region. This is sometimes called the “single-market principle.” Free mobility was supposed to lead to the efficient allocation of labor and capital, thereby strengthening Europe’s prosperity. Each would go to that place where returns were highest.

As capital left the rich (capital abundant) countries to go to the poor (capital scarce), so the theory went, incomes across the eurozone would become more similar and the whole eurozone would work better. Natural market forces would result in convergence; if governments did their part-keeping low deficits and debts-the market would do the rest. The leaders of Europe should have known that there was a significant body of economic analysis—theory and evidence-showing that those expectations were wrong.

In fact, there was a real world example in plain sight: conditions in Italy were quite different from textbook economics. There are no government-imposed barriers to the

movement of capital and labor between the north and south of Italy. There is the same legal framework. Yet, the south of Italy has had a persistently lower income than the north. Though there have been periods in which there was some convergence, in recent decades, it has not occurred.

The single market together with the eurozone and market irrationality created the euro crisis

The previous chapter explained how a free flow of capital, combined with the creation of the eurozone, led to the euro crisis. Ever-foolish capital markets thought the elimination of exchange–rate risk meant the elimination of *all* risk and rushed into the periphery countries. In some cases, they created real estate bubbles. In all cases, they created upward pressure on prices and current account deficits that were not sustainable. One country after another went into crisis, as markets eventually realized that the current account deficits were unsustainable, and as real estate bubbles broke. But by then it was too late: money that should have gone into making these economies more productive went instead to financing consumption and real estate bubbles (in Spain and Ireland) and government deficits (Greece).

The previous chapter also explained how as prices in these countries increased relative, say, to those in Germany, imports increased relative to exports. Trade deficits became a regular feature of these countries' lives. Internal devaluation was supposed to undo the damage that had been done.³ But as we saw, internal devaluation works, at best, slowly and can be very costly: Increasing wages and prices is far easier than the reverse.

The same irrational money that had created the euro crisis, realizing the enormous mistake that had been made, did what finance always does in such situations: it leaves.

Of course, this analysis does not describe all of the countries facing economic recession and large trade deficits. As we noted earlier, Finland has suffered from problems in a couple of its leading export sectors and from weaknesses in some of its major export markets. But even here, the euro is to blame for the prolonged downturn, because it has taken away the standard instruments by which it might return quickly to full employment with trade balance — and has put nothing in their place.

Capital flight

As the euro crisis emerged, money left the banking systems of the weak countries, going to those of the strong countries. As money flowed out of their banking systems,

the banks in weak countries had to contract their lending. I refer to this contraction in lending as *private austerity*. The magnitude of this contraction is enormous and affects especially small and medium-size enterprises. Not surprisingly, countries where such businesses play a more important role are more adversely affected. (Large multinationals can borrow in international markets and thus are not as dependent on what happens within any particular country.) By 2013, the volume of small loans of less than €1 million—a proxy for lending to small and medium-size enterprises (SMEs)—was still far below its precrisis peak in all of the crisis countries: nearly halved in Portugal, down by two-thirds in Greece and Spain, and down by more than 80 percent in Ireland. But the decline was large even in many near-crisis countries: a decrease of a fifth in Italy, for example.

By 2015, the European Commission was celebrating “green shoots” for the continent’s SMEs, which account for 67 percent of employment in the European Union. To many, the upbeat tone seemed premature, particularly in crisis countries. SMEs haven’t recovered in Greece, where more than a third continue to report “access to finance” as the single largest obstacle to doing business. Later, we shall see how the European Central Bank, headed by Mario Draghi, took forceful actions to restore confidence in the market for bonds, especially the bonds of the crisis countries; but while he may have saved the bond markets and the wealthy players in *that* game, back on Main Street, what he did seemed to have little effect.

Explaining the flow against gravity

The flow of money out of the crisis countries’ banking systems is understandable. Confidence in any country’s banking system rests partially on the confidence in the ability and willingness of the bank’s government to bail out banks in trouble. This in turn depends in part on the existence of (1) institutional frameworks that reduce the likelihood that a bailout will be necessary, (2) special funds set aside should a bailout be necessary, and (3) procedures in place to ensure that depositors will be made whole.

Typically, banks benefit from an implicit subsidy in jurisdictions where governments possess greater bailout capacity. The link between confidence in banks and confidence in the governments under whose authority the banks operate can be seen in the close relationship between risk premiums on government debt and bank debt from the same country.

Money flowed into the United States after the 2008 global crisis even though the crisis had been precipitated by failures in the United States’ financial system. Why? It

was not that investors thought that American banks were better managed or that they managed risks better. It was simply that there was more confidence in the willingness and ability of the United States to bail out its banks. (The government, with bipartisan support, had quickly put together a \$700 billion bailout package in 2008, and it was clear that more money would be forthcoming if needed. The influence of Wall Street on the American government was palpable).

Similarly, today in Europe, what rational wealthy Spaniard or Greek would keep all his money in a local bank, when there is (almost) equal convenience and greater safety putting it in a German bank?

The effects of capital leaving the crisis countries are significant: only by paying higher interest rates can banks in those countries compete, but higher rates puts these countries and their firms at a competitive disadvantage. A downward spiral ensues: as capital leaves, the country's banks have to restrict lending, the economy weakens; as the economy weakens, so too does the perceived ability of the country to bail out banks in trouble; and that increases the interest rate banks have to pay, so the banks weaken further and capital is further incentivized to leave.

Divergence in the absence of a crisis

The euro crisis has highlighted how the structure of the eurozone itself created divergence, but there would be divergence even in the absence of a crisis. The ECB sets a *single* interest rate for the entire region. But the interest rate set on, say, German government bonds, is not the interest rate that firms in France or Italy, let alone Greece, pay — or even that the governments in these countries pay. There is a spread in interest rates, reflecting differences in the market's judgment of risk and the ability of the banks in each country to provide credit to the country's companies. The poorer and more poorly performing economies, and the countries with greater inherited debt, will have to pay higher interest rates, and, especially because of the intertwining of banks and governments *in the current eurozone structure*, so, too, will companies in these countries. This gives the country and its companies a distinctive competitive disadvantage, again leading to divergence.

Regulatory races to the bottom

Europe not only allowed *capital* to flow freely within its borders but also financial firms and products — no matter how poorly they are regulated at home.

The single-market principle for financial institutions and capital, in the absence of adequate EU regulation, led to a regulatory race to the bottom, with at least some of the costs of the failures borne by other jurisdictions. The failure of a financial institution imposes costs on others (evidenced so clearly in the crisis of 2008), and governments will not typically take into account these “cross–border costs.”

Indeed, especially before the 2008 global financial crisis, each country faced pressures to reduce regulations. Financial firms threatened that they would leave unless regulations were reduced.

This regulatory race to the bottom would have existed within Europe even without the euro. Indeed, the winners in the pre–2008 contest were Iceland and the UK, neither of which belong to the eurozone (and Iceland doesn’t even belong to the EU). The UK prided itself on its system of light regulation, which meant essentially self-regulation, an oxymoron. The bank managers put their own interests over those of shareholders and bondholders, and the banks as institutions put their interests over those of their clients. The UK’s Barclays bank confessed to having manipulated the market for LIBOR, the London interbank lending rate upon which some \$350 *trillion* of derivatives and other financial products are based.

Still, the eurozone was *designed* with the potential to make all of this worse. The advocates of the euro said that it would enable financial products to move more freely, since the exchange rate risk had been eliminated. In their mind, financial innovation meant designing better products to meet the needs of consumers and firms. That’s the standard neoliberal theory. More modern theories emphasize imperfectly informed and often irrational consumers and firms operating in markets with imperfect and asymmetric information, where profits can typically be enhanced more by exploiting these market imperfections than in any other way. Nobel Prize–winning economists George Akerlof and Rob Shiller document this widespread behavior in their brilliant book *Phishing for Phools* — using the term for Internet scammers who systematically “fish for fools.” With financial products moving ever more easily throughout Europe, the opportunity to take advantage of a whole continent of people who might be duped into buying financial products that were not suitable for them proved irresistible.

Difficulties in regulation

Attempts to regulate the financial sector around the world have made it clear that such regulation is not easy. Well–paid lobbyists from the financial sector approach any or all with as large a gift or campaign contribution as the antibribery and electoral laws

of that country allow. Not surprisingly, the financial sector exercises enormous political influence and is enormously successful in persuading politicians that they should not “overregulate.” Excessive regulation, these opponents claim, could stifle the financial system and thus prevent it from fulfilling the important functions that it must fulfill if an economy is to prosper. The result is that in most countries, the financial sector is underregulated.

Somehow, the banks’ money makes their arguments seem more cogent, in spite of the historical record showing the adverse consequences of underregulated banks — up to and including the 2008 crisis.

This political influence on regulatory reform in Europe and the United States has meant that the reforms have almost surely not been sufficient to prevent another crisis; in certain areas, such as the shadow banking system, there has been little progress, and in other areas, such as derivatives, what progress there has been has been significantly reversed, at least in the United States.

➤ **Questions**

1. What is the main problem with flow of capital in Europe?
2. What does “single–market principle” mean?
3. What is the aftermath of creating real estate bubbles?
4. What did the banks in weak countries do when money left them?
5. What does “private austerity” mean?
6. What was, in author’s opinion, the main reason of the flow of money out of the crisis countries?
7. Why did money flow to US after the 2008 global crisis?
8. What are the significant effects of capital leaving the crisis countries?
9. Why, in author’s opinion, there would still be divergence even in the absence of crisis?
10. What does the author suggest to fix “regulatory races to the bottom”?

Digest

The article “The Euro: a divergent system” criticises economic policy in the eurozone. The “single-market principle”, which allows capital and labor to move freely throughout the region, created “gravity-defying system”. In this system money and labor flowed from poor countries to the wealthy ones, defying principles of gravity. Money flowed upward.

It was believed that “single-market principle” would make incomes across the Europe more similar, as capital would leave the rich countries and go to the poor. The author emphasizes the importance of competent economic analysis of the situation in real world. As a bright example, the author reviews the situation in Italy. The south of Italy has had a much lower income than the north, even though there were never any government-imposed barriers to the movement of capital and labor.

As the euro crisis emerged, money left banks of the weak countries and went to those of the strong countries. This led to contraction of lending, which affected mostly small– and medium–sized enterprises. The flow of money out of crisis countries made people lose confidence in banks of their motherland. As capital leaves, the country has to restrict lending, which leads to weakening of economy. As economy weakens, the country has less opportunity to bail out banks in trouble and that increases the interest rate banks have to pay.

The author suggests that common comprehensive deposit insurance for all banks in the eurozone could easily fix the problem of divergence. There would be no money to flow from the weak countries. But in the absence of common deposit insurance, keeping money in the banks of crisis countries may be risky for depositors as it may exacerbate the problem of divergence.

Another problem is absence of an adequate system of financial regulation and supervision. The author emphasizes that the principle of financial market liberalization, which allows financial firms and product to move freely across Europe. has to be replaced with a condition, where no country can discriminate against the financial firms and products from another member country, but banks should be regulated in any way that fits bank’s jurisdiction.

➤ *Translate into English*

Принцип единого рынка для финансовых учреждений и капитала, в отсутствие адекватного регулирования со стороны ЕС, привел к тому, что “регуляторная гонка” пошла ко дну, причем по крайней мере часть издержек от неудач легла на плечи других юрисдикций. Неудача финансового учреждения влечет за собой издержки для других (о чем так ясно свидетельствует кризис 2008 года), и правительства, как правило, не принимают во внимание эти “трансграничные издержки”.

Трудности в регулировании

Попытки регулирования финансового сектора во всем мире ясно показали, что такое регулирование непростое. Хорошо оплачиваемые лоббисты из финансового сектора подходят к любому или всем с большим подарком или вкладом в кампанию, насколько это позволяют антикоррупционные и избирательные законы этой страны.

Эта регулятивная гонка на дно существовала бы в Европе даже без Евро. Действительно, победителями в конкурсе до 2008 года были Исландия и Великобритания, ни одна из которых не принадлежит к еврозоне (а Исландия даже не принадлежит к ЕС). Великобритания гордилась своей системой лёгкого регулирования, что означало, по сути, саморегуляцию – оксюморон. Руководители банков ставят свои интересы выше интересов акционеров и держателей облигаций, а банки как учреждения ставят свои интересы выше интересов своих клиентов. Британский банк Barclays признался, что манипулировал рынком LIBOR, лондонской межбанковской кредитной ставкой, на которой базируется около \$350 трлн деривативов и других финансовых продуктов.

Действительно, особенно перед глобальным финансовым кризисом 2008 года, каждая страна столкнулась с давлением в целях сокращения регулирования. Финансовые фирмы пригрозили, что уйдут, если регулирование не будет снижено.

Тем не менее, Еврозона была разработана с потенциалом, чтобы сделать все это хуже. Сторонники евро заявили, что это позволит финансовым продуктам двигаться более свободно, поскольку валютный риск будет устранен. По их мнению, финансовые инновации означают разработку лучших продуктов для удовлетворения потребностей потребителей и фирм. Это стандартная неолиберальная теория. Более современные теории подчеркивают несовершенство информированных и часто иррациональных потребителей и фирм, работающих на рынках с несовершенной и асимметричной информацией, где прибыль может быть увеличена больше за счет использования этих несовершенств рынка, чем каким-либо другим способом. Лауреаты Нобелевской премии экономисты Джордж Акерлоф и Роб Шиллер описывают это широко распространенное поведение в своей блестящей книге "Phishing for Phools", используя термин для интернет-мошенников, которые систематически "охотятся на дураков". Поскольку финансовые продукты все легче перемещаются по всей Европе, возможность извлечь выгоду из целого континента с людьми, которые могут

быть втянуты в покупку финансовых продуктов, которые им не подходят, оказалась непреодолимой.

