

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
МИКОЛАЇВСЬКИЙ НАЦІОНАЛЬНИЙ АГРАРНИЙ УНІВЕРСИТЕТ

Факультет культури й виховання
Кафедра іноземних мов

АНГЛІЙСЬКА МОВА

**Методичні рекомендації та навчальний матеріал для самостійної роботи
здобувачів ступеня вищої освіти «бакалавр»
напряму 6.030601 «Менеджмент»
денної форми навчання**

Миколаїв
2016

УДК 811.111

ББК 81.2(4Англ)

А64

Друкується за рішенням методичної комісії факультету культури й виховання від 26.01.2016 р., протокол № 5.

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Передмова

Методичні рекомендації для самостійної роботи здобувачів ступеня вищої освіти «бакалавр» економічного факультету напряму 6.030 601 денної форми навчання забезпечують навчальний матеріал дисципліни «Іноземна мова (спеціальна економічна лексика)».

Мета даних методичних рекомендацій – забезпечення розвитку мовних та мовленнєвих навичок студентів з тем, передбачених навчальною програмою з іноземних мов рекомендованою Міністерством освіти і науки України та підготовка студентів до складання заліку з англійської мови.

Методичні рекомендації розраховані на 45 год. (1.5 кр.) самостійної роботи.

За кожен тему студент може отримати від 10-15 балів, що передбачено навчальною програмою з іноземних мов.

Методичні рекомендації є збіркою текстів для читання і отримання додаткової інформації, яка доповнює навчальний посібник «Англійська мова міжнародного бізнесу та менеджменту» фактичним матеріалом.

Методичні рекомендації розроблені згідно до вимог типової базової програми. Для підготовки методичних рекомендацій використовувались матеріали з новітніх підручників, автентичних джерел та періодичних видань.

Може використовуватися аспірантами та магістрами спеціальності «Менеджмент ЗЕД».

Obama Sees 20 Rocky Years as Boomers Retire

The White House has a new tack for dealing with rising deficits: try to boost the workforce and its productivity in the hopes of muddling through the surge of retirees that will strain the social safety net for the next 20 years.

Rather than seek to balance the budget and sharply reduce the debt, President Barack Obama's economic advisers now say the focus should be to stabilize the debt through the aging of the baby boomers, or those born roughly between 1946 and 1964.

"We're dealing with the pig in the python," said Shaun Donovan, the president's budget chief. Making changes to entitlement programs like Social Security only get harder "if we don't have more workers per retiree."

When it comes to the national debt, he added, "what's acceptable in the next 20 years is different from what might be acceptable in the long term."

The argument, amplified in Mr. Obama's annual economic report to Congress on Thursday, is aimed at blunting criticism that the White House has recoiled from the kind of unpopular entitlement curbs both parties have said would be needed to cut deficits as a wave of retiring workers demand more federal spending while shrinking the tax rolls.

Ultimately, slower growth of the labor force – and the economy more broadly – will make it harder to curb deficits without either bigger tax increases or spending cuts, which could sharpen partisan battles. Republicans have pledged that their budget blueprint, to be released this spring, will end deficits after 10 years.

Over the past month, the White House has unveiled a series of programs designed to shore up workforce participation, which has been declining for more than a decade. Several proposals reflect ideas percolating in both parties, such as an expansion of the 40-year-old Earned Income Tax Credit to childless workers and tripling a tax credit that covers child care.

Republicans have advanced similar tax-relief incentives in the past to lift stagnant labor-force participation. But they say it is disingenuous for the White House to suggest productivity boosting measures can substitute for comprehensive overhauls of entitlement programs such as Social Security.

Mr. Obama "seems to not be worried about the climbing debt, and that is going to continue to be the biggest difference between us," said Sen. Rob Portman (R., Ohio), who served as the White House budget chief under President George W. Bush. Mr. Obama's revenue and spending policies are "disappointing because it seems to run counter to the consensus that we thought we had."

The White House forecasts that with no changes to revenue or spending from current levels, the national debt held by the public will grow to \$22.5 trillion over the next 10 years, from \$12.8 trillion last year. The administration

says its budget would reduce the debt to \$20.4 trillion at the end of the 10-year window.

Measured against the size of the U.S. economy, the national debt would fall to around 73% of gross domestic product over the next 10 years in the president's budget, from 75% today. If current spending and tax levels remain, the debt would rise to 81% of GDP over that period.

Jason Furman, chairman of the White House Council of Economic Advisers, said Thursday that the administration's economic proposals hold deficits to less than 3% of GDP throughout the next decade, which is below the historical average of the last 40 years. "That's where you need to be in order to have your debt falling as a share of the economy," he said.

Treasury Secretary Jacob Lew told lawmakers this month that while the administration's budget isn't balanced over 10 years, it achieves what's known as "primary balance," in which the deficit is rising only to service debt, and not because of new spending.

To boost workforce participation, the administration has proposed a \$500 tax credit for married couples when both spouses work that could help offset child care and commuting costs. It has also proposed tripling the childcare tax credit, to as much as \$3,000 per qualifying child.

Expanding the EITC to workers without children, meanwhile, could create a greater incentive for single men to work. Currently, the refundable credit for low-income households that encourages them to work is dramatically smaller for individuals and families without children. Rep. Paul Ryan, (R., Wis.), chairman of the House Ways and Means Committee, has proposed a similar expansion.

Household incomes over the past decade have slid to levels last seen in the late 1990s, in part because of a drop in the number of two-income households.

"What the administration's budget proposals do— whether intentionally or not— is put out a set of policies that might help to turn" around the falling incomes, said Isabel Sawhill, a senior fellow in economic studies at the Brookings Institution.

The problem with the administration's logic, she added, is 'that these steps take a long time to bear fruit. "It's a little Polly-anna-ish to say, We don't need to worry about [deficits] because we've got productivity-enhancing policies in place.' "

Wal - Mart Lifts Pay as Market Gets Tighter

Retailer to boost hourly wage to at least \$10 by next year as competition rises for workers.

Wal-Mart Stores Inc. plans to boost pay for its U.S. employees to at least \$10 an hour by next year, well above the minimum wage, signaling a tightening labor market and rising competition for lower-paid workers.

The action could signal a turning point for what have been stubbornly stagnant wages since the recession ended almost six years ago, and it would amplify gains for low-wage workers across the nation if other companies follow the nation's largest private employer. The new rate is 38% higher than the current federal minimum hourly wage of \$7.25.

“Wal-Mart's move to raise their employee pay base is a sign that the labor market has already tightened,” said Joel Naroff, chief economist at Naroff Economic Advisors. “Their action could create a floor under wages and others may need to follow in order to retain and attract workers.”

Employers are adding jobs at the best pace since the late 1990s. As result, the unemployment rate fell to 5.7% last month from 6.6% a year earlier, a sign of diminishing slack in the labor market.

Economists have been waiting for years for wage growth to kick in, and more signs of that are emerging. Companies say they have to fight harder to attract and keep good employees. Starbucks Corp. raised its starting pay last month, and Aetna Inc. said it would begin paying its lowest-rung workers \$16 an hour in April. Gap Inc. last year said it would raise starting pay to \$10 an hour. Others such as Costco Wholesale, Hobby Lobby and IKEA Group tout that all their workers earn more than the minimum wage.

Mike Bufano, senior vice president for planning at Panera Bread Co., told investors this month that the bakery-cafe chain is paying higher wages across the board, citing a war for talent.

Wal-Mart's plan affects about 500,000 employees at Wal-Mart and Sam's Club stores, or about a third of the company's 1.4 million U.S. workers. Minimum pay will rise to \$9 an hour in April, before climbing to \$10 an hour by February 2016.

