

1 **Estonia and the euro**

2 (original at
3 [http://www.economist.com/world/europe/displayStory.cfm?story_id=161](http://www.economist.com/world/europe/displayStory.cfm?story_id=16103267&source=features_box3)
4 [03267&source=features_box3](http://www.economist.com/world/europe/displayStory.cfm?story_id=16103267&source=features_box3))

5 Surprises are Estonia's stock in trade. Its return to the world map in 1991
6 after a 51-year absence was a surprise, as was what came next: a fast-
7 growing economy, based on flat taxes, free trade and a currency board. In
8 2004 Estonia became a member of the EU and NATO. Now the country of
9 1.4m people is set to pull off another coup, gaining green lights from the
10 European Commission and the European Central Bank for its bid to adopt
11 the euro on January 1st 2011.

12 Many thought that highly unlikely. Only two years ago a property bubble
13 collapsed in Estonia. This caused massive losses in the banking system
14 and sent GDP plunging by 14.1% in 2009. Pessimistic experts thought
15 that devaluation of the Estonian currency was inevitable. But they were
16 wrong. Flexible wages and prices have helped to stabilise the economy.
17 Wages fell by 7.5% in the final quarter of 2009 – this helped Estonia's
18 exports, and the country is estimated to see economic growth again in
19 2010. Furthermore Estonia easily meets the euro zone's rules on public
20 finances. Its debt in 2009 was only 7.2% of GDP, and the government
21 deficit is 1.7%.

22 The real problem for Estonia is political, not economic. Some euro zone
23 members (France is often mentioned) think that allowing an obscure and
24 volatile ex-communist economy into the euro zone should not be a priority
25 as there are already enough problematic members of the club.

26 Yet that would send a perverse message. Estonia is one of two countries
27 in the whole EU that actually meets the common currency's rules (Sweden
28 being the other). All the rest (even those that use the euro) have gaily
29 breached the deficit and debt limits. Punishing Estonia, which obeyed the
30 rules, while bailing out Greece, which has breached them flagrantly, would
31 do little for the euro's credibility with governments and investors alike.

Questions

- 1) What is typical for Estonia according to paragraph 1?
- 2) What is the next step in following this new tradition? Find the sentence in paragraph 1 which describes it!
- 3) Why did experts think that Estonia's next move towards getting closer to the advanced world would be unlikely?
- 4) Did Estonia have to devalue following its problems in 2008-2009?
- 5) Is Estonia a heavily indebted country?
- 6) Why is France opposed to Estonia's plan?
- 7) Does the article think that France is right? What arguments does the article use to support its opinion?
- 8) Would you like to see the Czech Republic joining the euro? Why/why not?

Vocabulary

pull off (line 9) – manage, succeed in, accomplish

sent GDP plunging (line 14) – caused the GDP to drop, brought about a decrease in GDP

meet the rules (lines 19 and 27) – keep the rules, behave according to the rules

breach the rules (line 30) – break the rules, violate the rules

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

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