VOCABULARY

edifice – здание, сооружение, доктрина;

to erect – возвести, возводить

fissures – надлом, расщелина, щель

schism – раскол, разделение;

rest with – принадлежать

recession – спад в экономическом росте; снижение темпов эконом. роста

presumption – предположение, допущение;

to defy – бросать вызов, пренебрегать;

to flow – течь, вытекать;

divergence – расхождение;

essential – имеющий существенное значение;

allocation – распределение;

thereby – из-за этого, в связи с этим, таким образом;

prosperity – процветание;

abundant – богатый чем-л;

scarce – дефицит;

convergence – сближение;

conditions – условия, обстановка;

government-imposed – продиктованный государством; навязанный государством;

persistently – постоянно, непрерывно;

elimination – ликвидация, устранение;

sustainable – устойчивый, стабильный;

eventually – в конце концов;

unsustainable – неустойчивый, нестабильный;

wages – зарплата;

enormous – огромный, громадный;

downturn – спад;

emerge – возникнуть;

contract – сокращать; contraction – сокращение;

lending – кредитование;

refer to – ссылаться на;
austerity – жесткая экономия;
magnitude – масштаб, размах;
enterprise – предприятие;
adversely – негативно, неблагоприятно;
multinational – транснациональная корпорация;
proxy – доверенность;
halved – сократиться вдвое;
account – входить во что-либо;
premature – преждевременный;
obstacle – препятствие;
willingness – готовность, стремление;
bail out – выручать;
likelihood – вероятность;
depositors – вкладчики;
capacity – способность, возможность, мощность;
precipitate – ускорять;
forthcoming – грядущий, приближающийся;
palpable – осязаемый, очевидный;
interest rates – процентная ставка;
competitive disadvantage – конкурентный недостаток;
ensue – происходить, наступить, наступать;
restrict – ограничивать;
lending – кредитование;
perceived – воспринимаемый, предполагаемый;
incentivized – заинтересованный;
absence – отсутствие;
intertwining – переплетение;
comprehensive – всеобъемлющий, полный;
deposit – вклад;
incentive – стимул;
distress – бедственное положение;
liquid funds – ликвидные средства;
provision – положение, условие;
subsequently – впоследствии;

rigidity – жесткость;
shareholder – держатель акций;
bondholder – держатель облигаций;
borrower – заемщик, получатель кредита;
depositor – вкладчик;
forbearance – терпимость;
exacerbate – усиливать, обострять;
borne – выдерживать, терпеть, лечь на плечи;
impose – налагать, возлагать, облагать;
cross-border – трансграничный, межгосударственный;
exploiting – эксплуатирующий, использующий;
duped into – втянут в;
irresistible – непреодолимый, неотразимый, неодолимый;
overregulate – чрезмерно регулировать;
excessive – избыточный;
stifle – душить, задушить;
cogent – убедительный;
divergent system – неустойчивая система;
capital shortage – дефицит капитала;
risk-adjusted returns – доходность с поправкой на риск; доходность с учётом риска;
single market principle – принцип единого рынка;
in plain sight – на виду;
legal framework – правовая база;
exchange-rate risk – валютный риск;
real estate bubbles – ценовой пузырь на рынке недвижимости;
upward pressure – повышающее давление;
current account deficits – текущий дефицит платёжного баланса;
trade deficits – дефицит торгового баланса;
internal devaluation – внутренняя девальвация;
economic recession – экономический спад;
small loans – мелкие займы;
green shoots – зелёные побеги;
market for bonds – рынок облигаций;
implicit subsidy – косвенные субсидии;

risk premiums – надбавки за риск;
bipartisan support – двухпартийная поддержка;
bailout package – антикризисный пакет;
inherited debt – унаследованный долг;
regulatory framework – нормативная база;
campaign contribution – вклад в кампанию;
anti-bribery – антикоррупционное соглашение;
adverse consequences – отрицательные последствия;

Acronyms

SMEs (small and medium-sized enterprises) – малые и средние предприятия;
ECB (European Central Bank) – Европейский Центральный Банк.

UNIT III

THREATS TO THE FUTURE OF EUROPE

➤ *Read, translate and retell*

The neoliberal argument for central bank independence

The neoliberal argument for central bank interdependence – the argument that prevailed at the time the ECB was established – seemed to be predicated on three critically flawed assumptions: first, that all that mattered was inflation; secondly, that fighting inflation through monetary policy was a purely technocratic matter; and thirdly, that central bank independence would strengthen the fight against inflation.

I have already explained what was wrong with the first two hypotheses. The third hypothesis was based on a deep distrust of democracy. It was feared that democratic governments would be tempted to inflate the economy before an election. A stronger economy would help get the government reelected — with the price of inflation paid afterward. Only by taking monetary policy out of the hands of politicians could this kind of inflationary pattern be broken; and with confidence that the technocrats assigned to limit inflation would fulfill their mandate, inflationary expectations would be brought down, and thus economic stability ensured. Democratic electorates are, however, more intelligent than this hypothesis gives them credit for. Indeed, governments have the same incentive to spend before an election. No one has proposed taking away the spending power from government, to ensure that they don't "misbehave." And in fact, democratic electorates have strongly punished governments that overspent. Fiscal responsibility – in some cases excessive fiscal responsibility, with a focus on deficits that exceeds practical sense – regularly features in elections.

Concluding comments: economic models, interests, and ideology

A central thesis of this text is that certain ideas – certain economic models – shaped the construction of the eurozone; these ideas are at best questionable, at worst wrong. In computer science, there is an old adage: garbage in, garbage out. So, too, in the construction of institutions: institutions built on faulty ideology are not going to work well; economic institutions built on flawed economic foundations are going to serve the economy poorly. This chapter has amply illustrated this in the context of monetary policy and the central institution of the eurozone, the ECB.

While the single mandate and the narrow view of the instruments at their disposal may have narrowed the set of actions that the ECB could undertake, the ECB has been,

to say the least, controversial. It has been charged, especially within Germany, with acting beyond its mandate, and acting improperly. Even though in its construction, conservative ideas predominated, since the crisis it has used new instruments and undertaken new responsibilities, which conservatives say go beyond its remit. It has been sued for its program of buying government bonds, for engaging in quantitative easing, and for its new supervisory roles. The ECB is governed by a board, the members of which have views about what the bank can do and what the bank should do that markedly differ. The Germans have consistently argued for a narrow construction, and in spite of common wisdom that they enjoy hegemony in the eurozone, the ECB has on a number of times – most notably with the undertaking of QE – taken actions vehemently opposed by Germany, both on grounds of policy and that the actions are beyond those allowed to it.

Institutions evolve. The problems confronting Europe and the world today are different than what they were when the eurozone was designed. Even when the eurozone was founded, inflation was not the issue. The world had moved into a new era, with inexpensive Chinese goods helping to dampen prices. It was clear that growth and employment would be among the issues of the future. The 2008 crisis reminded everyone why some central banks were created in the first place—to maintain financial stability—a responsibility that had been almost forgotten in the years when an obsession with inflation dominated the scene. The strong restraints on the ECB clearly limit its ability to adapt in ways that it could and should. The ECB's narrow mandate and narrow set of instruments puts Europe in a distinct disadvantage.

The ECB has had three heads in its short history, each with a distinctive style, each leaving his mark. Trichet will be remembered for his colossal misjudgments, in particular raising interest rates at moments where the economy was contracting. He demonstrated a commitment to fulfilling the ECB's mandate, fighting inflation, come what may. The costs of these mistakes were palpable. He played a disastrous role in the development of the euro crisis, forcing the Irish government to assume the liabilities of its banks. The Irish people were unjustly forced to pay the price for others' mistakes—a double injustice, because it was in effect a transfer of money from the poor to the rich. But Trichet knew where he stood: he was an ally of the bankers against ordinary workers, constantly demanding wage cuts that would lower their standards of living.

If Trichet did much to undermine the eurozone—could it have survived if he had remained in office? — Mario Draghi is given credit for its survival, with his famous

2012 speech promising “whatever it takes.” Few speeches in history have had such impact—bringing down interest rates on sovereign bonds throughout the region.

The speech was magical in another way as well: no one knew whether the ECB had the authority and resources to do “whatever it takes.” A few academics and pundits worried, what would happen if the promise was tested? If there was a run against Italian bonds? If suddenly, there was a shift in mood, and investors came to believe that the ECB did not have the resources to sustain high prices for the enormous numbers of outstanding Italian bonds? What would happen if Germany successfully opposed the ECB doing “whatever it takes”? In short, no one knew whether Draghi was an emperor with or without clothes. It was, of course, in no one’s interest to find out, or at least not at the time. And so long as it was not shown that the emperor had no clothes, remarkably, the market acted as if he did, whether he did or didn’t.

There are choices

Quantitative easing, which was grudgingly adopted, with strong opposition from some members of the ECB Board, has not restored Europe to robust growth. Neither has it resulted in massive inflation, as its critics once feared. Over the nearly two decades since its creation, the ECB has not been able to assure full employment and economic stability for all of Europe. That might be asking too much: given the diversity among the countries, critics of the eurozone would say that that was an impossible task. But it has not even achieved reasonable growth, employment, and economic stability on average. Chapter 3 vividly described the eurozone’s dismal performance: it has had a double-dip recession and repeatedly faced threats of deflation, with an unacceptably high level of eurozone unemployment.

In the brief history of the ECB, we have seen costly misjudgments and the use of its enormous power to obtain outcomes that benefit the banks and the major powers within the European Union at the expense of citizens and the weaker countries. This should be deeply troubling.

The main point of this chapter is a simple one: there are alternative ways of structuring central banks—with different mandates, different instruments, and, more importantly, different governance—that are more likely to lead to better economic performance, especially from the perspective of the majority of citizens. Doing this should be high on the agenda of reform for the eurozone. It is one of the essential tasks if the eurozone is to be restored to growth and prosperity.

➤ Questions

1. That is the central thesis of this book?
2. What country criticizes ECB for its monetary policy?
3. How many leaders ECB had in its short history?
4. Which one of ECB's leaders was the most successful?

Afterword: developments in monetary theory and policy over the past third of a century

The eurozone is a monetary union, so it is important to understand the ideas concerning money and monetary policy that prevailed at the time the eurozone was created and subsequently. This section describes the evolution of the dominant doctrines over the past third of a century. Ideas that were fashionable at the time the eurozone was founded—such that all that a central bank had to do was to focus on inflation and that would ensure growth and stability—are now widely discredited among both academic economists and policymakers, including those at the IMF. Yet these ideas are set in stone in the ECB, and still widely held within powerful groups inside the eurozone. This puts the ECB in a difficult position: following its mandate puts it on a course that is opposed by large fractions of European democracy. It is important to have rules, but having the wrong rules, as we noted earlier, can be a disaster.

In recent decades, central banking has been dominated by a succession of beliefs—one might call them religious beliefs, for they are held with firm conviction, even passion. And this is so, even though the empirical evidence underlying them is at best weak. The good news concerning central bankers is that their religions evolve, even if they change their beliefs very slowly in response to evidence against the currently fashionable doctrines.

Monetarism

At one point, the religion was called monetarism — all central bankers believed that the monetary supply should be increased at a fixed rate and, accordingly, monetary authorities should keep their eye on the money supply.

Monetarism was never really a theory; it was based on an alleged empirical regularity—that the ratio of the money supply to the volume of transactions (called the velocity of circulation) was fixed. There was no theoretical reason that this should be so. No sooner had Milton Friedman announced this new law of nature than nature played a trick on him, and on the countries that followed his dicta: the velocity of

circulation started changing. Those of us who had studied more deeply the nature of financial markets understood and predicted these changes. New forms of financial instruments, like money market funds that we now take for granted, were coming into play, and there were changes in the regulations governing financial markets.

Monetarism swept the world of central bankers as the cult of the day. It was based on a simplistic model. It could be grasped easily by central bankers with limited abstract capacities, and it provided rich opportunities for empirical testing. There was enough ambiguity in the theory to lead to heated discussions: What was the right definition of money? How should it best be measured? What was the right measure of GDP? How should it be measured?

Interestingly, conservative central bankers following such doctrines actually exposed the economies for which they were responsible to real risk. At the time the experiment with monetarism began, its full implications were not known. At the time (the late 1970s) the United States faced what was widely viewed as an unacceptably high inflation rate, Paul Volcker, newly chosen to head the Federal Reserve, responded with this new tool. Interest rates shot up beyond anything that had happened before, and beyond what most had expected—the Fed fund rate eventually reaching 19 percent. But while this new “theory” seemed to work in bringing down inflation, from 13.5 percent in 1980 to 3.5 percent in 1983, the medicine had serious side effects. America’s deepest recession since the Great Depression, with unemployment reaching 10.8 percent in 1982, in spite of a massive stimulus from fiscal policy with the large 1981 Reagan tax cut; and debt crises throughout the world in countries that had borrowed in the 1970s to offset the effects of the oil price rise, in the perhaps—reasonable belief that so long as interest rates remained within the realm of what had happened in the past, they could manage things. The result was the lost decade of the 1980s in Latin America.

Inflation targeting

As this monetarism religion waned in the onslaught of overwhelming evidence that it did not provide good guidance — even ignoring its noxious side effects — a new religion took its place, inflation targeting. 42 If inflation was the only thing that central banks should care about, it made sense for them to target their policies to inflation. Never mind about unemployment or growth — that was the responsibility of someone else. Countries around the world adopted this philosophy, and with conservatives loving rules, there developed a rule, named after John Taylor, with whom I taught at Princeton and Stanford, and who was to go on to be the under secretary of the Treasury for International Affairs in the administration of George W. Bush. His rule (the “Taylor

rule”) prescribed by how much the central bank should raise interest rates in response to a level of inflation in excess of its target. One didn’t really need a board to set interest rates, just a technician, who would calculate the inflation rate (government statistical offices do that) and then plug the number into the formula. The interest rate would pop right out. The money supply should be increased or decreased until that target was reached. One didn’t have to ask why inflation was high or whether the disturbance to the economy was temporary or permanent. Those judgments, made by mortal government appointees, would inevitably be more fallible than the infallible rule.

Countries following such a simplistic policy also had disastrous results. When food prices rose very rapidly in 2007, inflation — especially in developing countries where food is such an important part of the market basket — rose, too; but it made no sense to raise interest rates: raising interest rates would not lower food prices. The problem of food prices was global, but even in a moderately sized country, raising interest rates would have a negligible effect on global food prices. The only way the monetary authority could have an effect on inflation was to drive down other prices — have deflation in the nontraded goods in the economy. And the only way to achieve that was to cause those sectors to go into depression, by raising interest rates very high. No matter how important one thought that inflation was, the cure was worse than the disease.

The European Central Bank never went so far as to go to either the extreme of monetarism or the Taylor rule, but it did something almost as bad. It focused exclusively on inflation—after all, that was its single mandate—and for a long time it continued to use as an indicator of its monetary stance (whether monetary policy was loose or tight) the rate of growth of the money supply, a holdover from the days when monetarism reigned king.

➤ **Questions**

1. Why at some point monetarism was seen by economists as a religion?
2. What was the main idea of the “Taylor rule”?
3. What were the results of countries that used John Taylor's rules?
4. Why quantitative easing was an ineffective measure?
5. What were the risks of a massive expansion of central banks?
6. What was the Keynes's solution to the central bank problem?

Summary

This text is devoted to the problem of European Central Bank and to the problem of monetarism which was created by ECB's actions. In this book Joseph Stiglitz suggested that all of the problems which were created by ECB's leaders and their co-workers arose due to the fact that the ECB didn't have enough freedom and prerogatives for normal operation. Most of all generality of eurozone states have used such economic policy as monetarism as if it was some kind panacea to all of their economical problems and didn't even realize how many problems could this create for the working class.