The company's national presence, especially in rural and suburban areas where the cost of living is lower than it is in large cities, will ratchet up competition for workers nationwide.

The wage increases and other programs will cost the retailer about \$1 billion. But the company hopes the higher pay, more consistent schedules and other minor changes like eliminating a one-day waiting period for paid sick leave will make employees happier and more attuned to shoppers' needs.

“We want associates that care about the company and are highly engaged about the business and leaning in,” Chief Executive Doug McMillon, who just completed his first year in the top job, said Thursday during the

company's earnings conference call. Other executives on the call acknowledged that this is one step of improving service at Wal-Mart's stores, including cleaner stores, well-stocked shelves and better communication with customers.

For its quarter ended Jan. 31, Wal-Mart reported earnings of \$4.97 billion, up from \$4.43 billion a year earlier. Revenue rose 1.4% to \$131.6 billion as customer traffic grew for the first time in more than two years, helped by lower gasoline prices, Mr. McMillon said.

The world's largest retailer has for years squeezed its employees as it sought to control costs and push down prices in its stores. Wal-Mart has rolled out sophisticated software to more precisely schedule the number of employees it needs in any given hour, and has cut back on benefits like health insurance, eliminating it in recent months for another 30,000 part-time workers and raising premiums for others, even as it has started covering domestic partners and added a vision plan.

Even after the raises, pay for the average full-time hourly Wal-Mart worker will be \$13 an hour, below the retail industry average of \$14.65 an hour, according to the Labor Department.

Because of that, some economists say the effect will be muted. The majority of retailers already pay more than Wal-Mart, "so this isn't going to move the needle much," said Joseph LaVorgna, chief U.S. economist at Deutsche Bank.

Wal-Mart currently starts some of its workers at the minimum wage of \$7.25 an hour, a rate that hasn't changed since 2009.

Many states have taken it upon themselves to boost wages. Seven – including California, Connecticut and Massachusetts – have pay floors at or above \$9 an hour, after minimum-wage increases that took effect at the start of the year. Washington State has the highest minimum, at \$9.47 an hour.

At least two more states – Minnesota and New York – plan to set \$9 an hour minimum wages later this year. By 2018, at least six states will have rates of \$10 or more.

Wal-Mart's pay plan may not be enough to satisfy critics. A group including some Wal-Mart workers had been pushing the retailer to institute a \$15 minimum wage.

The economic gulf between the richest Americans and the rest of the country has grown into a central political issue for both parties as another presidential election cycle looms. Wal-Mart, with its low wages and stringent scheduling, has long been a flash point for that debate.

With Wal-Mart, it wasn't immediately clear what would happen to the other key variable in the income equation – hours – though the retailer is giving employees more control over when they work.

OUR Walmart, an organization of Wal-Mart employees that has been pushing for higher wages, said that without a guarantee of more hours the new pay scale falls short.

Anthony Rodriguez earns \$9.40 an hour in a Southern California Wal-Mart assembling bikes. A member of OUR Walmart, Mr. Rodriguez said he regularly worked more than 40 hours a week before Christmas, but found himself scheduled for just 18 hours some weeks after the holidays ended.

“I kept having to fight it, because I wouldn’t be able to afford my rent,” Mr. Rodriguez said.

Greg Foran, CEO of Wal-Mart’s U.S. business, said the company will be managing hours worked on a store-by-store basis. Most of the increase in hours will fall to department managers, who are getting raises and are being given more authority to oversee what happens in their sections.

Economic-Growth Prescriptions: A Look at White House Policy Plans

The annual Economic Report of the President, released on Thursday, highlights several proposals designed to boost economic output:

1. Immigration

The White House says its proposal to overhaul immigration would have the single biggest effect on the long-run potential output of the economy, raising the inflation-adjusted level of gross domestic product by 3.3% after 10 years.

2. Foreign trade

The White House is pushing for Congress to give authority to negotiate a trade deal with Pacific trading partners, without which the administration says the U.S. will cede economic power to China.

3. Expanded workforce

Bigger tax breaks for child care and for families where both parents work are designed to boost dual-income households and slow a 15-year decline in labor-force participation by women. The White House would also increase the Earned Income Tax Credit.

4. Highway spending

The White House says proposals to boost infrastructure spending would increase output, and advisers cite a study published last year by the International Monetary Fund, which said increasing public-infrastructure investment by 1% of GDP could boost output by 2.8% after 10 years.

5. Business taxes

President Obama has proposed an overhaul of the corporate-tax code, focusing in large part on taxes paid by multinational companies. Advisers say that tax incentives for research and development could boost productivity but add that precise effects can't easily be quantified.

Oil Train Was Traveling Below Track Speed Limit

The crude-oil train that derailed and exploded in West Virginia on Monday was traveling well below the track's speed limit, according to an onboard recording system, a federal official said Thursday.

Sarah Feinberg, acting head of the Federal Railroad Administration, said the CSX Corp. train that derailed near Mount Carbon, W. Va., was going 33 miles per hour in a 50-mph zone.

The cause of the derailment remains under investigation, and Ms. Feinberg said investigators would look at the condition of the rails, tanker-car wheels and other factors that could have contributed to the accident. Investigators have so far examined outward-facing video footage from the train, as well as information from a data-recording device on the locomotive.

"The data we're able to glean from it is incredibly useful, but we're very early in the investigation," she said. "The reality is we really need to make some progress at the scene. We've still got some fires burning."

The train was hauling 10/ tank cars of crude oil from North Dakota to Yorktown, Va., when 26 cars derailed, with 19 eventually catching fire and several exploding and sending fireballs into the sky. One nearby home burned to the ground, and one person was treated for possible respiratory problems before being released.

Fires at the site, along a creek that flows beside the Kanawha River about 30 miles from the state capital of Charleston, have kept investigators from examining the scene thoroughly. One fire continued to smolder Thursday, said Gary Sease, a spokesman for CSX.

Yet Mr. Sease said company crews on Thursday were finally able to begin to move closer to pump off the remaining oil from the damaged cars. That oil will be removed via trucks to a temporary storage site before being disposed of, he said.

U.S. Plans Iraqi Force Of 25,000 For Mosul

WASHINGTON—The U.S. estimates it will take as many as 25,000 Iraqis to dislodge up to 2,000 Islamic State fighters from Mosul, a senior military official said Thursday, outlining a broad plan to use overwhelming force to regain control of Iraq's second-largest city.

To avoid both the heat of summer and the start of Ramadan in June, U.S. officials said the Mosul offensive should begin by April or May. But the senior official said that if the Iraqis aren't ready "we have not closed the door" to delaying.

“The isolation of Mosul is going on now,” said the official, who is with the military’s U.S. Central Command, at a news briefing. “The mark on the wall we are still shooting for is the April-May time frame. There are still a lot of things that need to come together.”

Also on Thursday, President Barack Obama suggested that U.S. and international efforts to degrade and ultimately destroy Islamic State may be achieved only after a political transition in Syria.

The U.S. military and the Obama administration have set a goal of restoring Iraqi control of its territory and its borders by the end of 2015, and regaining control of a major metropolitan area such as Mosul is key to that plan, officials have said.

The U.S. plans to prepare five Iraqi brigades, the main attack force, at newly established training sites in Iraq.

Asked why the military would discuss details of an operation such as the size of the force the Iraqis plan to use, the official said the U.S. wants to show the significance of the Mosul operation and the scale of Iraqi planning for it.

“They are absolutely committed to this,” the official said.

Other officials said that the U.S. has been telegraphing details of the forthcoming fight in Mosul to weaken the resolve of Islamic State fighters in the city by describing the odds they will face.