➤ *Translate into English*

Tasks

1. Give the right word

A central 1._____ of this book is that certain ideas – certain economic 2._____ – shaped the construction of the eurozone; these ideas are at best questionable, at worst 3._____. In computer science, there is an old 4._____: garbage in, garbage out. So, too, in the construction of 5._____: institutions built on faulty 6._____ are not going to work well; economic institutions built on flawed economic 7._____ are going to serve the 8._____ poorly. This chapter has amply illustrated this in the context of 9._____ policy and the central institution of the 10._____, the ECB.

1._____

2._____

3._____

4._____

5._____

6._____

7._____

8._____

9._____

10._____

2. Compose the word combinations

11. democratic union

12. monetary model

13. democratic roles

14. faulty reason

- 15. supervisory pattern
- 16. monetary ideology
- 17. theoretical policy
- 18. simplistic electorates
- 19. neoliberal argument
- 20. inflationary governments

3. Give the synonyms

- 21. interdependence – _____
- 22. assumption – _____
- 23. hypothesis – _____
- 24. to evolve – _____
- 25. electorate – _____
- 26. country – _____
- 27. resources – _____
- 28. noxious – _____
- 29. tax – _____
- 30. member – _____

4. Translate the word combinations

- 31. to run against – _____
- 32. to come into play – _____
- 33. in another way – _____
- 34. whatever it takes – _____
- 35. to limit its ability – _____
- 36. noxious side effects – _____
- 37. the spending power – _____
- 38. to robust growth – _____
- 39. stability on average – _____
- 40. costly misjudgments – _____

5. Match the verbs

The eurozone is a monetary union, so it is important to understand the ideas concerning money and monetary policy that 41. _____ (prevail) at the time the eurozone 42. _____ (create) and subsequently. This section describes the evolution of the dominant doctrines over the past third of a century. Ideas that were fashionable at the time the

eurozone 43. _____ (found) — such that all that a central bank had to do 44. _____ (be) to focus on inflation and that would ensure growth and stability— 45. _____ (be) now widely discredited among both academic economists and policymakers, including those at the IMF. Yet these ideas 46. _____ (be) set in stone in the ECB, and still widely held within powerful groups inside the eurozone. This 47. _____ (put) the ECB in a difficult position: following its mandate puts it on a course that 48. _____ (oppose) by large fractions of European democracy. It 49. _____ (be) important to have rules, but having the wrong rules, as we 50. _____ (note) earlier, can be a disaster.

➤ *Translate into English*

Конечные комментарии: экономические модели, интересы и идеология

Центральным тезисом этой книги является то, что определенные идеи – определенные экономические модели – сформировали базис для еврозоны; эти идеи в лучшем случае спорные, а в худшем неправильные. В компьютерной науке есть одна старая поговорка: мусор на входе — мусор на выходе. В институциональной же среде имеется своя: институты, выстроенные на ложной идеологии, не будут работать должным образом; экономические институты, построенные на несовершенных экономических основах, будут плохо обслуживать экономику. Эта глава наглядно проиллюстрировала это в контексте монетарной политики и центрального института еврозоны – ЕЦБ.

Институты сейчас эволюционируют. Проблемы, стоящие сегодня перед Европой и миром, отличаются от тех, которые были при создании еврозоны. Даже во время создания еврозоны инфляция не была проблемой. Мир вступил в новую эру, когда недорогие китайские товары помогли снизить цены. Было ясно, что рост и занятость будут среди вопросов будущего. Кризис 2008 года напомнил всем, почему именно некоторые центральные банки были созданы – для поддержания финансовой стабильности – ответственность, которая была почти забыта в годы, когда на сцене доминировала одержимость инфляцией. Сильные ограничения в ЕЦБ явно ограничивают его способность адаптироваться так, как он мог бы и должен был бы. Узкий мандат ЕЦБ и его узкий инструментарий ставят Европу в явно невыгодное положение.

За свою короткую историю у ЕЦБ было три главы, каждый со своим отличительным стилем и каждый оставил свой след. Трише будут помнить за его колоссальные заблуждения, в частности, повышение процентных ставок в моменты, когда экономика деградировала. Он продемонстрировал приверженность во что бы то не стало придерживаться мандата ЕЦБ и борьбе с

инфляцией. Цена этих ошибок была ощутимой. Он сыграл одну из ролей катализатора евро кризиса, заставив ирландское правительство взять на себя обязательства своих банков. Ирландский народ был несправедливо вынужден расплачиваться за чужие ошибки – двойная несправедливость, потому что фактически это был перевод денег от бедных к богатым. Но Трише знал, что он делает: он состоял в союзе с банкирами против простых рабочих, постоянно требуя сокращений заработной платы, которые снижали уровень жизни.

Если Трише много сделал для подрыва еврозоны – мог ли он остаться на плаву, если бы он не ушел со своего поста? – Марио Драги заслуживает уважения за его живучесть, поскольку у ЕЦБ были полномочия и ресурсы, чтобы делать «все, что нужно». В итоге несколько его речей оказали такое влияние, что поспособствовали снижению процентной ставки по суверенным облигациям по всему региону.

Речь также была волшебной из-за другого: никто не знал, обладает ли ЕЦБ полномочиями и ресурсами, чтобы делать «все, что нужно». Несколько академиков и ученых волновались, что произойдет, если утверждение будет подвержено проверке? Был ли пробег по итальянским облигациям? И если бы вдруг произошел сдвиг в настроении, и инвесторы поверили бы в это заявление в то, что у ЕЦБ нет ресурсов для поддержания высоких цен на огромное количество выдающихся итальянских облигаций? Что произошло бы, если Германия успешно выступила бы против того, чтобы ЕЦБ делал «все, что нужно»? Короче говоря, никто не знал, был ли Драги императором в одежде или без нее. Конечно, это было никому не интересно – по крайней мере в то время. И до тех пор, пока не было показано, что у император все же был голым, было замечено, что рынок действовал так, как будто глава ЕЦБ сделал именно то, что обещал независимо от всего остального.

VOCABULARY

neoliberal argument – неолиберальный аргумент

central bank independence – независимость центрального банка

critically flawed assumptions – критически ошибочные предположения

monetary policy – денежно-кредитная политика

distrust of democracy – недоверие к демократии

democratic governments – демократические правительства

price of inflation – цена инфляции

inflationary pattern – инфляционная модель

democratic electorates – демократические избиратели
the spending power – покупательная способность
fiscal responsibility – фискальная ответственность
European Central Bank – Европейский Центральный Банк
the hidden trade-offs – скрытые компромиссы
the financial sector – финансовый сектор
to have a vested interest – иметь личный интерес
representatives of labor – представители рабочих
to see the world through a different lens – смотреть на мир другими глазами
a more hawkish concern – более ревностная забота
an old adage – старая поговорка
faulty ideology – ошибочная идеология
the narrow view of the instruments – узкий взгляд на инструменты
to act beyond its mandate – действовать за пределами своего мандата
supervisory roles – руководящие роли
to move into a new era – перейти в новую эру
to dampen prices – чтобы снизить цены
to maintain financial stability – поддерживать финансовую стабильность
to limit its ability – ограничить свои возможности
to fulfilling the ECB's mandate – для выполнения мандата ЕЦБ
the development of the euro crisis – развитие евро кризиса
the standards of living – уровень жизни
to undermine the eurozone – подорвать еврозону
to give a credit – дать кредит
throughout the region – по всему региону
in another way – по-другому
whatever it takes – все, что нужно
to run against – выступать против
to sustain high prices – поддерживать высокие цены
to robust growth – устойчивый рост
stability on average – стабильность в среднем
threats of deflation – угрозы дефляции
costly misjudgments – дорогостоящие заблуждения
the majority of citizens – большинство граждан
the essential task – основная задача
a monetary union – валютный союз
the dominant doctrines – доминирующие доктрины

a succession of beliefs – череда убеждений
religious beliefs – религиозные верования
the currently fashionable doctrines – модные в настоящее время доктрины
theoretical reason – теоретическая причина
law of nature – Закон природы
the velocity of circulation – скорость циркуляции
to come into play – вступить в игру
a simplistic model – упрощенная модель
an unacceptably high inflation rate – недопустимо высокий уровень инфляции
the Great Depression – Великая депрессия
the onslaught of overwhelming evidence – натиск неопровержимых доказательств
noxious side effects – вредные побочные эффекты
the nontraded goods – неторговый товары
to raise interest rates – повысить процентные ставки

UNIT IV

GERMANY – RUSSIAN FEDERATION RELATIONS

➤ *Look through texts and enumerate the problems of consumption*

Germany's reaction to the murder of a prominent Chechen in Berlin, carried out by a Russian citizen with highly suspicious travel papers, has been criticized as tepid and slow, especially compared to the U.K.'s forceful response in a similar case last year. However, after an extremely long wind-up, German authorities on Wednesday finally expelled two diplomats and made their suspicion of Russian government involvement official.

The victim in the case, Zelimkhan Khangoshvili, had fought against the Russian military during the Chechen conflict and attempted to help Georgia fight off a Russian invasion in 2008. After an attempt on his life in Tbilisi in 2015, he traveled to Germany and applied for asylum. In August, a man rode up to him on an electric bike in Berlin's Tiergarten park and shot him three times, twice in the head.

The suspected assassin was quickly arrested; he presented a fresh Russian passport in the name of Vadim Sokolov. The investigative outfit Bellingcat soon found out that the holder of this passport had no documented history within the Russian bureaucracy and had provided false information when he applied for the visa on which he traveled to Europe.

On Tuesday, Bellingcat claimed that Sokolov's real name was Vadim Krasikov. It reported that a man of that name, who resembles Khangoshvili's alleged assassin, had been sought in Russia in connection with another contract hit, also involving a bicycle. Warrants issued in connection with that case, the site said, were subsequently withdrawn without public explanation.

Apparently, the German federal prosecutor-general's office supports this identification. On Wednesday, it took over the case from the Berlin authorities, naming the suspect as "Vadim K., alias Vadim S." The reason it intervened, it said, was that the investigation had turned up "sufficient factual evidence" that the murder had been carried out "either on behalf of State entities of the Russian Federation or of the Chechen Republic as part of the Russian Federation." That makes Khangoshvili's killing a German national–security concern.

The case presents a stark contrast to that of former double agent Sergei Skripal, who was poisoned along with his daughter Yulia in the English town of Salisbury last year. Just days after the unsuccessful assassination attempt, the U.K. government publicly accused Russia, appealed to other Western nations for solidarity, and

coordinated a response that led to the expulsion of about 100 Russian diplomats around the world, four of them from Germany. Although the Russian propaganda machine did its best to portray this aggressive response as a case of anti-Russian paranoia, nobody outside the Russian spy apparatus had a motive to kill Skripal.

In Khangoshvili's case, just as in Skripal's, Russia's government has denied involvement. But this time its insistence that the response has been "politicized" is even more egregious, since Germany's measured reaction followed a thorough investigation. For three months, Germany patiently asked Russia for more information about the suspect, a Russian citizen who could not be traced under the name he had given, and got no cooperation. The foreign ministry's statement on the diplomat expulsion said assistance from Russia would still be welcome. And Germany isn't trying to raise a public-relations storm as the U.K. did.

Of course, Germany's relationship with Russia gives it far less latitude for a forceful response. It stands alone against powerful opposition to the Nord Stream 2 pipeline, which is meant to start pumping Russian natural gas into Germany next year, and Chancellor Angela Merkel is expected to help mediate peace talks between Russia and Ukraine next week.

On the other hand, though, a large Chechen diaspora is watching. Between 2012 and 2017, some 36,000 Chechens applied for asylum in Germany; most of them are avowed enemies of Russian President Vladimir Putin and his appointee as head of Chechnya, Ramzan Kadyrov. Unless the German government acts forcefully in the Khangoshvili case, some of them will have strong reasons to fear for their lives. Germany has a responsibility to protect them — and to make clear that assassinations arranged by a foreign state on its soil will have consequences.

Germany appears to be resolving this dilemma in the most German way possible: by following the rules. The Berlin investigators worked methodically until they reached a politically charged conclusion. Then federal prosecutors took over, even though the timing was diplomatically awkward. Now the foreign ministry has expelled Russian diplomats after evidence of state involvement became clear. More publicity — of the German, measured kind — and possibly more retaliatory moves can be expected as the investigation proceeds. It would be counterproductive for the Kremlin to use the same cavalier tactics as it did with Britain. Here in Germany, nobody wants to politicize the Khangoshvili murder. They are just trying to get at the truth.

Germany, Nordstream and the Sanctions

Chancellor Angela Merkel has criticized US sanctions against the new \$9.5bn pipeline that will transport Russian gas to Germany, but said Berlin would not impose



punitive measures of its own in response.

Ms. Merkel asserted that Germany was “opposed to extraterritorial sanctions” of the type voted through by the US Congress this week against the Nord Stream 2 project. But during a question–and–answer session in the Bundestag, she informed that Berlin had no intention of imposing counter-sanctions on the US. “I see no

other option but to talk [to the US and make it clear that] we do not approve of this practice of extraterritorial sanctions,” she said. Ms. Merkel also denied that Germany was “backing away” from confrontation with Washington.

Nord Stream 2, which is nearing completion, will allow Russia to significantly increase the volumes of gas it exports directly to Germany. It will also allow Gazprom, the Kremlin–controlled gas company, to bypass the Ukrainian pipeline network completely, potentially depriving Kyiv of billions in gas transit fees. President Donald Trump’s administration has fiercely criticised the project, saying it would weaken Ukraine in its long–running confrontation with Russia. Mr. Trump has claimed that by increasing Germany’s reliance on Russian gas it could turn Europe’s largest economy into a “hostage” of Russia. In June the president said that the US was protecting Germany from Russia “and Russia is getting billions and billions of dollars in money from Germany” for its gas.

His criticism of Nord Stream 2 has often been combined with accusations that Berlin is not spending enough on defence, failing to meet the target of 2 per cent of GDP agreed with other NATO states in 2014. The US Congress this week passed a defence spending bill that included sanctions on companies involved in Nord Stream 2, as well as Turk Stream, a Russian pipeline that crosses the Black Sea to Turkey.

German and Russian officials reacted with anger. “European energy policy is decided in Europe, not the US”. Speaking on ZDF television this week Heiko Maas, German foreign minister, said such sanctions were unacceptable “because in the end they amount to interference in autonomous decisions taken in Europe”. The consortium building Nord Stream 2 says it has laid more than 2,100km of the pipeline, with about

300km still to go. The work is being carried out by the Swiss-Dutch company Allseas, which would be directly affected by the sanctions.

If sanctions work to tangibly benefit Ukraine, Nord Stream 2 may provide a case study for how the U.S. can protect vital partners and cooperate with allies in a new era of great power competition and lay a foundation for stable national security policy.