Others have said discussing the size of the force could persuade residents of Mosul to take up arms to aid the Iraqi force. In addition to the main attack force, three brigades of Kurdish Peshmerga fighters will contain and isolate Mosul from the north and west, the official said.

There also will be a reserve force of three additional Iraqi brigades, along with a force composed of former Mosul police officers and tribal members. Counterterrorism service commandos also will take part in the Mosul operation, officials said.

America’s Eroding Antiterror Intelligence

It is alarming enough to see the rapid advance, almost unhindered, of radical Islamist armed groups and terror across the globe, but the paralysis in Washington—exemplified by the Department of Homeland Security budget deadlock—compounds the crisis. Moreover, such political failure masks another unsettling problem. As al Qaeda and Islamic State gain strength, U.S. intelligence is relatively weaker and more challenged than at any time since the 9/11 attacks. Most of this weakness is of our own making.

Thanks to Snowden and other self-imposed harm, we know less about the enemy than at any time since 9/11.

The intelligence challenges couldn’t be clearer. Every day seems to bring news of more horror from the Middle East, Nigeria and the heart of

Europe. Yet the terrorists appear to operate with near impunity, exploiting the world's information connectivity for their social-media campaigns. Their sophisticated propaganda helps inspire and recruit. According to the National Counterterrorism Center, enemy combatants in Syria and Iraq include 20,000 foreigners from 90 countries. More than 3,400 of these recruits are Western passport holders who may return to the West, including the U.S., to continue their war.

The most troubling aspect of this threat is that U.S. intelligence probably knows less about the enemy's plans and intentions than at any point since 9/11. The al Qaeda that launched 9/11 was centrally controlled—operating mostly from one major haven in Afghanistan—and communicated sporadically through a few channels.

Today there are more than 800,000 individuals on the U.S. terror watch list. The enemy has metastasized and decentralized, operating from havens much closer to Europe, and it uses thousands of communications channels for disguised and sometimes encrypted messages.

The leaders are more experienced, more strategic and more ruthless. For example, enemy commanders are moving to fill political vacuums in the weak nation-states of Syria, Nigeria, Pakistan, Mali, Libya, Iraq, Yemen, Somalia and Egypt's Sinai. Witness how ISIS commander Abu Bakr al- Baghdadi usurped local power from the brutal and corrupt Syrian and Iraqi regimes.

Further inhibiting U.S. intelligence: The global network of allies so necessary for the U.S. to penetrate, analyze and destroy terrorist networks has eroded. In Libya and Yemen, both racked by civil war, the U.S. has abandoned its embassies. While some stalwart allies remain, many have lost faith in U.S. leadership. The perception of U.S. weakness and lack of strategic direction dissuades allies from policy and intelligence cooperation.

The traitor Edward Snowden and his accomplices exposed National Security Agency operations, providing the enemy with a huge advantage in deceiving and denying U.S. signals- intelligence collection. These publicized top-secret operations, some ill-considered, undercut the trust of both foreign allies and U.S. private-sector partners.

Telecommunications, software, hardware and social-media firms have reduced their cooperation with U.S. intelligence and law enforcement- while boosting encryption against the U.S. government. Last September, FBI Director James Comey publicly criticized Apple and Google for their lack of support, warning: "There will come a day when it will matter a great deal to the lives of people ... that we will be able to gain access." Even before 9/11, a large percentage of actionable counterterrorism leads came from signals intelligence. This collection is now more difficult than ever.

The ideological dissonance and partisan gridlock in Washington have also hindered U.S. intelligence, impeding strategies necessary to keep pace with the enemy. Achieving tactical-intelligence perfection is difficult, but it is nearly

impossible in the context of strategic-policy failure that has allowed the enemy to pick the battles, set the tempo and garner more support. Yet when there is another terrorist attack, policy makers will howl “intelligence failure.”

A graver problem has been the unseemly abuse of the Central Intelligence Agency to score political points. The most glaring example of this is the report issued in December by Sen. Dianne Feinstein and her Democratic colleagues, the Senate Intelligence Committee Study on CIA Detention and Interrogation Program. This dishonest and cynical political gambit provided the enemy with a propaganda bonanza, further undermining U.S. foreign alliances and attempting to tarnish the CIA in the eyes of the American public. The report was an absurd rewriting of the history of an effective U.S. enemy interrogation program that produced reams of valuable raw intelligence. Nowadays, instead of capturing and questioning terrorists, we send a drone to kill them.

In this type of war, the value of intelligence will continue to grow, and not merely to find or kill targets. Intelligence provides a map of the human terrain, helps illuminate and develop alliances, and informs decisions about enduring political solutions.

We can correct the current trends that impair U.S. intelligence. For instance, instead of pitting intelligence professionals against the citizens they serve, leaders in the White House and Congress must become responsible intelligence customers. Defining the missions, setting policies and posing relevant questions are the way to start and direct any intelligence process.

Leaders in Washington must empower and support intelligence professionals, especially in the field, where battles are won and lost. The country needs dynamic and deep intelligence, focused on the enemy in his havens, and directed by field operatives who can trust their political masters. That means intelligence agencies that are less Washington-centric, and fewer Washington-directed operations.

America’s political leaders must educate themselves about the value and limits of intelligence, work with civic and business leaders to promote a greater understanding of intelligence, and build trusted networks at home and abroad to advance the nation’s mission and defeat its enemies. American citizens, and the intelligence professionals who defend them, deserve much better.

The Bad Budget Wars Get Ready to Resume

In the classic movie “All About Eve” the iconic Bette Davis character warned everyone to “fasten your seat belts. It’s going to be a bumpy night.” In the strange world of federal budgeting, 2015 is shaping up to be a bumpy year. After two years of relative peace, Washington’s budget battles are set to resume.

In fact, they’ve already started. In December, as the price of getting the must-pass omnibus spending bill through Congress, Republicans forced

President Obama to accept two nonbudgetary provisions that were anathema to him: repeal of some Dodd-Frank limits on derivative trading by banks, and a serious weakening of limits on campaign donations. Both issues were highly partisan; both were Republican victories.

There is a pattern here, one we've also seen outside the budget realm Congressional Republicans add extraneous provisions the president hates to a bill that must pass, and then dare the president to veto the entire package.

So far, Mr. Obama has wielded his veto pen only twice, the lowest number since James Garfield, who cast no vetoes in his six-and-a-half month presidency. But this Congress will likely present Mr. Obama with several opportunities to increase his veto count resolution funding the Department of Homeland Security expires the end of this month. Both parties want DHS to remain fully operational but the bills passed so far include provisions that would roll back the president's executive actions on immigration. Mr. Obama has threatened a veto, neither side blinks, members of the Coast Guard, the TSA and the border patrol might soon see their paycheck suspended, though they would be required to continue working.

Next up, at the end of March, is "the doc fix." In the 1990s Congress created a formula for limiting Medicare payments to physicians. No one has supported that formula for years, but it remains on the books and grows increasingly punitive toward doctors. So each year Congress passes a one-year stay of execution known as the doc fix.

Ending that now would reduce physician payments enormously, which neither party wants. A bill to extend it another year must pass by the end of March. One can only guess what extraneous provisions might get attached. Maybe a ban on teaching Darwin in public schools?

The granddaddy of all budget deadlines is also in March, when the February 2014 agreement to suspend the national debt ceiling for 13 months expires. If nothing is done between now and March 15 – and I guarantee you nothing will be done – the U.S. government will begin breaching the national debt ceiling on March 16.

The Treasury secretary can use a number of gimmicks to postpone the day of reckoning, and experts think such gimmicks can carry us through September or October. Then we'll witness a serious confrontation of the sort we've seen before – a game of fiscal chicken between Congress and the White House.

Other budget battles loom. In May the highway bill expires, and the highway trust fund is projected to run out of cash. The good news is that politicians are already talking about ways to stave off disaster. The bad news is that they will most likely keep on talking until the last minute – or later. Then who knows what gets added to the must-pass highway bill?

Republicans add extraneous provisions to must-pass bills. Obama threatens a veto. Rinse and repeat.

Oct. 1, the first day of the new fiscal year, is another important date. The fiscal year 2016 budget is supposed to have been enacted by then, but Congress has not met a fiscal-year budget deadline since the 1990s. Instead, there will be posturing, brinkmanship and acrimony.

Oh, and remember the sequester, the budgetary version of mutually-assured destruction? While both sides want to amend it, even deeper sequester cuts will kick in on Oct. 1, unless an agreement is reached. The Children's Health Insurance Program must also be reauthorized and funded by that day, or else millions of kids will lose their coverage.

Finally, let's not forget the so-called tax extenders, the grab bag of special tax provisions popular with both parties. Technically, the deadline for renewing them for 2015 taxes passed on Dec. 31, 2014. But everyone, including the IRS, is assuming they will be extended retroactively. For that to happen, Congress must act before the end of 2015 – which is the deadline legislators met last year. Expect a repeat performance around New Year's Eve.

After the November election, House Speaker John Boehner and Senate Majority Leader Mitch McConnell promised there would be no defaults on the national debt and no government shutdowns. But Mr. Boehner has recently backed off the latter. The greater danger, however, might be in the host of bad amendments tacked on to last-minute, must-pass budget bills. To stop such chicanery, the president may need to wield his veto pen as never before. Will he? Fasten your seat belts.

Another Obama Collision With the Constitution

President Obama last week sent to Congress a draft resolution regarding an authorization for use of military force, or AUMF, against the terrorist group Islamic State. Although presidents have constitutional power to defend American national-security interests, seeking an AUMF is both constitutional and sound. The measure enables Congress to show its support for military efforts and encourages public approval of them. From the nation's founding, dozens of AUMFs have been enacted. The 2001 resolution authorizing war against al Qaeda and its affiliates and the 2002 authorization of the Iraq war are only the most recent.

AUMFs also have legal significance. They buttress the president's powers and, consistent with Supreme Court precedent, provide legal support when such aspects of war-fighting as electronic surveillance, detention of enemy combatants and use of deadly force against American nationals who have joined the enemy are challenged in court.

One can argue whether Congress's constitutional power to declare war serves principally to distinguish formally among enemies, friends and neutrals, or has broader effect. However, AUMFs have become particularly important in the aftermath of the 9/11 – terror attacks, as federal courts have involved

themselves to an unprecedented degree in scrutinizing such activities. The relevant judicial decisions often cite the existence of an AUMF.

Despite the benefits of traditional AUMFs, President Obama's proposal is fundamentally flawed. Attempting to obtain political cover for his strategy to fight Islamic State, also known as ISIS or ISIL, he has asked Congress to ban "enduring offensive ground operations" and to terminate the authorization after three years.

Congress cannot restrain the president's core constitutional authority to wage war, even when congressionally imposed restrictions are minor – as was true with 2001 legislation that purported to limit the president's authority to place U.S. armed forces under the command of foreign officers as part of U.N. peacekeeping missions. Congress did not bar the president from placing U.S. troops under foreign command, but merely required that certain procedures be followed in such cases. Even so, the Justice Department's Office of Legal Counsel correctly concluded that "it is unconstitutional for Congress to place conditions, whether substantive or procedural, on the president's exercise of his constitutional authority as Commander-in-Chief."

Every president from Richard Nixon on has maintained that the 1973 War Powers Resolution, requiring that the president notify Congress within 60 days of committing U.S. troops abroad, is unconstitutional. Yet each president also has – voluntarily – complied with it. Except President Obama, who directed U.S. military intervention in Libya and claimed that the 1973 law did not apply because the effort was too limited to be called a "war." Yet now the Obama AUMF purports to impose major constraints on the president's commander-in-chief authority – both his own, and his successors'.

His proposed authorization for use of military force might do lasting damage to the separation of powers.

The Founders were careful to vest responsibility for waging war in a unitary executive, rather than in a multimember legislature. They made the decision based on their historical knowledge that the unity of command is the prerequisite for military success, and on their own experience during the Revolutionary War – which had been managed by committees of the Continental Congress. James Wilson, among the most learned lawyers of the Founding generation, reasoned that, with a unitary executive "[w]e secure vigor. We well know what numerous executives are. We know there is neither vigor, decision nor responsibility in them."

The Founders also trusted in the power of political accountability, which is why they decisively rejected an executive branch composed of a president and executive council in favor of the unitary executive branch we now enjoy. In Federalist No. 70, Alexander Hamilton observed that political accountability can exist only if the president cannot shift responsibility for his actions onto others: "It often becomes impossible, amid mutual accusations, to determine on whom the blame of punishment of pernicious measures, ought really to fall."

The public, he concluded, would be “left in suspense about the real author” of bad policy.

If Congress were to limit President Obama’s commander-in-chief power by banning what his resolution calls “enduring offensive combat operations” – whatever that means – Congress would effectively operate as an executive council to Mr. Obama, allowing him to evade accountability for his halfhearted prosecution of war against ISIS. It is bad enough that legislation to tie a president’s hands is being proposed by a president. That it is proposed by *this* president, who has been so willing to exceed his constitutional authority in domestic affairs – by rewriting immigration laws, antinarcotics laws, Obama-Care and so on – underscores the administration’s cynicism and its disdain for the Constitution.

If Congress buys into this presidential plan it will set a dangerous precedent that might do lasting damage to the separation of powers. With the two political branches seemingly in accord on joint responsibility for waging war, the federal courts might bless this arrangement, handicapping future presidents.

In recent years, congressional Democrats have been content to accommodate President Obama, whether he chose to enlarge the president’s constitutional prerogatives or diminish them. Congressional Republicans, having chosen to litigate against President Obama when he invaded Congress’s lawmaking authority by rewriting ObamaCare, should display the same principled determination to uphold the president’s constitutional prerogatives. No AUMF is better than one that is constitutionally flawed.

Notable & Quotable

Increasingly, schools are being required to institutionalize *prevention*, to control the *risk* of harm, and to take regulatory action to protect the *environment*. Academic administrators are welcoming these incentives, which harmonize with their risk-averse, compliance-driven, and rights-indifferent worldviews and justify large expansions of the powers and size of the administration generally.

I recently assisted a young man who was subjected by administrators at his small liberal arts university in Oregon to a month-long investigation into all his campus relationships, seeking information about his possible sexual misconduct in them (an immense invasion of his and his friends’ privacy), and who was ordered to stay away from a fellow student (cutting him off from his housing, his campus job, and educational opportunity) – all because he *reminded her* of the man who had raped her months before and thousands of miles away. He was found to be completely innocent of any sexual misconduct and was informed of the basis of the complaint against him only by accident and off-hand. But the stay-away order remained in place, and was so broadly drawn

up that he was at constant risk of violating it and coming under discipline for *that*.

When the duty to prevent a “sexually hostile environment” is interpreted this expansively, it is affirmatively indifferent to the restrained person’s complete and total innocence of any misconduct whatsoever.

Warning Issued For Medical Device Linked to Outbreak

FDA action comes after two die in Los Angeles and many more alerted about bacterial exposure

The Food and Drug Administration issued a warning Thursday for a medical device widely used in hospitals that has been linked to an outbreak of a drug-resistant bacterial disease and may have contributed to the deaths of two patients and the possible infection of as many as 179 others in Los Angeles.