Experts say Russia may be forced to look for other firms to replace Allseas, which might delay completion of the project. Yet Dmitry Peskov, Kremlin spokesman, insisted the pipeline would be finished, despite the sanctions. He accused the US of “violating international law” and trying to “expand its artificial dominance of the European market”.

Senior officials in Moscow and Berlin have long argued that the sanctions are designed to push Germany into buying more US liquefied natural gas.

Germany increases military spending to NATO

As Secretary of State Mike Pompeo visited the German capital to commemorate the 30th anniversary of the fall of the Berlin Wall this week, German leaders signaled a new policy that appeared to respond to Washington’s demands: a major increase in defense spending.

In an announcement by Defense Minister Annegret Kramp-Karrenbauer, Germany finally pledged to reach the NATO spending goal of 2 percent of economic output.

Speaking at a private event to honor NATO Secretary General Jens Stoltenberg in Munich on Thursday, Kramp-Karrenbauer declared that Europe’s ability to defend itself “starts with the defense budget.”

President Trump, like other U.S. leaders before him, has publicly assailed European nations such as Germany for their relatively low military spending.

Trump had singled out Germany, the largest economy in Europe, as a freeloader on the back of the U.S. military, telling Fox Business Network this summer that “Germany doesn’t pay what they’re supposed to pay” on NATO and that the country was “taking tremendous advantage.”

But Trump is unlikely to be celebrating just yet. Although the U.S. president may be happy with the German announcement, the timing will be a harder sell. Kramp-Karrenbauer set a target date of 2031 for Germany’s defense spending to reach the goal — 12 years from now.

A potentially huge increase in spending

Germany would miss a 2024 target that was agreed upon by NATO leaders at a summit five years ago. (Germany has instead said its defense spending would reach 1.5 percent of gross domestic product by that time).

It is even further behind Trump's own demands: The U.S. leader stated last year that 2 percent was not enough and that NATO allies should increase their spending to 4 percent of GDP.

However, the German pledge is still a major development — and a potential huge increase in spending. Of the 29 members of NATO, only seven currently meet the 2 percent pledge: the United States, Greece, Estonia, Britain, Romania, Poland and Latvia.

Germany's defense spending in 2019 is estimated to be only 1.36 percent of GDP, putting it roughly in the middle of the pack. (Spain spends only 0.92 percent of its economic output on defense, while Luxembourg spends 0.55.)

But analysts have long suggested that linking defense spending to the size of an economy is misleading. Germany is the fourth-largest economy in the world, with a GDP more than 10 times the size of Estonia's. Increasing its military spending to 2 percent requires an increase of tens of billions of dollars in expenditures.

That could make Germany the third-largest defense spender in the world, behind only the United States and China.

Although Germany's constitution stipulates that its military should play only a defensive role, and while the country has pointedly avoided major conflicts, European memories of German militarism in the first half of the 20th century are hard to shake.

With significant practical problems

The practical elements of an increase in German defense spending also are major issues. Although reports of German military underfunding are notorious — in 2014, German soldiers turned up for a NATO exercise with broomsticks rather than guns — absorbing tens of billions of dollars is as much a burden as a boost.

Raising defense spending in Germany is politically sensitive. The Social Democratic Party (SPD), the junior party in the government coalition with Chancellor Angela Merkel's Christian Democratic Union (CDU), has argued against increased military funding. Der Spiegel reported Thursday that the two parties are already at odds over the details of Kramp-Karrenbauer's proposal.

The sometimes fraught relationship between Germany and the United States is one factor in the political debate. One member of the SPD leadership said this

summer that Germany needed to remain cautious about sending troops abroad in partnership with the United States as “a racist sits in the White House.”

While American complaints about European military spending predate him, Trump has been criticized for displaying an apparent lack of understanding about how the 2 percent pledge works, frequently suggesting it is something that NATO allies “owe” the United States.

His criticism of Germany’s spending on defense–related issues is not limited to the NATO contribution. It also covers things such as the cost–sharing of U.S. troops still housed in Germany.

But the defense minister’s ambitions for Germany’s military may extend beyond the whims of Trump. Kramp-Karrenbauer is currently leader of the CDU; she is widely seen as a possible successor to Merkel, who has announced she will step down as German chancellor before 2021. If Kramp-Karrenbauer were to lead Germany as long as Merkel has, she could be in the chancellor’s office until 2033.

As she spoke in Munich on Thursday, Kramp-Karrenbauer stated the increase in spending was needed “not because the American president — and not just the current one — demands that, but because it is in our own security interest.”

➤ **Questions**

1. What was Germany’s reaction to the assassination?
2. Why Zelimkhan Khangoshvili moved to Germany?
3. Why the USA so concerned about completion of Nordstream 2?
4. How Germany reacted to sanctions on Nordstream 2 project?
5. What did German leaders signal after the US Secretary of State Mike Pompeo had visited Berlin?
6. Did the increase in military spending meet the need of Germany security?

Summary

Nowadays there are three main directions of German foreign policy: relations with the Russia, disputes over Nord Stream 2, as well as interaction with NATO including increase of military spending. Thus, the main purpose of this report is to determine the results of German foreign policy for the recent years.

First of all, the assassination on the Zelimkhan Khangoshvili, who had fought against the Russian military during the Chechen conflict and attempted to help Georgia fight off a Russian invasion in 2008. In 2015 he traveled to Germany and applied for asylum. In August he was shot dead. The assassin was captured and later was revealed

that this person has no known affiliations anywhere. The Russian government stated that it has no information on the assassin. However, federal prosecutors tried to link the killing to the Russian government, but Germany remains to be methodical and doesn't want to politicize the murder.

Secondly, in spite of President Trump numerous efforts to torpedo Nord Stream 2 German side has supported the project as a good business deal. It is interesting that Angela Merkel herself sheltered the pipeline from the EU sanctions imposed on Russia after the 2014 events. As a result, according to a senior adviser Sebastian Saas the project will be finished “in the coming months”.

Thirdly, Donald Trump has multiply condemned NATO countries for their relatively low military spending and even called Germany “a freeloader on the back of the US military”. At this point a question arises as to whether Germany is able to increase its defense budget. Germany's Defense Minister Annegret Kramp-Karrenbauer informed that Germany pledged to attain 2% GDP goal spent on military needs. According to the 2019 data, Germany's defense spending is estimated to be only 1,36% of GDP that puts it roughly in the middle of the pack. For this reason, increasing military budget to 2% requires an increase of tens of billions of dollars in expenditures. It will make Germany the third-largest defense spender in the world. However, as, Kramp-Karrenbauer spoke in Munich the increase in spending was needed “not because the American president — and not just the current one — demands that, but because it is in our own security interest.”

Tasks

1. Fill in the gaps

Nord Stream 2, which is nearing completion, will allow Russia to (1) increase the volumes of gas it exports directly to Germany. It (2) also allow Gazprom, the Kremlin-controlled gas company, (3) bypass the Ukrainian pipeline network completely, potentially depriving Kyiv of billions in gas transit fees. President Donald Trump's administration has fiercely criticised (4) project, saying it (5) weaken Ukraine in its long-running confrontation with Russia. Mr. Trump has said that by increasing Germany's reliance (6) Russian gas it could turn Europe's largest economy (7) a “hostage” of Russia. In June the president said that (8) US was protecting Germany from Russia “and Russia is getting billions and billions of dollars in money (9) Germany” for its gas.

2. Put the words in the right form

Words: arise, demand, require, speak, accord, condemn, increase, spend

Donald Trump has multiply (1) NATO countries for their relatively low military spending and even called Germany “a freeloader on the back of the US military”. At this point a question (2) as to whether Germany is able (3) its defense budget. Germany’s Defense Minister Annegret Kramp-Karrenbauer said Germany pledged to attain 2% GDP goal (4) on military needs. (5) the 2019 data, Germany’s defense spending is estimated to be only 1,36% of GDP that puts it roughly in the middle of the pack. For this reason, increasing military budget to 2% (6) an increase of tens of billions of dollars in expenditures. It will make Germany the third-largest defense spender in the world. However, as , Kramp-Karrenbauer (7) in Munich the increase in spending was needed “not because the American president — and not just the current one — (8) that, but because it is in our own security interest.”

3. Match definitions with the words

Words:

- 1–To torpedo
- 2–Leader
- 3–Policy
- 4– Sanctions
- 5–GDP
- 6–Budget
- 7–Economy
- 8–government

Definitions:

- A– a course or principle of action adopted or proposed by an organization or individual.
- B– an official order, such as the stopping of trade, that is taken against a country in order to make it obey international law
- C–to destroy or nullify altogether
- D– the total value of goods and services produced by a country in a year
- E– a person in control of a group, country, or situation
- F– the system of trade and industry by which the wealth of a country is made and used
- G– the group of people who officially control a country

- **H**– a plan to show how much money a person or organization will earn and how much they will need or be able to spend

4. Match the synonyms

- 1–leadership
- 2–sanction
- 3–overthrow
- 4–government
- 5–take part in
- 6–realtions
- 7–country
- 8–oppose
- A–Regime
- B–Penalty
- C–Guidance
- D–Upheaval
- E–Resist
- F–State
- G–Bonds
- H–Participate

VOCABULARY

joint report – совместный доклад

reunification – воссоединение

bilateral relationship – двусторонние отношения

overwhelming – подавляющий

punitive measures – карательные меры

counter–sanctions – контр санкции

Nord Stream 2 – Северный поток 2

Consortium – консорциум

Spokesman – представитель

liquefied natural gas – сжиженный природный газ

to commemorate – почтить память

to single out – выделить, подчеркнуть

pledge – обещание

to extend beyond the whims – выходить за рамки прихотей

step down – уходить в отставку

to torpedo – срывать

to shelter – защищать

versatile – гибкий

UNIT V

SWEDEN'S ACTIVITY IN THE UN AS PART OF SWEDEN'S INVOLVEMENT IN GLOBAL GOVERNANCE SYSTEM

➤ *Read, translate and compile summary or digest*

The United Nations is a central arena for Sweden's action to address global challenges. Through the UN, Sweden contributes to conflict prevention, peace efforts, rebuilding of conflict-affected states, and disarmament and non-proliferation. The UN is also an important channel for Sweden's humanitarian work and our efforts to fight poverty, promote sustainable development and combat climate change. Other priorities for Sweden in the UN include strengthening international law and promoting human rights and gender equality issues. The three pillars of the UN – peace and security, development and human rights – are inextricably linked and mutually reinforcing. It is impossible to achieve success in one of these areas without also strengthening the others.

The United Nations was founded in 1945 and Sweden became a member of the organization the following year. Since then, active involvement in the UN has been a natural part of Swedish foreign policy. Sweden is one of the largest donors to the UN, and one of the few countries that meets the UN development assistance target of 0.7 per cent of GNI.

Peace support

Sweden's involvement in international peace support operations helps to maintain peace and security, which is a requirement for fair and sustainable global development. Peace support operations often take the form of coordinated operations, with both military and civilian components. Since the 1960s, Sweden has participated in a number of military peace operations and over the years a total of 80 000 Swedes have served with the UN. Currently, Sweden is contributing to the UN peace operation in Mali (United Nations Multidimensional Integrated Stabilisation Mission in Mali – MINUSMA). Sweden is also working to develop the UN's peace support policy and capacity, for instance by helping to improve troop generation for peace support operations.

In recent years, civilian crisis management has become an increasingly important element of international peace support operations. Sweden supports the UN's crisis management operations by deploying qualified staff from Swedish government agencies to different countries where the UN is conducting peace support operations, such as Afghanistan (UNAMA), South Sudan (UNMISS), Liberia (UNMIL), and the

Central African Republic (MINUSCA). Sweden also supports the UN's peace support efforts by conducting research and developing methods and doctrines in the field.

Conflict prevention

Conflict prevention is a high-priority issue for both Sweden and the UN. Sweden actively participates in the change processes aimed at strengthening the overall capacity of the UN system to prevent armed conflicts, including through support to the UN Mediation Support Unit. Moreover, Sweden works to give more women the opportunity to participate in all aspects of mediation processes, peacebuilding and reconstruction after conflict situations.

Peacebuilding

Sweden is actively working to ensure that peacebuilding is an integrated part of all activities conducted by the UN. A Peacebuilding Commission, a Peacebuilding Fund and a Peacebuilding Support Office were established in 2005 for the purpose of improving efficiency and raising awareness about the importance of peacebuilding. Their establishment reflects an emerging consensus on the need for a concerted approach to meet the challenges facing a post-conflict country. The aim of the Peacebuilding Commission's work is to bridge the gap between short-term peace operations and long-term reconstruction in post-conflict countries, and in this way contribute to sustainable peace.

Sweden is one of the largest donors to the Peacebuilding Fund and, in 2015, Sweden was also chair of the Peacebuilding Commission's Organisational Committee. Since 2012, Sweden has also chaired the Peacebuilding Commission's Country-specific Configuration for Liberia, supporting the country in its reconstruction efforts.

Gender equality

One of Sweden's most important foreign policy priorities is to promote gender equality and strengthen women's rights, representation and access to resources. Women's economic and political influence must be strengthened both in countries at peace and in conflict, or countries undergoing reconstruction. In 2000, the UN adopted a special Security Council resolution – Resolution 1325 on women, peace and security. Resolution 1325 and six subsequent resolutions aim to highlight how women are affected by armed conflicts, strengthen protection for women in these contexts and increase women's participation and influence in conflict prevention, crisis management and peacebuilding. Sweden is a driving force in issues concerning Resolution 1325, in bilateral relations, regional organisations and within the UN. Since 2006, Sweden has had a national action plan for implementation of Resolution 1325. The most recent plan

was adopted in 2016. Sweden is also one of the largest donors to UN Women and UN Action Against Sexual Violence in Conflict.

Disarmament and non-proliferation

Within the framework of broader UN cooperation, a number of important processes are under way in the areas of disarmament and non-proliferation. Mainly, it is a matter of following up and ensuring that existing international conventions are upheld and implemented, but also, where necessary, negotiating new agreements. This applies to weapons of mass destruction, where the Nuclear Non-Proliferation Treaty (NPT), the Comprehensive Nuclear-Test-Ban Treaty (CTBT) and the conventions on biological and chemical weapons are central, and conventional weapons, which are regulated in part through the UN Arms Trade Treaty (ATT), the Ottawa Convention (Mine Ban Treaty, MBT) and the Convention on Cluster Munitions.

International law

Sweden works to safeguard respect for international law, including international humanitarian law, which, by means of the UN Charter, is an integral part of the UN's structure and work. Respect for the principles of the UN Charter on peaceful solutions to disputes and prohibitions on the use of violence is fundamental, as is respect for territorial integrity and sovereignty. Sweden is proactive in the UN General Assembly, the Security Council and in other parts of the UN system to ensure compliance with the principles of international law.

Human rights

The aim of Swedish foreign policy is to contribute to making human rights universal and so apply to everyone. Sweden places great importance on the UN's human rights work, which is carried out, for example, via the UN Human Rights Council. The Council is to promote universal respect for human rights, address situations where they are violated and make recommendations to UN Member States.

Terrorism

Terrorism is one of the greatest threats to international peace and security of our time. Combating terrorism requires greater cooperation across national borders and across different policy areas. It must be undertaken with full respect for human rights and the rule of law. Countering radicalisation to violent extremism and measures to increase state capacity are central parts of international efforts.

The UN's anti-terrorism work, based on the global strategy against terrorism, and the Security Council's resolutions are the core of international efforts. Sweden works to support and strength the UN's role, particularly with regard to preventive measures against violent extremism and the promotion of human rights, with particular emphasis

on children's rights. Sweden also actively participates in EU actions to combat terrorism within and outside the EU.

Sweden and the UN in figures

Sweden is one of the major donors to the UN system. Our share of the budget amounts to approximately one per cent. In addition, Sweden provides considerable voluntary contributions every year to the UN's specialized agencies, development cooperation and humanitarian operations.

Sweden emphasises the importance of the UN being governed and administered in a functional and cost-effective way. By highlighting the need for increased coordination between different parts of the UN system, Sweden wants the UN to become better at using its resources and improve the quality of its activities. Decisions on reallocations, the phase-out of obsolete activities and deadlines for programmes are necessary for the UN to be able to put resources into emerging, priority issues within existing budget frameworks. At the same time, Sweden advocates the view that the UN should have sufficient resources to carry out the tasks assigned to it by its members.

In line with the reform agenda's push for increased core support and flexible financing, Sweden will remain one of the largest donors to the UN's Country-Based Pooled Funds (CBPF) and the UN Central Emergency Response Fund (CERF). Sweden also enters into multiyear agreements with CERF and other UN humanitarian organisations. As one of the world's largest donors, Sweden shows that flexible financing is a successful concept that results in a more effective response based on people's needs, reduced administrative costs and greater scope for humanitarian organisations to follow their mandates, with a better chance of making a difference in a rapidly changing world.

➤ **Questions**

- 1) What international organization is the biggest priority for Sweden?
- 2) What are Sweden's biggest achievements in the UN?
- 3) In which does Sweden support the UN peacekeeping operation?
- 4) Does Sweden support disarmament and non-proliferation?
- 5) What are the challenges of the humanitarian system?
- 6) What kind of solutions for conflicts on international arena does Sweden support?
- 7) What sphere particularly is Sweden involved in as a non-permanent member of the UN Security Council?
- 8) What actions has Sweden taken to fight terrorism?
- 9) What instrument of peaceful influence is being used by Sweden?
- 10) What is the biggest Sweden's sphere of investment?

UNIT VI

WHAT IS BREXIT? A SIMPLE GUIDE TO WHY IT MATTERS AND WHAT HAPPENS NEXT

➤ *Scan through the articles and give the main idea*

Britain has been haggling over the nation's withdrawal from the European Union, the process known as Brexit, since the referendum in 2016. The badly divided government has been in crisis, unable to agree on an approach to perhaps the country's biggest peacetime decision in decades. The deadline to depart the bloc, just extended by the European Union, is now Jan. 31.

The struggle has already cost one prime minister, Theresa May, her job. She announced in late May that she would resign after failing to come up with a plan that satisfied her party, her coalition partners and officials in Brussels, the seat of the European Union.

The task then fell to her successor, Boris Johnson. The Conservative Party chose Mr. Johnson, a brash proponent of withdrawal, to succeed Mrs. May and take control of the Brexit process.

It has not gone well.

Many lawmakers were outraged over Mr. Johnson's insistence that if need be, he would pull Britain from the European Union even without a formal agreement — a move many warn could mean major economic damage.

When he maneuvered to cut out the lawmakers by suspending Parliament weeks before the deadline for withdrawal, Britain's Supreme Court ruled that he had acted unlawfully and that Parliament must be allowed to resume as normal.

In the end, Mr. Johnson got his agreement. On Oct. 17, the prime minister and European Union negotiators announced that they had struck a draft deal, though it needs to clear several hurdles, including final approval from the British Parliament and European leaders.

What ultimately emerges could determine the shape of Britain and its place in the world for decades. What follows is a basic guide to Brexit: what it is, how it developed into the mess it is today, and how it may ultimately be resolved.

What is Brexit?

A portmanteau of the words "Britain" and "exit," Brexit is shorthand for Britain's split from the European Union, changing its relationship to the bloc on trade, security and migration.

Britain has been debating the pros and cons of membership in a European community of nations almost from the moment the idea was broached. It held its first referendum on membership in what was then called the European Economic Community in 1975, less than three years after it joined, when 67 percent of voters supported staying in the bloc.

In 2013, Prime Minister David Cameron promised a national referendum on European Union membership with the idea of settling the question once and for all. The options it offered were broad and vague — Remain or Leave — and Mr. Cameron was convinced that Remain would win handily.

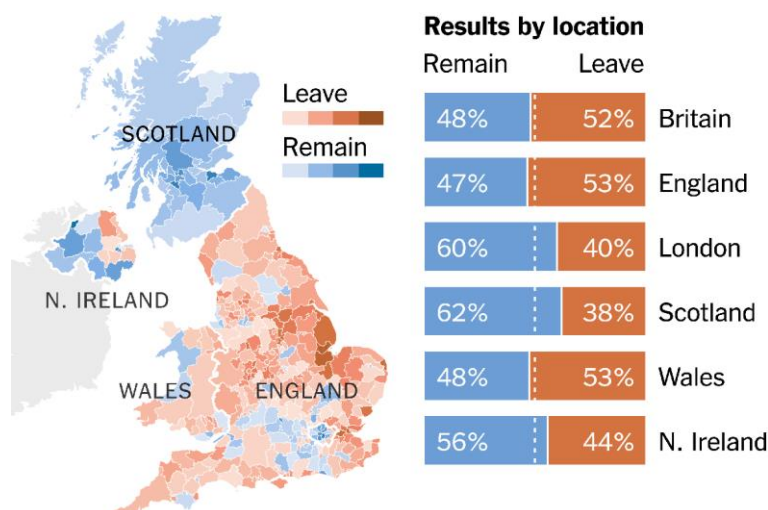
Britons voted on June 23, 2016, as a refugee crisis made migration a subject of political rage across Europe and amid accusations that the Leave campaign had relied on lies and broken election laws. An ill-defined Brexit won 52 percent of the vote.

Not only did that not settle the debate, but it also saved for another day the tangled question of what should come next. After more than three years of debate and negotiation, that remains unanswered.

How did the referendum vote break down?

Most voters in England and Wales supported Brexit, particularly in rural areas and smaller cities. That overcame majority support for remaining in the European Union among voters in London, Scotland and Northern Ireland. See a detailed map of the vote.

Young people overwhelmingly voted against leaving, while older voters supported it.



Why is it such a big deal?

Europe is Britain's most important export market and its biggest source of foreign investment, and membership in the bloc has helped London cement its position as a global financial center.

An announcement, or at least a threat, from a major business to leave Britain because of Brexit is a regular occurrence. The list of companies that are thinking about relocating includes Airbus, which employs 14,000 people and supports more than 100,000 other jobs.

The government has projected that in 15 years, the country's economy will be 4 percent to 9 percent smaller under Brexit than it would inside the bloc, depending on how it leaves.

Mrs. May had promised that Brexit would end free movement, the right of people from elsewhere in Europe to live and work in Britain, and vice versa. That was a triumph for some working-class people who see immigration as a threat to their jobs, but dispiriting for young Britons hoping to study or work abroad.

What's holding it up?

Undoing 46 years of economic integration in one stroke was never going to be easy, and the Brexit process has been bedeviled by the same divisions that led to the referendum in the first place. Both Britain's main parties, the governing Conservatives and the Labour opposition, have been divided over what to do, leaving Parliament factionalized.

After the October announcement of Mr. Johnson's draft deal, the Democratic Unionist Party of Northern Ireland said it could not support the proposal because it would economically cleave the region from the rest of the United Kingdom.

That could be a big problem for the Conservative Party, which has relied on Democratic Unionist members to remain in power since it lost its majority in the 2017 election. Their support for a Brexit deal is thought to be crucial for Mr. Johnson to get it through Parliament.

Britain's opposition Labour Party has also slammed the proposed deal and said it wanted to put the agreement to a public vote, giving Britons a chance to support either leaving the European Union on Mr. Johnson's terms or reversing Brexit altogether. It was their strongest endorsement yet of a second referendum.

We keep hearing about the Irish border. What's that about?

The single greatest hang-up is the question of Britain's only land border with the European Union — the invisible line between Ireland, another member state of the bloc, and Northern Ireland, which is part of the United Kingdom.

Mrs. May and her Irish counterpart, Leo Varadkar, wanted to prevent checkpoints from going up at the border; such barriers are generally seen as incompatible with the Good Friday Agreement of 1998, which brought respite from decades of violence in Northern Ireland.

But the method she agreed for guaranteeing that — called “the backstop” — alienated much of Parliament.

The backstop would keep the United Kingdom in a trading relationship with Europe until a final deal to avoid a hard border could be agreed on, something that hard-line Brexiteers fear would never happen.

And it would bind Northern Ireland to even more European rules, to the dismay of those who reject any regulatory differences between Northern Ireland and the rest of the United Kingdom. Most notably, that includes the Democratic Unionist Party of Northern Ireland.

Mr. Johnson’s proposal would take Britain out of the European Union but leave Northern Ireland effectively in the bloc’s customs union and single market.

Democratic Unionist Party lawmakers have long sought a veto on post-Brexit trading rules, seeing that provision as the only way to ensure that Northern Ireland does not diverge from the rest of the United Kingdom. Mr. Johnson’s draft agreement with the European Union does not provide for one.

How did we end up with a Jan. 31 deadline?

Just about the only clear decision Parliament has made on Brexit since the 2016 referendum was to give formal notice in 2017 to quit, under Article 50 of the European Union’s Lisbon Treaty, a legal process setting it on a two-year path to departure. That set March 29, 2019, as the formal divorce date.

When it became clear that Parliament would not accept Mrs. May’s deal by then, the European Union agreed to push the precipice back to April 12. But the new deadline did not yield any more agreement in London, forcing Mrs. May to plead, again, for more time. European leaders insisted on a longer delay this time, and set Oct. 31 as the date.

Mr. Johnson took office in July, and vowed to take Britain out of the bloc by Oct. 31, with or without a deal. But opposition lawmakers and rebels in his own party seized control of the Brexit process, and moved to block a no-deal Brexit and the prime minister’s efforts to hasten an exit.

That in turn forced Mr. Johnson to seek an extension, something he said he would rather be “dead in a ditch” than do. European leaders agreed to extend the deadline by three months, to Jan. 31, as Britain considers its options: some version of Mr. Johnson’s deal, an election or a second referendum. On Tuesday, lawmakers voted to hold a general election on Dec. 12.

The fantasy that Brexit would be easy had crumbled, and lawmakers who made lofty promises to their constituents are having to face hard reality.

What happens next?

To be ratified, the deal announced on Oct. 17 must be approved by European Union leaders and by the British Parliament.

Brexit deals have not always fared well in Parliament. Mr. Johnson's predecessor, Mrs. May, also managed to strike a deal with Brussels, only to suffer three thunderous defeats in Parliament.

What might happen this time is unclear, given the opposition to the deal from the Democratic Unionist Party and from Labour. That party's leader, Jeremy Corbyn, called on members of Parliament to reject it, saying, "It seems the prime minister has negotiated an even worse deal than Theresa May's."

➤ Questions

1. What are the consequences of Britain leaving the European Union?
2. Is there a serious obstacle to the implementation of Brexit?
3. How were the votes distributed in the referendum?
4. What will happen to the country's economy, according to government forecasts, in 15 years?
5. Why was Theresa May forced to resign as prime minister?
6. What is the meaning of Irish backstop?
7. What is needed for ratification of the agreement?
8. What is delaying Britain's withdrawal from the EU?
9. Why is Brexit such a big deal?
10. What is the Labor Party plan?

Digest

The article is devoted to the UK's withdrawal from the European Union. The purpose of it is to give a clear picture of Brexit at the moment. Britain has been debating the pros and cons of membership in a European community of nations almost from the moment the idea was broached. In 2013, Prime Minister David Cameron promised a national referendum on European Union membership with the idea of settling the question once and for all. Thus, a referendum in the UK was held on June 23, 2016. Most voters in England and Wales supported Brexit, particularly in rural areas and smaller cities. Young people overwhelmingly voted against leaving, while older voters supported it. But, it should be mentioned that not only did that not settle the debate, but it also saved the tangled question of what should come next. After more than three years of debate and negotiation, that remains unanswered.

Brexit can cause significant harm to a country's economy. Many large companies want to leave the country. For example Airbus, which employs 14,000 people and supports more than 100,000 other jobs. Besides, the government has projected that in 15 years, the country's economy will be 4 percent to 9 percent smaller under Brexit than it would inside the bloc, depending on how it leaves.

Great Britain has not been able to leave the EU for three years. The problem is following the Brexit process has been bedeviled by the same divisions that led to the referendum in the first place. Both Britain's main parties, the governing Conservatives and the Labour opposition, have been divided over what to do.

In conclusion, Britain has been haggling over the nation's withdrawal from the European Union since the referendum in 2016. The badly divided government has been in crisis, unable to agree on an approach to perhaps the country's biggest peacetime decision in decades. To be ratified, the deal must be approved by European Union leaders and by the British Parliament. But Brexit deals have not always fared well in Parliament. What might happen this time is unclear, given the opposition to the deal from the Democratic Unionist Party and from Labour.

Tasks

1. Write synonyms

- 1) withdrawal _____
- 2) handily _____
- 3) endorsement _____
- 4) coalition _____
- 5) incompatible _____
- 6) to alienate _____
- 7) rebel _____
- 8) to reverse _____
- 9) proponent _____
- 10) the approach _____

2. Is the following statement true or false:

	True\False
1) The 2016 referendum was able to resolve the main dispute over UK membership in the EU.	
2) Most voters in Wales and England supported the secession from the EU.	
3) Young people voted for Brexit.	
4) Many large companies are going to leave the UK.	
5) The Labor Party supports Brexit.	
6) One of Brexit's major issues is the border between Northern Ireland and Ireland.	
7) The new term for the withdrawal of Great Britain from the EU is January 31, 2020.	
8) Mr. Johnson took office in July, and vowed to take Britain out of the bloc only with a deal.	
9) To be ratified, the <u>deal</u> must be approved only by European Union leaders.	
10) Mr. Johnson's predecessor, Mrs. May only to suffer <u>three thunderous defeats in Parliament</u> .	