The agency warned that the device, a type of endoscope or specialized tubular device that is threaded down the throat into the top of the small intestine, is difficult to clean properly, making it possible for deadly bacteria to be transmitted to patients.

The agency issued an alert after the University of California, Los Angeles, Health System reported Wednesday that seven patients who had undergone procedures with such devices had been infected with drug-resistant bacteria known as carbapenem-resistant enterobacteriaceae, or CRE. Two of those patients died, and the so-called “nightmare bacteria” may have contributed to their deaths, UCLA said. Another 179 were notified that they may have been exposed.

In the U.S., more than 500,000 procedures a year are performed with the devices

No new cases were reported Thursday, according to a UCLA spokeswoman. It isn't known how deadly the type of CRE causing the outbreak is, but it is treatable with some types of antibiotics, according to the Centers for Disease Control and Prevention, which is consulting in the investigation.

The patients at UCLA underwent medical procedures between October and January using a type of endoscope that is also known as duodenoscope. It is used to diagnose and treat diseases of the liver, bile ducts and pancreas, according to UCLA.

Officials from the Los Angeles County Department of Public Health said Thursday that “no infection control breaches were observed” when they visited the hospital as part of an investigation into the UCLA outbreak.

In the U.S., more than 500,000 procedures a year are performed with the devices, the FDA said.

Doctors said problems cleaning the devices due to their complex design have been known for years. On Thursday, the FDA alerted health-care professionals to the cleaning and sterilizing problem, and said some that have been cleaned according to the manufacturers' instructions have still been involved in cases or outbreaks of multidrug-resistant bacterial infections.

Manufacturers of the devices include Olympus Corp. of the Americas, a unit of Olympus Corp. in Japan, and Pentax Medical Co., a unit of Hoya Corp. in Japan.

While the FDA said it has received 75 medical-device reports in 2013 and 2014 involving the duodenoscopes, covering 135 patients in the U.S., such reports are widely believed to understate most medical problems.

Doctors in Clermont-Ferrand, France, reported in November 2010 in the journal *Endoscopy* that the devices "can act as a reservoir" for bacteria. They said 16 patients were identified between December 2008 and August 2009 as having developed serious infectious after such procedures. Eight were bloodstream infections, which can become especially serious and even lethal.

The devices have also been linked to an outbreak involving *E. coli* infections in 39 patients at a Chicago area hospital in 2013, and another outbreak recently in a Seattle hospital.

Of importance is how carefully the hospital follows procedures for cleaning the scopes, said Dr. Emily Landon, hospital epidemiologist at the University of Chicago Medical Center, which wasn't involved in the 2013 outbreak. The duodenoscopes have little channels and side ports that are manually cleaned and scrubbed, and soaked in disinfecting fluid, said Dr. Landon. They are fine if the hospital has a system where scopes are cleaned right after a procedure. But, she said, "it's easy to make a mistake. And how perfectly people follow the [cleaning] instructions is another issue."

Olympus said its device "requires careful attention to cleaning and reprocessing steps," including meticulous manual cleaning.

UCLA said it had previously followed national guidelines and the manufacturer's sterilization standards and is now "utilizing a decontamination process that goes above and beyond" those standards.

The bacteria involved in the outbreak at UCLA are known as OXA-48 producing CRE, an emerging type of CRE that has been reported in some other countries, said Alex Kallen, a medical epidemiologist in the CDC's division of health-care quality and promotion.

He said 22 cases of the bacteria have been reported to the CDC since 2011, not including the cases at UCLA. But that is an underestimate because many cases aren't diagnosed, he said.

Treatment is possible with more antibiotics than other types of CRE, he said.

Killings beset Delaware City

Wilmington's rising toll stumps officials and unnerves its large corporate community

WILMINGTON, Del. – Gunfire already has claimed eight lives this year in Delaware's largest city, putting it on track to shatter its annual record for killings.

At a time when many large metro areas have seen murders fall sharply, Wilmington's toll remains stubbornly high. Last year's 28 killings fell one shy of the high mark reached in 2010 and 2011, city figures show.

The violence overwhelmingly afflicts young African-American men in poor neighborhoods in the city of 71,000 people. A recent murder victim was a 16-year-old, high-school freshman killed in one of a pair of shootings in late January that also wounded five.

The persistent violence has unnerved some in the corporate community, dominated by firms such as Capital One Financial Corp. and Bank of America Corp. About 17,000 people work in the city's financial-services sector, many in a downtown area experiencing a burst of residential development. Vice President Joe Biden and his wife, Jill, have a house roughly 5 miles northwest of downtown.

"The fact that there is this problem does impact the city's overall image when we're trying to recruit companies to locate here," said state Attorney General Matt Denn, a Democrat.

At Barclays PLC, which employs 1,600 at the revitalized Christina River waterfront, job recruits routinely ask about crime. "Virtually every one of them brings up the question," said Clint Walker, managing director of Barclaycard US.

In separate incidents last year, two Capital One employees were accosted for their phones, said Alan Levin, Delaware's economic development secretary. A company executive mentioned the episodes at an October public meeting while discussing a state-funded plan to hire eight more unarmed "safety ambassadors" downtown, according to minutes of the meeting.

While no one is comparing the theft of a phone with the loss of a life, almost everyone agrees the spasms of deadly violence must be brought under control. Older residents recall a more peaceful time in the largely working-class city, which had a bustling shipbuilding industry until after World War II and whose downtown was once a regional shopping hub.

Now, roughly a quarter of residents live below the poverty line, and a similar share of adults have a bachelor's degree or higher, according to the Census Bureau. African-Americans make up 58% of the population.

"I feel like the community should get more involved with the shootings and calm things down," said 61-year-old handyman Henry Wright, who was in-

side a home near the second January shooting, a drive-by on the city's West Side that injured two teens and a 21-year-old man.

Former Mayor James Baker traces the rise in violence to the early 1990s, a time when crime rose nationally during the crack epidemic. During his tenure from 2001 to 2013, the city tried a range of solutions such as foot patrols and a data-driven approach modeled on New York's CompStat, he said. "We had all kinds of programs directed at youth," he added, including a dropout prevention program. The city and county developed 7,000 affordable housing units, he said, and joined with the business community on a mentoring program.

That wasn't enough, he said. "You really need to look at this broken community, broken families, broken criminal justice system," he said.

Arrests have been made in only five of the 35 murders since January 2014, Police Chief Bobby Cummings said. The department thinks it knows the perpetrators who carried out a majority of them but lacks enough information for charges, he said.

Mr. Cummings, who took over in May, said that though drags are a factor, attacks are often driven by petty disputes. "These are individuals that are buying into the social norm of shooting each other to resolve their differences," he said.

In late 2013, city Council-woman Hanifa Shabazz sponsored a resolution asking the U.S. Centers for Disease Control and Prevention to study the surge in gun violence, which she traces to myriad factors, including easy access to guns and family dysfunction. A CDC team visited Wilmington over the summer, and a spokeswoman said the agency was reviewing its findings with state health officials.

"You never know what's going to happen next or who's going to be the next victim," Ms. Shabazz said. "You feel kind of helpless."

Some point to scant resources as a problem. Mayor Dennis Williams said that when he was elected in 2012, youth services had wilted under budget cuts, and 22 police positions had been eliminated from a force of 342 officers. Even as murders trended up over the prior decade, the department didn't form a homicide unit until last year.

City and state officials have recently pledged new police measures, such as increased foot patrols and targeting individuals suspected of criminal involvement, while advocating for more summer jobs and drug-abuse treatment.