3. Insert a suitable word from the box

counterpart draft hang-up relationship single market
to reject bloc the backstop hard-line lawmakers

The single greatest 1. _____ is the question of Britain’s only land border with the European Union — the invisible line between Ireland, another member state of the 2. _____, and Northern Ireland, which is part of the United Kingdom.

Mrs. May and her Irish 3. _____, Leo Varadkar, wanted to prevent checkpoints from going up at the border; such barriers are generally seen as incompatible with the Good Friday Agreement of 1998, which brought respite from decades of violence in Northern Ireland.

But the method she agreed for guaranteeing that — called “the backstop” — alienated much of Parliament.

4. _____ would keep the United Kingdom in a trading 5. _____ with Europe until a final deal to avoid a hard border could be agreed on, something that 6. _____ Brexiteers fear would never happen.

And it would bind Northern Ireland to even more European rules, to the dismay of those who 7. _____ any regulatory differences between Northern Ireland and the rest of the United Kingdom. Most notably, that includes the Democratic Unionist Party of Northern Ireland.

Mr. Johnson’s proposal would take Britain out of the European Union but leave Northern Ireland effectively in the bloc’s customs union and 8. _____.

Democratic Unionist Party 9. _____ have long sought a veto on post-Brexit trading rules, seeing that provision as the only way to ensure that Northern Ireland does not diverge from the rest of the United Kingdom. Mr. Johnson’s 10. _____ agreement with the European Union does not provide for one.

4. Explain the word

- 1) *Brexit* _____
- 2) *Lawmakers* _____
- 3) *Referendum* _____
- 4) *Predecessor* _____
- 5) *Migration* _____

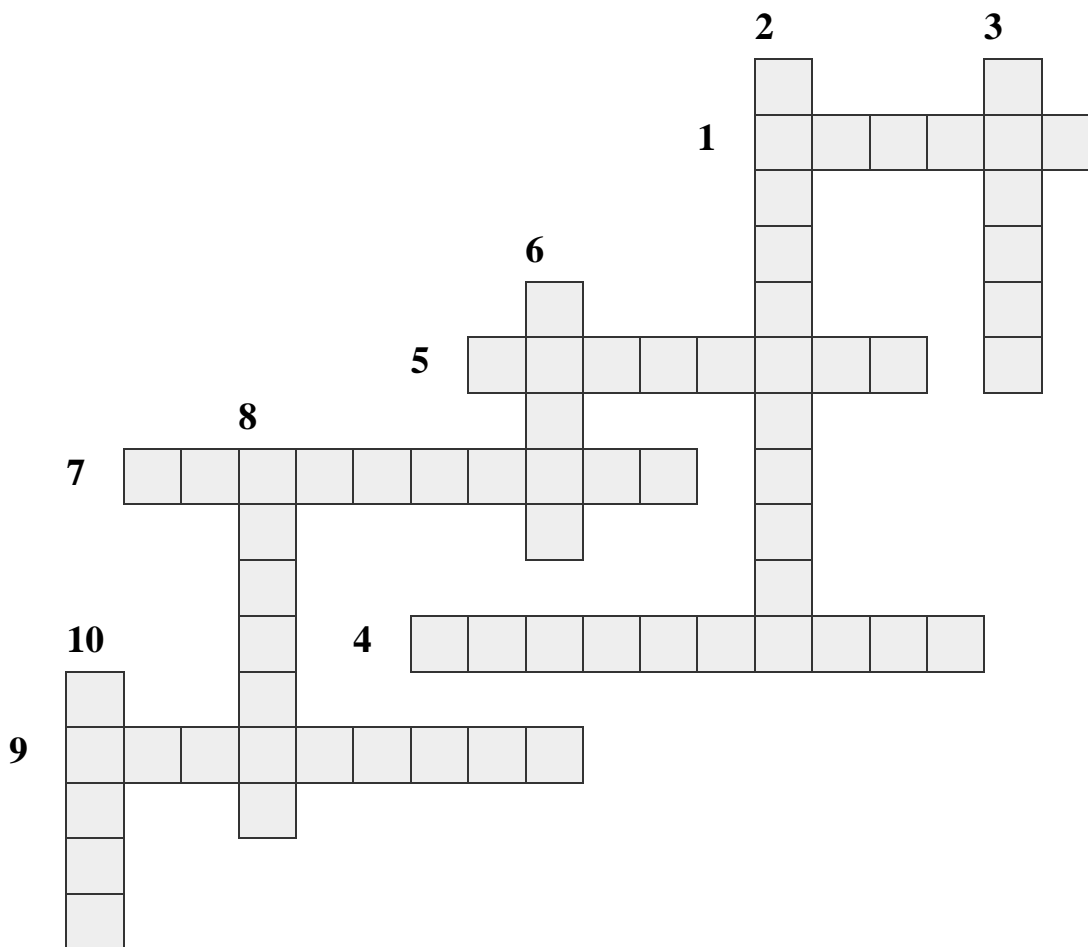
5. Find mistakes in this text

Britain haggling over the nation’s withdrawal from the European Union, the process known as Brexit, since the referendum in 2016. The badly divided government has been in crisis, unable to agree on an approach to perhaps the country’s biggest peacetime decision in decades. The deadline to depart the bloc, just extended the European Union, is now Jan. 31.

The struggle has already cost one prime minister, Theresa May, her job. She announced in late May that she will resign after failing to come up with a plan that satisfy her party, her coalition partners and officials in Brussels, the seat of the European Union.

The task then fell to her successor, Boris Johnson. The Conservative Party chose Mr. Johnson, a brash proponent of withdrawal, to succeed Mrs. May and took control of the Brexit process.

6. Crossword



Down:

2. The process of discussing something with someone in order to reach an agreement with them, or the discussions themselves.
3. An unstable or crucial time or state of affairs in which a decisive change is impending.
6. A person who is opposed to the political system in their country and tries to change it using force.

8. A person who has been forced to leave their country in order to escape war, persecution, or natural disaster.

10. The Party is a centre-left political party in the United Kingdom that has been described as an alliance of social democrats, democratic socialists and trade unionists. The main opposition to the Conservative Party.

Across:

1. Send (goods or services) to another country for sale.

4. A vote in which all the people in a country or an area are asked to give their opinion about or decide an important political or social question.

5. A time or day by which something must be done.

7. The highest legislature, consisting of the Sovereign, the House of Lords, and the House of Commons.

9. A decision or arrangement, often formal and written, between two or more groups or people.

➤ *Translate into English*

После референдума в 2016 году Великобритания спорит из-за выхода страны из Европейского Союза, процесса, известного как Brexit. Плохо разделенное правительство находится в кризисе, оно неспособно договориться о подходе к, возможно, самому крупному решению страны в мирное время за последние десятилетия. Крайний срок выхода из блока, только что продленный Европейским Союзом, теперь 31 января.

Борьба уже обошлась одному премьер-министру Терезе Мэй ее работе. В конце мая она объявила, что уйдет в отставку после того, как не сможет разработать план, который удовлетворил бы ее партию, ее партнеров по коалиции и чиновников в Брюсселе, где находится штаб-квартира Европейского союза.

Задача тогда выпала на ее преемника, Бориса Джонсона. Консервативная партия выбрала г-на Джонсона, дерзкого сторонника ухода, чтобы сменить г-жу Мэй и взять под контроль процесс Brexit.

Но все пошло не слишком хорошо.

Многие законодатели были возмущены тем, что г-н Джонсон настаивал на том, что в случае необходимости он выведет Великобританию из Европейского союза даже без официального соглашения – этот шаг, о котором многие предупреждают, может привести к значительному экономическому ущербу.

Когда он попытался исключить законодателей, приостановив работу парламента за несколько недель до крайнего срока для отзыва, Верховный суд Великобритании постановил, что он действовал незаконно и что парламенту следует разрешить возобновить свою деятельность в обычном режиме.

В итоге мистер Джонсон получил свое согласие. 17 октября премьер-министр и участники переговоров в Европейском союзе объявили, что они заключили проект соглашения, хотя для этого необходимо преодолеть несколько препятствий, включая окончательное одобрение британского парламента и европейских лидеров.

VOCABULARY

to haggle – торговаться

to struck a draft deal – заключить черновую сделку

a portmanteau – словослияние

the pros and cons – плюсы и минусы

the tangled question – запутанный вопрос

overwhelmingly – подавляющее большинство

vice versa – наоборот

Good Friday Agreement of 1998 – Белфастское соглашение

the backstop – это режим поддержки пребывания Северной Ирландии в составе Таможенного союза ЕС и единого европейского рынка после наступления переходного периода Brexit.

diverge from the rest – отклониться от остальных

Article 50 of the European Union's Lisbon Treaty – право государств — членов Европейского союза (ЕС) выйти из союза в соответствии с Договором о Европейском союзе (статья 50)

to yield – привести к

to suffer thunderous defeat – потерпеть громовое поражение

to reverse – отменять, аннулировать

to bedevil – мучать, терзать

UNIT VII

THE OSLO ACCORDS: THEIR CONTEXT, THEIR CONSEQUENCES

➤ *Read, translate and retell*

In September 1993, President Clinton presided over a handshake between Israeli prime minister Yitzhak Rabin and PLO chairman Yasser Arafat on the White House lawn — capping off a “day of awe,” as the press described it with reverence. The occasion was the announcement of the Declaration of Principles (DOP) for political settlement of the Israel-Palestine conflict, which resulted from secret meetings in Oslo sponsored by the Norwegian government.

Independent negotiations had been underway between Israel and the Palestinians since November 1991, initiated by the United States during the glow of success after the first Iraq war, which established that “what we say goes,” in the triumphant words of President George H. W. Bush. The negotiations opened with a brief conference in Madrid and continued under the guiding hand of the United States (and technically, the fading Soviet Union, to provide the illusion of international auspices). The Palestinian delegation, consisting of Palestinians within the Occupied Territories (henceforth the “internal Palestinians”), was led by the dedicated and incorruptible left nationalist Haidar Abdul Shafi, probably the most respected figure in Palestine. The “external Palestinians” — the PLO, based in Tunis and headed by Yasser Arafat — were excluded, though they had an unofficial observer, Faisal Husseini. The huge number of Palestinian refugees were totally excluded, with no regard for their rights, even those accorded them by the UN General Assembly.

To appreciate the nature and significance of the Oslo Accords and the consequences that flowed from them, it is important to understand the background and the context in which the Madrid and Oslo negotiations took place. I will begin by reviewing highlights of the immediate background that set the context for the negotiations, then turn to the DOP and the consequences of the Oslo process, which extend to the present, and finally add a few words on lessons that should be learned.

The PLO, Israel, and the United States had recently released formal positions on the basic issues that were the topic of the Madrid and Oslo negotiations. The PLO position was presented in a November 1988 declaration of the Palestinian National Council, carrying forward a long series of diplomatic initiatives that had been dismissed. It called for a Palestinian state to be established in the territories occupied by Israel since 1967 and requested the UN Security Council “to formulate and guarantee arrangements for security and peace between all the states concerned in the

region, including the Palestinian state” alongside Israel. The PNC declaration, which accepted the overwhelming international consensus on a diplomatic settlement, was virtually the same as the two–state resolution brought to the Security Council in January 1976 by the Arab “confrontation states” (Egypt, Syria, and Jordan). It was vetoed by the United States then, and again in 1980. For forty years the United States has blocked the international consensus, and it still does, diplomatic pleasantries aside.

By 1988, Washington’s rejectionist stance was becoming difficult to sustain. By December, the outgoing Reagan administration had become an international laughingstock with its increasingly desperate efforts to pretend that, alone in the world, it could not hear the accommodating proposals of the PLO and the Arab states. Grudgingly, Washington decided to “declare victory,” claiming that at last the PLO had been compelled to utter Secretary of State George Shultz’s “magic words” and express its willingness to pursue diplomacy. As Shultz makes clear in his memoirs, the goal was to ensure maximum humiliation of the PLO while admitting that peace offers could no longer be denied. He informed President Reagan that Arafat was saying in one place “‘Unc, unc, unc,’ and in another he was saying, ‘cle, cle, cle,’ but nowhere will he yet bring himself to say ‘Uncle,’” conceding total capitulation in the humble style expected of the lower orders. Low–level discussions with the PLO would therefore be allowed, but on the understanding that they would be meaningless: specifically, it was stipulated that the PLO must abandon its request for an international conference, so that the United States would maintain control.

In May 1989, Israel’s Likud-Labor coalition government formally responded to Palestinian acceptance of a two–state settlement, declaring that there could be no “additional Palestinian state” between Jordan and Israel (Jordan already being a Palestinian state by Israeli dictate, whatever Jordanians and Palestinians might think), and that “there will be no change in the status of Judea, Samaria and Gaza [the West Bank and Gaza] other than in accordance with the basic guidelines of the [Israeli] Government.” Furthermore, Israel would conduct no negotiations with the PLO, though it would permit “free elections” under Israeli military rule, with much of the Palestinian leadership in prison without charge or expelled from Palestine.

In the plan proposed by Secretary of State James A. Baker, the new Bush administration endorsed this proposal without qualifications in December 1989. Those were the three formal positions on the eve of the Madrid negotiations, with Washington mediating as the “honest broker.”

When Arafat went to Washington to take part in the “day of awe” in September 1993, the lead story in the New York Times celebrated the handshake as a “dramatic

image” that “will transform Mr. Arafat into a statesman and peacemaker” who finally renounced violence under Washington’s tutelage. At the extreme critical end of the mainstream, New York Times columnist Anthony Lewis wrote that until that moment Palestinians had always “rejected compromise” but now at last they were willing to “make peace possible.” Of course, it was the United States and Israel that had rejected diplomacy and the PLO that had been offering compromise for years, but Lewis’s reversal of the facts was quite normal and unchallenged in the mainstream.

There were other crucial developments in the immediate pre–Madrid/pre Oslo years. In December 1987, the Intifada erupted in Gaza and quickly spread throughout the Occupied Territories. This broad–based and remarkably restrained uprising was as much of a surprise to the PLO in Tunis as it was to the occupying Israeli forces with their extensive system of military and paramilitary forces, surveillance, and collaborators. The Intifada was not limited to opposing the occupation. It was also a social revolution within Palestinian society, breaking patterns of subordination of women, authority by notables, and other forms of hierarchy and domination.

A look at the actual contents of the Oslo Accords reveals that such reactions were, if anything, overly optimistic.

The Declaration of Principles was quite explicit about satisfying Israel’s demands, but was silent on Palestinian national rights. It conformed to the conception articulated by Dennis Ross, President Clinton’s main Middle East adviser and negotiator at Camp David in 2000 and later a key adviser for Obama as well. As Ross explained, Israel has needs, but Palestinians have only wants — obviously of lesser significance.

In brief, only by succumbing to what is sometimes called “intentional ignorance” could one believe that the Oslo process was a path to peace. Nevertheless, this belief became virtual dogma among Western commentators and intellectuals.

The Oslo Accords were followed by additional Israel–Arafat/PLO agreements. The first and most important of these was Oslo II, in 1995, shortly before Prime Minister Rabin was assassinated, a tragic event even if the illusions concocted about “Rabin the peace–maker” cannot sustain analysis.

So matters have continued, to the present.

As noted, it is understandable that Arafat would leap at the opportunity to undercut the internal Palestinian leadership and to try to reassert his waning power in the territories. But what exactly did the Norwegian negotiators think they were accomplishing? The only serious scholarly study of the matter, to my knowledge, is the work of Hilde Henriksen Waage, who had been commissioned by the Norwegian Ministry of Foreign Affairs to research the topic and was granted access to internal

files, only to make the remarkable discovery that the documentary record for the crucial period is missing.

The facilitative process masks that reality. In the end, the results that can be achieved by a weak third-party facilitator are no more than the strong party will allow.... The question to be asked is whether such a model can ever be appropriate.”

A good question, worth pondering, particularly as educated Western opinion now adopts the ludicrous assumption that meaningful Israel–Palestine negotiations can be seriously conducted under the auspices of the United States as an “honest broker”—in reality a partner of Israel for forty years in blocking a diplomatic settlement that has near–universal support.

➤ **Questions**

1. Who was involved in Independent negotiations?
2. What were President George H. W. Bush’s words?
3. What countries had released formal positions on the basic issues of the Madrid and Oslo negotiations?
4. When did Israel’s Likud–Labor coalition government respond about no additional Palestinian state between Jordan and Israel?
5. What happened in December 1987?
6. How did the judge explain his decision about giving a seven–month suspended sentence to Shimon Yifrah?
7. What was the Israel’s position at the Madrid conference?
8. What was the aim of the Rabin government?
9. What was the first and the most important of the Oslo Accords?
10. What did Hilde Henriksen Waage think about the Oslo Accords?

Keywords: Oslo Accords, Oslo II, Israel-Palestine conflict, Declaration of Principles, Bill Clinton, Yitzhak Rabin, Yasser Arafat, political settlement, Norway, Peace treaties, Occupied territories, Self determination, Peace negotiations, Armed conflict.

SUMMARY

The main aim of the article is to analyze the process of Oslo Accords that started in September 1993, by United States President Bill Clinton presided a handshake between Israeli Prime Minister Yitzhak Rabin and Palestine Liberation Organization Chairman Yasser Arafat on the White House lawn-capping off a “day of awe,” as the press described it with reverence. It describes the occasion that was the announcement of the Declaration of Principles (DOP) for political settlement of the Israel-Palestine conflict, which resulted from secret meetings in Oslo sponsored by the Norwegian government. This chapter examines the nature and significance of the Oslo Accords, and the consequences that flowed from them. It begins by reviewing highlights of the immediate background that set the context for the negotiations. It then turns to the DOP and the consequences of the Oslo process, which extends to the present, adding a few words on lessons that should be learned. the outset of the Oslo process.

Tasks

I. Choose the right answer

1. *What does the acronym PLO stand for?*

- a) Palestine Liberty Organization b) Palestine Liberation Order c) Palestine Liberation Organization d) Palestine Liberties and Obligations

2. *By which country was vetoed the resolution brought to the Security Council in January 1976?*

- a) the United States b) France c) Russian Federation d) China

3. *After the Palestinian acceptance of a two–state settlement in 1989, Israel’s coalition government responded that:*

- a) There could be no additional Palestinian state between Jordan and Israel b) There could be changes in the status of Judea and Samaria, but not in Gaza c) There could not be changes in the status of Judea or Samaria, but Gaza was open to negotiation
d) The two–state settlement was a thoroughly reasonable solution to the problem
Right

4. *Arafat’s participation in “the Day of awe” in Washington 1993 left a “dramatic image” for history, that produced:*

- a) change in the way westerners viewed the Arab leader b) Skepticism in the vast majority of the population c) The end of diplomatic relationships between the USA and Palestine d) The end of violence
Right answer

5. *According to Noam Chomsky, the timing of the Intifada was:*

a) Untimely **b)** Exactly the one that the United States had predicted **c)** Extremely effective **d)** surprise

6. *The schoolgirl's murder by Shimon Yifrah resulted in:*

a) diplomatic crisis **b)** The acquiescence of the masses **c)** The liberation of Yifrah, and no media attention **d)** The liberation of Yifrah, and massive media attention

7. *According to Danny Rubinstein, at Madrid, the US and Israel agreed:*

a) diplomatic crisis **b)** The acquiescence of the masses **c)** The liberation of Yifrah, and no media attention **d)** The liberation of Yifrah, and massive media attention

8. *Arafat:*

a) Never sought the reestablishment of the PLO authority **b)** Tried to reestablish PLO authority under the circumstances brought by the Intifada **c)** Did nothing after the PLO tried to exert control and failed, during the Intifada **d)** Decided that the PLO was not the best asset given the situation, although he sympathized with them

9. *The Oslo Accords:*

a) Gave the Palestinians hope **b)** Produced a general feeling of doom and gloom among Palestinians **c)** The liberation of Yifrah, and no media attention **d)** The liberation of Yifrah, and massive media attention

10. *Settlers in the Occupied Territories would, according to the Oslo II agreement:*

a) Be expelled immediately by the military forces **b)** Remain under US jurisdiction **c)** Remain under Israeli jurisdiction **d)** Remain under UN jurisdiction

11. *Although the Oslo Accords were a turning point in the Palestine–Israel conflict, it:*

a) resulted in twice as many Israeli settlers in Palestine, the parcelling of the West Bank, and the building of a wall **b)** Resulted in the utter dissolution of Palestine, and the end of it being acknowledged by any other country **c)** Made the conflict more symmetrical **d)** Was quickly reverted by the United States

II. Translate into English

Мадридские переговоры между Израилем и внутренними палестинцами продолжались безрезультатно с 1991 года, прежде всего потому, что Абдул Шафи настаивал на прекращении расширения израильских поселений. Все поселения были незаконными, что неоднократно определялось международными властями, в том числе Советом Безопасности ООН (среди

других резолюций в резолюции СБ ООН 446, принятой 12–0, при этом воздержались Соединенные Штаты, Соединенное Королевство и Норвегия). Незаконность урегулирования была позже подтверждена Международным Судом. Это было также признано высшими юридическими органами Израиля и правительственными чиновниками в конце 1967 года, когда начинались проекты по созданию поселений. Преступное предприятие включало в себя обширное расширение и аннексию Большого Иерусалима, что явным образом нарушало неоднократные приказы Совета Безопасности.

Позиция Израиля на открытии Мадридской конференции была точно изложена израильским журналистом Дэнни Рубинштейном, одним из наиболее информированных аналитиков по теме «Оккупированные территории». Он писал, что в Мадриде, Израиль и Соединенные Штаты согласятся на некоторую форму палестинской «автономии», как того требуют Кэмп-Дэвидские соглашения 1978 года, но это будет «автономия, как в лагере для военнопленных, где заключенные являются «самостоятельным» готовить еду без помех и организовывать культурные мероприятия». Палестинцам будет предоставлено немного больше, чем у них уже было – контроль над местными службами – и израильские программы поселений будут продолжены.

III. Matching the word combinations

- | | |
|--------------------------------------|--------------------------------|
| 1) rejectionist stance | a) с явным нарушением |
| 2) diplomatic pleasantries | b) подвергаться репрессиям |
| 3) special inducements | c) дипломатические любезности |
| 4) to sought a way | d) скудные водные ресурсы |
| 5) to resign | e) освобождение под залог |
| 6) the growing estrangement | f) задержание под стражей |
| 7) in explicit violation | g) занимать негативную позицию |
| 8) be subjected to harsh repressions | h) особые побуждения |
| 9) provisional list | i) растущее отчуждение |

- | | |
|------------------------------|-----------------------------|
| 10) scarce water | j) стремиться найти решение |
| 11) a warrant detention | k) объявлено о выводе войск |
| 12) released on bail | l) внимательное наблюдение |
| 13) to keep a close watch on | m) уйти в отставку |
| 14) was pledged to withdraw | n) предварительный перечень |

IV. Find the synonyms for the words from the left column

- | | |
|---------------|------------------------|
| a) handshake | 1. agreement |
| b) government | 2. invasion |
| c) settlement | 3. a question, problem |
| d) withdrawal | 4. to accept |
| e) an issue | 5. establishment |
| f) proposal | 6. accord |
| g) goal | 7. administration |
| h) compromise | 8. recommendation |
| i) occupation | 9. the aim |
| j) to admit | 10. retirement |

V. Find the antonyms for the words from the left column

- | | |
|------------------|---------------------|
| a) independent | 1. insignificant |
| b) to appreciate | 2. disadvantage |
| c) virtually | 3. slowly |
| d) formal | 4. to decrease |
| e) to broke out | 5. freedom |
| f) the limit | 6. to create |
| g) to expand | 7. unofficial |
| h) rapidly | 8. absolutely |
| i) the authority | 9. to disregard the |
| j) meaningful | 10. common |

VI. Complete the sentences using prepositions from the box

by within of in (2) throughout

There were other crucial developments 1) ... the immediate pre-Madrid/pre Oslo years. 2) ... December 1987, the Intifada erupted in Gaza and quickly spread 3) ...the Occupied Territories. This broad-based and remarkably restrained uprising was as much of a surprise to the PLO in Tunis as it was to the occupying Israeli forces with their extensive system 4) ... military and paramilitary forces, surveillance, and collaborators. The Intifada was not limited to opposing the occupation. It was also a social revolution 5) ... Palestinian society, breaking patterns of subordination of women, authority 6) ... notables, and other forms of hierarchy and domination.

VII. Complete the sentences using words from the box

lavishly outbreak took over substantial
--

To take just one of the many cases that 1)... no notice or concern in the West: shortly before the 2)... of the Intifada, a Palestinian girl, Intissar al Atar, was shot and killed in a school yard in Gaza by a resident of a nearby Jewish 3)... . He was one of the several thousand Israelis who settled in Gaza with 4)... state subsidies, protected by a huge army presence as they 5)... much of the land and the scarce water of the Strip while living “6)... in twenty–two settlements in the midst of 1.4 million destitute Palestinians,” as the crime is described by Israeli scholar Avi Raz.

VIII. Connect the Russian translation with the original

In September 1993, President Clinton presided over a handshake between Israeli prime minister Yitzhak Rabin and PLO chairman Yasser Arafat on the White House lawn-capping off a “day of awe,” as the press described it with reverence. The occasion was the announcement of the Declaration of Principles (DOP) for political settlement of the Israel–Palestine conflict, which resulted from secret meetings in Oslo sponsored by the Norwegian government.

The murderer of the schoolgirl, Shimon Yifrah, was arrested, but quickly released on bail when the court determined that “the offense is not severe enough” to warrant detention. The judge commented that Yifrah only intended to shock the girl by firing his gun at her in a school yard, not to kill her, so “this is not a case of a criminal person who has to be punished, deterred, and taught a lesson by imprisoning him.” Yifrah was given a seven-month suspended sentence while settlers in the courtroom broke out in song and dance. And the usual silence reigned. After all, it was routine.

The Madrid negotiations between Israel and internal Palestinians continued inconclusively from 1991, primarily because Abdul Shafi insisted on an end to the expansion of Israeli settlements. The settlements were all illegal, as had repeatedly been determined by international authorities, including the UN Security Council (among other resolutions, in UNSC 446, passed 12-0, with the United States, the United Kingdom, and Norway abstaining). The illegality of the settlements was later affirmed by the International Court of Justice. It had also been recognized by Israel’s highest legal authorities and government officials in late 1967 when the settlement projects were beginning. The criminal enterprise included the vast expansion and annexation of Greater Jerusalem, in explicit violation of repeated Security Council orders.

The Intifada was initiated and carried out by the internal Palestinians. The PLO, in Tunis, tried to exert some control over the events but with little success. The programs of the early 1990s while negotiations were in process deepened the alienation of the internal Palestinians from the PLO leadership abroad.

The Declaration of Principles was quite explicit about satisfying Israel’s demands, but was silent on Palestinian national rights. It conformed to the conception articulated by Dennis Ross, President Clinton’s main Middle East adviser and negotiator at Camp David in 2000 and later a key adviser for Obama as well. As Ross explained, Israel has needs, but Palestinians have only wants — obviously of lesser significance.

А. Мадридские переговоры между Израилем и внутренними палестинцами продолжались безрезультатно с 1991 года, прежде всего потому, что Абдул Шафи настаивал на прекращении расширения израильских поселений. Все поселения были незаконными, что неоднократно определялось международными властями, в том числе Советом Безопасности ООН (среди других резолюций в резолюции СБ ООН 446, принятой 12–0, при этом воздержались Соединенные Штаты, Соединенное Королевство и Норвегия). Незаконность урегулирования была позже подтверждена Международным

Судом. Это было также признано высшими юридическими органами Израиля и правительственными чиновниками в конце 1967 года, когда начинались проекты по созданию поселений. Преступное предприятие включало в себя обширное расширение и аннексию Большого Иерусалима, что явным образом нарушало неоднократные приказы Совета Безопасности.

В. В Декларации принципов совершенно четко говорится об удовлетворении требований Израиля, но ничего не говорится о национальных правах палестинцев. Это соответствовало концепции, сформулированной Деннисом Россом, главным советником президента Клинтона по Ближнему Востоку и переговорщиком в Кэмп-Дэвиде в 2000 году, а затем и ключевым советником Обамы. Как объяснил Росс, у Израиля есть потребности, а у палестинцев есть только желания – очевидно, имеющие меньшее значение.

С. В сентябре 1993 года президент Клинтон председательствовал на рукопожатии между израильским премьер-министром Ицхаком Рабином и председателем ООП Ясиром Арафатом на лужайке Белого дома – завершая «день благоговения», как его описывали в прессе с благоговением. Поводом послужило объявление Декларации принципов (DOP) для политического урегулирования израильско-палестинского конфликта, которая состоялась в результате тайных встреч в Осло, организованных правительством Норвегии.

Д. Интифада была инициирована и проведена внутренними палестинцами. ООП в Тунисе пыталась контролировать события, но без особого успеха. Программы начала 90-х годов, в то время, когда шли переговоры, углубили отчуждение внутренних палестинцев от руководства ООП за рубежом.