Last year, Sen. Chris Coons (D., Del.) got the city added to a new Justice Department program, the Violence Reduction Network, which offers technical assistance and training to five cities. The others are Chicago, Detroit, Oakland, Calif., and Camden, N.J.

Mr. Walker said Barclays stresses to prospective hires that its offices aren't in a high-crime area and no employees have been victimized. He said he wasn't aware of anyone declining a job offer over the concerns.

Diet Panel: Eat ‘Green’ and Limit Meats?

U.S. dietary guidelines, the government's benchmark for balanced nutrition, have long advised Americans to eat dark, leafy greens. Now, there is another way the standards could be going green.

A panel of nutrition experts recruited by the Obama administration to help craft the next set of guidelines, to be issued this year, said in long-awaited recommendations Thursday that the government should consider the environment when deciding what people should eat.

The panel, in a departure from a decades-old recommendation, also said dietary cholesterol was no longer a big concern: It scrapped guidance that Americans limit their cholesterol intake to no more than 300 milligrams a day—less than that found in a couple of eggs.

The panel said consuming three to five cups of coffee a day can reduce the risk of Type 2 diabetes and cardiovascular disease. It endorsed the idea that moderate amounts of alcohol were beneficial for some people.

Generally speaking, the environmental focus means endorsing a diet that includes limited amounts of meat and more plant-based foods, while also encouraging the consumption of seafood whose stocks aren't threatened.

“Addressing this complete challenge is essential to ensure a healthy food supply will be available for future generations,” the Dietary Guidelines Advisory Committee, a panel of roughly a dozen academics and nutrition experts, said in its recommendations to the U.S. Department of Agriculture and the Department of Health and Human Services. The guidance will be used by those departments to revise the dietary guidelines, issued by the federal government about every five years and represented as color-coded food groups on a plate. The MyPlate symbol replaced the food pyramid in 2011.

With obesity rates high, it is unclear how much of an impact the guidelines have on the country's eating habits. But they do influence billions of dollars of spending on government food programs, including the school lunch standards and the Defense Department's menu guidelines.

The focus on sustainable diets is angering the meat industry, particularly beef producers, accused of taking a particularly heavy toll on the environment.

“The committee's foray into the murky waters of sustainability is well beyond its scope and expertise,” said Barry Carpenter, president of the North American Meat Institute, which represents beef and poultry producers.

The meat industry believes the panel, which has been meeting for well over a year, is pursuing a broader antimeat agenda, even though it doesn't recommend specific daily reductions in meat or poultry consumption.

The trade group criticized the committee for not giving greater consideration to studies that provide evidence of the nutrient density of meat and poultry.

The committee recommended that Americans eat less red and processed meat, and excluded lean meat from a list of foods that make up a healthy diet. While lean meat is firmly endorsed in the current guidelines, the panel explained researchers, don't yet have a standard definition for what qualifies as lean meat. It did acknowledge in a footnote that lean meat could have a role in a good diet.

Broadly speaking, the advisory committee said Americans eat too few fruits, vegetables and whole grains and far too much sodium and saturated fat.

"The quality of the diets currently consumed by the U.S. population is suboptimal overall and has major adverse health consequences," the panel said.

While the current dietary guidelines point out the need for sustainable agriculture, the advisory committee this time said a product's environmental footprint should be disclosed on food or menu labels.

According to Johns Hopkins University's Center for a Livable Future, large-scale animal operations can generate large amounts of waste, pollute waterways and produce greenhouse gases that contribute to climate change.

Ranchers and farmers counter that their production practices are actually "quite green" when looking at the environmental impact of meat on a per-calorie basis, as opposed to the number of pounds produced, the North American Meat Institute said.

Richard Thorpe, a physician and rancher in Winters, Texas, said he was "very disappointed" in the committee's recommendations, as the beef industry has worked to incorporate nutritional and environmental considerations into farm practices for decades.

"Our industry over the last 20 or 30 years has done nothing but reduce the amount of fat in our animal." Dr. Thorpe said.

Wal-Mart's Capitalist Payday

Wal-Mart Stores's decision to raise the minimum pay of some 500,000 employees is being portrayed as either enlightened or cynical self-interest, depending on your point of view. We're agnostic on the point, but one thing the decision isn't is an argument for a higher minimum wage mandated by government.

The giant retailer announced Thursday that it will raise its hourly wage to no less than \$9 an hour by April, and another \$1 an hour next year. That's a nice boost for low-income workers, assuming their hours aren't cut, and more power to Wal-Mart if it believes this will have a business payoff.

Critics of capitalism promote the myth that businesses will always pay the lowest wage they can get away with. But it's more accurate to say smart capitalists pay the wages they need to keep employees productive and contributing to growth and higher profits. More often than not this means

regularly raising pay to avoid losing the best workers. As anyone who has ever hired someone knows, the greatest joy in management life is a reliable employee.

Wal-Mart's decision comes amid pressure from politicians for businesses to raise wages, and Aetna and Costco have already pledged to do so. But Wal-Mart's timing may also be economically shrewd, coming as it does after a year of solid job gains and more competition for labor in more parts of the country. By raising its minimum pay some 24% above the national minimum wage of \$ 7.25, Wal-Mart will be able to outbid competitors who can't afford the extra costs. So business self-interest elides with political inoculation.

This fits a familiar Wal-Mart pattern, executed most cynically when it endorsed ObamaCare's employer mandate in 2009. The company could better absorb higher health costs than its smaller competition. Wal-Mart may have figured it could eventually dump some of its workers onto the ObamaCare exchanges, and last October it did precisely that to some 30,000 workers, or about 5% of its part-time workforce.

None of this justifies imposing a higher minimum wage on every other company across the U.S. economy. Higher minimums hurt the least skilled workers, especially the young who are trying to get on the ladder of opportunity. For these workers the minimum wage might be \$0 an hour.

Wal-Mart's decision proves that the best way to raise wages is with faster economic growth that creates more demand for labor. Workers can move to better opportunities as more emerge, and their current employers may conclude they have to pay more to keep them. And if the economy is growing faster and sales are rising, most businesses will be able to pay more. None of this requires the visible foot of government.

The 'Risk-Free' Hank Greenberg Case

Now we know why the government didn't want to release documents behind the prosecution of former AIG CEO Hank Greenberg. Notes taken by federal investigators 10 years ago undercut the testimony at the heart of New York Attorney General Eric Schneiderman's case.

Last month we told you the Justice Department had reluctantly agreed to allow disclosure of this potentially exculpatory evidence. The feds generated the material during their failed criminal prosecution of one AIG employee and four executives at Berkshire Hathaway's Gen Re over a 2000 reinsurance transaction. Mr. Greenberg was never charged in that case. But he wants to use the evidence to defend himself in a related civil suit filed by New York's former AG Eliot Spitzer nearly a decade ago.

Having reviewed the government documents, we'd say they're reason enough to throw out the entire case. The key witness for Mr. Schneiderman is a former Gen Re executive named Richard Napier who never had any direct communication with Mr. Greenberg about the deal. But Mr. Napier helped Justice convict the other executives before an appeals court vacated the convictions in 2011. "Compelling inconsistencies suggest that Napier may well have testified falsely," wrote Chief Judge Dennis Jacobs for a unanimous panel of the Second Circuit Court of Appeals.

Mr. Schneiderman has been ignoring that judgment and hoping to use the Napier testimony to win in state court. But the evidence that prosecutors sat on for years only highlights those "compelling inconsistencies." Hand-written notes taken by federal investigators in interviews with Mr. Napier, government memos and his later deposition show an evolving tale that over time became more supportive of the government's case.

For example, early interview notes describe Mr. Greenberg calling Gen Re CEO Ron Ferguson to initiate the transaction. The notes then include two references to "minimal risk," the second one underlined. This would normally suggest a legal transaction. So-called loss-portfolio transfers of this type, in which one insurer would sell to another a set of liabilities along with the money set aside to pay for them, were generally regarded as legitimate if they transferred at least some risk.

But according to a Justice memo, in a later interview with investigators "Napier stated both AIG and Gen Re treated and considered this deal from the start as a 'non-risk deal'"

The difference between "minimal risk" and "non-risk" is the difference between legal and illegal. A risk-free deal was seen as an accounting scam to boost reserves. It is the heart of the case against Mr. Greenberg. And the hand-written notes from an early interview with Mr. Napier suggest Mr. Greenberg was *not* asking for a scam. Yet prosecutors use later statements from Mr. Napier to claim this was Mr. Greenberg's true intent.

And how was this alleged scam executed, since the language of the contract appeared legitimate? Notes from one of the Napier interviews claim he knew the deal was "risk free, but didn't know how it was." (The word "how" is underlined in the notes.) Yet at a later deposition Mr. Napier confidently asserted that an "undocumented side deal" made it risk-free. Did Mr. Napier's memory improve over time, allowing him to suddenly remember this alleged unwritten agreement?

Readers may be thinking that such contradictions should be sorted out by a jury, with Mr. Napier under cross-examination. But Mr. Greenberg's request for a jury trial was denied. Since it's a civil case and Mr. Napier doesn't live in New York, he cannot be compelled to appear. Mr. Schneiderman will instead likely rely on a Napier deposition conducted years before the appeals

court cast doubt on his testimony and before Mr. Greenberg's legal team uncovered the notes.

The trial has been stayed while the New York State Supreme Court Appellate Division decides whether to toss it out. The judges have ample reason to do so.

State Department Can't Beat Hackers

Three months after the State Department confirmed hackers breached its unclassified email system, the government still hasn't been able to evict them from the department's network, according to three people familiar with the investigation.

Government officials, assisted by outside contractors and the National Security Agency, have repeatedly scanned the network and taken some systems offline. But investigators still see signs of the hackers on State Department computers, the people familiar with the matter said. Each time investigators find a hacker tool and block it, these people said, the intruders tweak it slightly to attempt to sneak past defenses.

It isn't clear how much data the hackers have taken, the people said. They reaffirmed what the State Department said in November: that the hackers appear to have access only to unclassified email. Still, unclassified material can contain sensitive intelligence.

The episode illustrates the two-way nature of high-technology sleuthing. For all of the U.S. government's prowess at getting into people's computers through the NSA and the military's Cyber Command, the government faces challenges keeping hackers out of its own networks. The discrepancy points to a commonly cited problem with defending computers: Playing offense almost is always easier than playing defense.

The revelation that hackers are still in the State Department's network comes less than a week after President Barack Obama led a cybersecurity summit at Stanford University and signed an executive order prodding companies to share more information on hacking threats.

The White House and NSA referred questions to the State Department. The NSA's director, Mm. Michael Rogers, led a past hacking investigation for the U.S Navy. The Federal Bureau of Investigation, which also is involved in the investigation, declined to comment.

"We deal successfully with thousands of attacks every day," State Department spokeswoman Marie Harf said in a written statement. "We take any possible cyber intrusion very serious as we did with the one we discussed several months ago – and we deal with them in conjunction with other relevant government agencies."

No official determination has been made about who is behind the breach. But five people familiar with the original intrusion said they had seen or been told of links suggesting involvement by the Russian government.

The malware, or intrusion software, is similar to other tools linked to Moscow in the past. Two of the people said the intruders had taken State emails related to the crisis in Ukraine, among other things. In addition, the attack appears very similar to a fall breach of the White House's unclassified email system, which some U.S. officials linked to Russia.

The Russian embassy in Washington didn't respond to a request for comment on Thursday. The embassy traditionally hasn't responded to accusations about digital espionage.

Both the U.S. and Russia use hacker tricks to spy on each other. This week, the Russian cybersecurity firm Kaspersky Lab ZAO released a report that documented U.S. computer spying on Russia and other countries. The NSA declined to comment on that report.

Investigators believe hackers snuck in last fall when a worker clicked on a bad link.

Assuming that Russia was involved, U.S. investigators are puzzling over why were they able to detect the breach.

American national-security officials view Russia's computer warriors as on par with their own and capable of avoiding detection. One person familiar with the incident said that either Moscow wanted to send Washington a message, or it had deployed the "B-Team."

Investigators believe that hackers first snuck into State Department computers last fall after an employee clicked on a bogus link in an email referring to administrative matters, a type of attack known as a "phish." That loaded malicious software onto the computer – a common hacker trick that has worked in countless corporate and government breaches.

From there, the hackers spread through the State Department's sprawling network that includes machines in thousands of offices across the U.S., embassies and other outposts. It isn't clear why the hackers were able to gain such wide access and whether the State Department routinely cordons off portions of its network to limit such maneuvers.

The size of agency's network and its key function – making sure Washington knows what is happening in the rest of the world – has made the cleanup difficult, the people familiar with the investigation said.

For example, they said it is hard to take even a portion of the State Department network offline over a weekend, as is sometimes done following corporate breaches. It isn't clear how much, if any, of the network is now hacker-free, they said. Portions of the State Department system, such as remote email access, still occasionally are taken offline, one person familiar with the matter said.

Investigators also see signs that hackers are trying to get back into scrubbed-clean systems with slightly altered versions of their malicious code. It couldn't be learned if those new intrusion attempts were successful.

Cleaning out any large network takes time. When the Defense Department discovered hackers had penetrated the U.S. Central Command's classified network in 2008, the cleanup, called Operation Buckshot Yankee, took about a month, two former U.S. officials said. That project likely was easier than the State Department's effort, because that network was much smaller and access was more restricted.

In 2013, the U.S. Navy discovered that Iranian attackers had breached their unclassified network. Iranian officials never commented on the Navy breach.

It took the Navy four months to purge the hackers from their system, The Wall Street Journal reported last year. Then Vice Adm. Rogers led that operation.

The Clinton Foundation Super PAC

Republican presidential aspirants are already launching political-action committees, gearing up for the expensive elections to come. They'll be hard-pressed to compete with the campaign vehicle Hillary Clinton has been erecting these past 14 years. You know, the Clinton Foundation.

With the news this week that Mrs. Clinton – the would-be occupant of the White House – is landing tens of millions from foreign governments for her shop, it's long past time to drop the fiction that the Clinton Foundation has ever been a charity. It's a political shop. Bill and Hillary have simply done with the foundation what they did with cattle futures and Whitewater and the Lincoln Bedroom and Johnny Chung – they've exploited the system.

Most family charities exist to allow self-made Americans to disperse their good fortune to philanthropic causes. The Clinton Foundation exists to allow the nation's most powerful couple to use their not-so-subtle persuasion to exact global tribute for a fund that promotes the Clintons.

Oh sure, the foundation doles out grants for this and that cause. But they don't rank next to the annual Bill Clinton show – the Clinton Global Initiative event – to which he summons heads of state and basks for a media week as post-presidential statesman. This is an organization that in 2013 spent \$8.5 million in travel expenses alone, ferrying the Clintons to headliner events. Those keep Mrs. Clinton in the news, which helps when you want to be president.