Е. Убийца школьницы Шимон Ифра был арестован, но его быстро освободили под залог, когда суд установил, что «преступление недостаточно тяжкое», чтобы оправдать задержание. Судья прокомментировал, что Ифра намеревался только шокировать девушку, стреляя в нее из пистолета во дворе школы, а не убивать ее, поэтому «это не случай преступника, который должен быть наказан, задержан и преподан урок, заключающий его в тюрьму». Ифре был приговорен к семи месяцам условного заключения, а поселенцы в зале суда разразились песнями и танцами. И царила обычная тишина. В конце концов, это было обычным делом.

VOCABULARY

- Auspices – эгида, покровительство, руководство
Acquiescence – молчаливое согласие
Accommodating proposals – любезные предложения
Alienation – отчуждение
Accomplishment – достижение
Arrangement — соглашение
Backbone – основа
Breakthrough – прорыв
Chairman – председатель
Contiguous – прилегающие
Constituency – электорат
Closure regime – блокадный режим
Diplomatic settlement – дипломатическое урегулирование
Extensive system – широкомасштабная система
Estrangement – отчуждение
Errand boy – «мальчик на побегушках»
Facilitator – посредник
Fading – угасающий, исчезающий
Grudgingly – неохотно
Glow of success – успешный период
Humiliation – унижение, оскорбление
Harsh repression – жесткие репрессии
Humble style – скромно
Immediate background – непосредственный контекст
Inducement – побуждение, склонение
Interference – вмешательство
Irreversible – необратимый
Lavishly – роскошно
Legislation – законодательство
Latitude – свобода действий
Laughingstock – посмешище
Overall control – Полный контроль
Provisional list – предварительный перечень

Rejectionist – отрицательная позиция, негативная
Surveillance – наблюдение
Settlement – поселения, расселения
Self-determination – самоопределение
Succumbing – уступка
Scarce – скудные
Tutelage – опека
Third party mediation – посредничество третьей стороны
Tenure – срок полномочий
Thickening – уплотнение
Turning point – поворотный момент
Unchallenged – неоспоримый, бесспорный
Unilateral – в одностороннем порядке
Uprising — восстание, мятеж
Withdrawal – вывод войск
Palestine Liberation Organization (PLO) – Организация освобождения
Палестины
Declaration of Principles – Декларация о принципах
Palestinian National Council (PNC) – Палестинский национальный совет
Prisoner-of-war camp (POW camp) – Лагерь для военнопленных

UNIT VIII

BOTH CLIMATE LEADER AND OIL GIANT? A NORWEGIAN PARADOX

(by Somini Sengupta – the New York Times – 17/06/17)

➤ *Read, translate and retell*

On an unseasonably warm day in May, Norway’s climate minister, Vidar Helgesen, strolled through a vast parking lot for electric cars, counting Teslas.

“Two, three, four, five,” the minister marveled. And that was just one aisle.

There are big perks to buying a Tesla — or any electric car — in Norway. The government waives the high taxes it imposes on sales of other cars. It lets electric cars cruise up bus lanes. Toll roads are free. Parking lots like this one offer a free charge, and new charging stations are being built on the nation’s highways.

In fact, Norway hopes that only electric cars will be sold in the country by 2025 — a surprising goal, given that it means kicking the nation’s powerful oil industry in the shins.

But Norway’s big electric push on cars does not mean the nation is abandoning fossil fuels, revealing what critics call a notable contradiction in its climate policy.

While Norway wants to wean its own citizens off fossil fuels, it remains one of the world’s biggest oil producers and is revving up production, almost all of it for export. So even as the country tries to cut emissions and clean up its own carbon ledger at home, it is effectively doing the opposite abroad.

Spurred by attractive state subsidies, the Norwegian oil company Statoil is chasing after new oil and gas fields in the Arctic. Nearly all of the supply is destined for export — and to show up in the carbon emissions of countries that burn Norwegian oil and gas.

There’s a lot of it, too. Peter Erickson, a senior scientist with the Stockholm Environment Institute, a research organization, found that emissions from Norway’s oil exports this year will be 10 times as much as Norway’s domestic carbon emissions.

As governments wrestle over what they should do to keep the planet from heating up to dangerous levels, critics contend that Norway should curb the supply of fossil fuels, rather than just trimming demand among its own people.

“Norway has set out to be a global leader in climate action, yet continued expansion of oil and gas production could eclipse the benefits of Norway’s domestic emission reduction efforts,” Mr. Erickson and his colleague Adrian Down wrote in a recent paper.

It’s one of the problems built into the Paris climate accord that President Trump promises to leave, Mr. Erickson argued: Countries are measured by how much they

reduce their own emissions, within their own borders, not by the impact they have on the planet as a whole.

Norway is aiming to shrink its own carbon emissions by 40 percent, exceeding the European Union's targets. It already generates all its electricity from hydropower. A short-distance electric ferry has started navigating one of the fjords.

But oil and gas are vital to Norway's economy, representing 12 percent of gross domestic product and more than a third of Norwegian exports, according to the nation's petroleum directorate.

And while there may be a global effort under the Paris agreement to reduce emissions, that certainly has not stopped the international race for Arctic oil. Norway is in the vanguard of that scramble, trailed by Russia, Canada and the United States.

The Arctic is feeling some of the most acute effects of global warming. Temperatures are rising at least twice as fast as the global average, scientists have found. The Arctic had less sea ice at winter's end than has been seen before in nearly four decades of satellite measurements. The Barents Sea was almost devoid of ice this past winter.

But, paradoxically, climate change may also aid Norway's export ambitions. The melting waters stand to open up new shipping routes that make it cheaper for Norway to sell its oil to countries in Asia.

Greenpeace Norway has sued the government, arguing that granting new permits to drill in the Arctic is inconsistent with its obligations under the Paris accord, which seeks to keep the global rise in temperatures since the preindustrial era below 2 degrees Celsius.

In May, Statoil began work on five new exploration wells in the Barents Sea, and the company is bullish on the prospects. It says that it explores only in ice-free waters. (Cleaning up an oil spill in ice is next to impossible, environmentalists say.)

A spokesman, Morten Eek, said that Statoil takes great care to mitigate against environmental risks, that its extraction process leaves a smaller carbon footprint than the global average, and that the company saw no reason to stop exploring now.

"There will be demand for oil and gas even in a 2-degree scenario going forward," Mr. Eek said.

In any case, he pointed out, it can trade its emissions allowances across Europe, as part of the European Union's emissions cap-and-trade system, meant to create incentives to reduce a company's carbon footprint.

The oil market, though, may have other ideas. Norwegian oil is expensive, relative to oil from many other parts of the world. Falling oil prices worldwide could

make Norway's supply even less competitive on the international market, said Thina Margrethe Saltvedt, an analyst at Nordea, a market research company.

"The world might not need our oil," she said.

Then there are the climate implications, she added: "We want to be a leader in climate change. But what we do is export the CO₂."

Oil drilling can be a politically contentious topic for Norwegians. A proposal to explore for oil near the Lofoten Islands, an ecologically sensitive cod breeding ground, was bitterly opposed by environmentalists and fishermen— and shelved until after national elections this fall.

On a recent bright, hot day — "This would be a great day in July, and it's only May," said Norway's environment minister, Mr. Helgesen— the minister emphasized that his country was aggressively trying to curb demand for oil and gas. He drives an electric Volkswagen Golf. It can carry on for nearly 100 miles on a full charge, though in the bitter Norwegian winters, he concedes, it conks out much sooner.

Mr. Helgesen hopes there will soon be a pilot project with an electric-powered passenger plane to handle a short-distance flight in the north of the country. With stepped-up demand for electric vehicles, he says battery companies are finding Norway an attractive destination.

Norway has sought to reduce its carbon footprint in other ways, too. It has divested its enormous sovereign wealth fund from coal. It donates heavily to a global fund to save forests. It was one of the first countries to sign the Paris deal, alongside France itself.

Now, Mr. Helgesen says his country is facing the inevitable. "We are readily saying, 'Oil and gas will not be the driver of our economy in the future,'" he argued. "While we are still drilling, we are identifying ways to build more legs for the Norwegian economy to stand on".

That is an existential challenge for the country. The oil industry is politically powerful. Oil exports create wealth. Oil drilling creates jobs. Passing up opportunities in the shallow waters of the warming Arctic is difficult.

"We, as a country, we are petroholics," said Thomas Nilsen, who runs a news site called The Independent Barents Observer. "We do understand that climate change is caused by burning fossil fuels. At the same time, we depend so much on the income from the oil. Just like alcoholics, we do want to stop, but we don't know how."

➤ Questions

1. What is Norway's position towards Tesla cars?
2. Is Norway going to lessen oil production?
3. What does Norwegian company extract natural resources in Arctic region?
4. What's the level of Norway's carbon emissions?
5. What is the position of Norwegian oil on the global market?
6. Does spokesman Morten Eek support Statoil?
7. Is Nordea's forecast positive for Norway?
8. Does Thomas Nilsen support modern oil policy?
9. Does environment minister Helgesen drive electric car?
10. What's Greenpeace's forecast towards Norway?

VOCABULARY

stroll through – прогуляться;

to marvel – восхищаться;

big perks – большие льготы;

waive the high taxes – отказывается от высоких налогов;

cruise up bus lanes – круиз по автобусным полосам;

toll roads – платные дороги;

charging station – зарядная станция;

wean its own citizens off – отучить своих граждан;

carbon ledger – бухгалтерская книга;

spurred by attractive state subsidies – стимулируется привлекательными государственными субсидиями;

senior scientist – старший ученый;

curb the supply of fossil fuels – обуздать поставки ископаемого топлива;

wrestle over – бороться за;

revving up productions – оживление производства;

the Paris climate accord – Парижское климатическое соглашение;

to shrink emissions – сократить выбросы;

nation's petroleum directorate – национальная нефтяная дирекция;

in the vanguard of that scramble – в авангарде этой схватки;

inconsistent – непоследовательный;

cap-and-trade system – система ограничения торговли;

to curb demand for oil and gas – обуздать спрос на нефть и газ;

conks out – выходит из строя;

Norway's climate minister – министр климата Норвегии;
surprising goal – удивительная цель;
shallow waters – мелководье;
we are petroholics – мы зависимые от нефти;
oil drilling – бурение нефтяных скважин;
reduce carbon foot print – уменьшить углеродный след;
the oil market – нефтяной рынок;
the most acute effects of global warming – самые острые последствия глобального потепления;
preindustrial era – преиндустриальная эпоха;
create incentives – создавать стимулы;
devoid of ice – лишенный льда;
short-distance electric ferry – электрический паром на короткие расстояния;
in the shins – в голени;
notable contradiction – заметное противоречие;
trimming demand among its own people – обрезать спрос среди своих собственных людей;
existential challenge – экзистенциальный вызов;
by burning fossil fuels – сжигая ископаемое топливо;
2-degree scenario – сценарий 2-й степени;
the oil industry – нефтяная промышленность ;
oil and gas fields in the Arctic – нефтегазовые месторождения в Арктике
emissions allowances – квоты на выбросы;
Norway's environment minister – министр охраны окружающей среды Норвегии;
shelved until after – отложено до;
bullish – бычий;
politically contentious topic – политически спорная тема;
ecologically sensitive cod breeding ground – экологически чувствительный треск;
exceeding the European Union's targets – превышение целей ЕС;
ice-free waters – безледные воды.

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Define the countries and its capitals

Picture 1



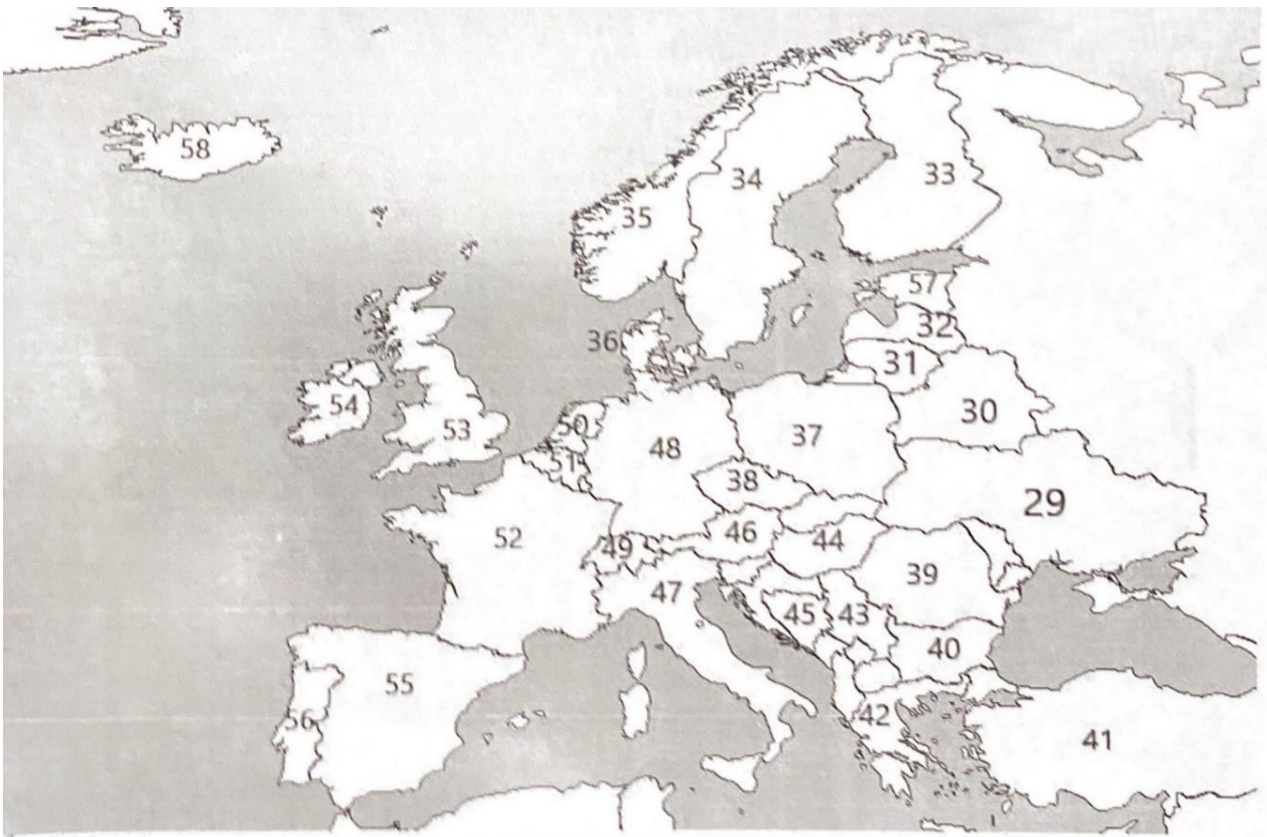
Picture 2



Picture 3



Picture 4



Picture 5



Picture 6



Picture 7