It's a body that exists to keep the Clinton political team intact in between elections, working for the Clintons' political benefit. Only last week it came out that Dennis Cheng, who raised money for Mrs. Clinton's 2008 bid,

and then transitioned to the Clinton Foundation's chief development officer, is now transitioning back to head up Mrs. Clinton's 2016 fundraising operation. Mr. Cheng has scored \$248 million for the foundation, and his Rolodex comes with him. The Washington Post reported this week that already half the major donors backing Ready for Hillary, a group supporting her 2016 bid, are also foundation givers.

How much of these employees' salaries, how much of Mrs. Clinton's travel, was funded by the Saudis? Or the United Arab Emirates, or Oman, or any of the other foreign nations that The Wall Street Journal Tuesday reported have given millions to the foundation this past year? How many voters has Mrs. Clinton wooed, how many potential donors has she primed, how many influential people has she recruited for her campaign via the Clinton Foundation?

The foundation claims none, but that's the other Clinton stroke of brilliance in using a charity as a campaign vehicle – we can't know. Poor Jeb Bush has to abide by all those pesky campaign-finance laws that require him to disclose exact donor names, and dates and amounts. And that also bars contributions from foreign entities.

Not a problem for Team Clinton. The foundation does divulge contributors – after a fashion – but doesn't give exact amounts or dates. Did Mrs. Clinton ever take any oddly timed actions as secretary of state? Who knows? Not the Federal Election Commission.

The foundation likes to note that it adopted self-imposed limits on foreign contributions during the period when Mrs. Clinton was at the State Department. Which is nice. Then again, that ban wasn't absolute, and it isn't clear it encompassed nonprofits funded by foreign governments, or covered wealthy foreigners, or foreign corporations. Nothing is clear. This is the Clintons. That's how they like it.

This is the baseline scandal of the Clinton Foundation – it's a political group that gets to operate outside the rules imposed on every other political player. Then comes the ethical morass. Republican National Committee spokesman Michael Short summed it up perfectly in a Wednesday WSJ story: "When that 3 a.m. phone call comes, do voters really want to have a president on the line who took truckloads of cash from other countries?"

The nation's ethics guardians have gently declared the Clintons : might clear this up with more disclosure, or by again limiting the foundation's acceptance of foreign money. What about the amounts already banked? The damage is done. If this were Wisconsin Gov. Scott Walker, a likely GOP candidate, he'd be declared disqualified for office. The benefit of being a Clinton is that the nation expects this, and the bar for disqualification now sits in the exosphere.

Democrats might nonetheless consider how big a liability this is for their potential nominee. It's hard to label your GOP opponent anti-woman when the

Clinton Foundation is funded by countries that bar women from voting and driving like Saudi Arabia. It's hard to call your GOP opponent a heartless capitalist – out of tune with middle-class anxieties – when you owe your foundation's soul to Canadian mining magnates and Ethiopian construction billionaires. And it's hard to claim you will fix a burning world when you owe foundation gratitude to countries holding the fossil-fuel blowtorches.

Mrs. Clinton won't let that stop her. So Democrats have to decide if they want to once again put their ethics in the blind Clinton trust.

An Oscar Moment Before the Selfie Age

“Coop, I'll get this to you right away.”

Of all the words spoken during all the Academy Awards ceremonies over all the years, those are the ones that are as vivid to me now as they were on the night they were said. They are an echo from a time in Hollywood, and in the United States, when gauzy illusions were embraced and allowed to linger, when bad news was held off until it couldn't be hidden.

On Sunday the 87th annual Academy Awards will be broadcast, with the now-familiar accouterments: red-carpet interviews with arriving stars, montages of clips from nominated films, pre-show predictions and post-show parties, fashion critiques, speech after speech by winners thanking agents, producers, business managers. Around the nation, viewers will send out second-by-second Twitter commentary and post their own reviews on Facebook. A flood of words, a cacophony of chatter inside the theater and out.

So why is it that a handful of words from 54 years ago, from a man who wasn't even accepting his own Oscar, still, in memory, have the power of a punch?

On that night – April 17, 1961 – the great actor Gary Cooper was scheduled to receive an honorary Academy Award for his lifetime of film work. He had been ill, and the Motion Picture Academy wanted to salute him.

When the moment arrived, though, the person who walked onto the stage was not Cooper, but his friend Jimmy Stewart.

This was the era of movie fan magazines and studio publicity departments that tended to give an airbrushed version of entertainment industry reality.

Jimmy Stewart, usually so sunny, appeared troubled. ‘Coop, I'll get this to you right away.’

If, in the Midwest, we had any inkling that Cooper had been ailing, we knew no details. He remained Gary Cooper, the indestructible hero.

So on this night, in our home, we children were watching the Academy Awards with our parents. They were in their favored chairs behind us; in the

darkness (better to clearly see the screen with the lights turned out) we sat on the carpet looking at the black-and-white television set.

Jimmy Stewart was handed Cooper's Oscar. Stewart – always so sunny, upbeat, full of life – appeared troubled.

“Coop, I'll get this to you right away. And Coop ...”

There was something in Stewart's voice. Even as kids, even all the way across the continent in Ohio, we sensed something out of the ordinary might be happening.

“... I want you to know this – that with this goes all the warm friendship...”

He was having trouble getting the words out. Yet he was taking such care to emphasize every syllable.

“... and the affection, and the admiration...”

He held the Oscar in his right hand, almost caressing it. It seemed that at any moment he might cry.

“... and the deep respect of all of us. We're very, very proud of you, Coop. All of us are tremendously proud.”

He said no more. From behind us, the next words I heard were my father's, somber and startled.

“My God,” he said. “Gary Cooper is dying.”

That is how we found out. That is how the nation found out. Jimmy Stewart had not mentioned anything about illness, had not alluded to death. But in that era in which the news moved more slowly than it does now, when dignity and understatement had not become devalued, Cooper's friend had taken it upon himself to softly deliver to the country something that could be concealed no longer. He knew that explicit explanation or elaboration were unnecessary.

Within a month, Cooper would be dead of cancer. Today a person as renowned, and beloved, as Gary Cooper would not be accorded the layers of privacy that he was given during the months of his suffering. Every arrival at a doctor's office would likely be captured on someone's phone camera and uploaded for the world to stare at by the time the patient returned to the street; every attempt to go for a walk and get some fresh air would be documented by a passing stranger and passed hand-to-electronic-hand. Permitted to die in peace? Not likely.

To those who objected, the argument would be made: These people are public figures. They asked for attention the minute they decided to go into the motion-picture business. If they want to be noticed during the good times, then they're going to have to get used to being noticed during the bad times.

Maybe so. And maybe that old Hollywood – the so-called film colony, with walls both real and invisible – was always destined to eventually have lights shined upon it that are much harsher than even the most glaring Klieg lamps.

There was something about that night, though. Something that can seem so rare: Grace.

Research Boosts Scrutiny of Surgical Tool

Two studies add to data on morcellators, which can spread cancer in gynecology procedures.

New research is adding to scrutiny of a surgical tool called the laparoscopic power morcellator that the Food and Drug Administration has warned against using in a vast majority of cases because of its potential to spread hidden cancer in common gynecological procedures.

The University of Michigan said Thursday that researchers at its health system had found that of women who had hysterectomies for uterine growths called fibroids, one in 368 had an undetected uterine sarcoma, which could be worsened with a morcellator if doctors use that technique.

Their study, which was published in the journal *Obstetrics & Gynecology*, found risk numbers similar to those identified by the FDA. The study included 2,575 women undergoing surgery for presumed fibroids at a statewide group of hospitals in 2013.

Another new study published online Thursday by the *Journal of the American Medical Association Oncology* found that women who have only fibroids removed with a power morcellator face a lower risk of undetected cancers than hysterectomy patients. But the study authors also said that risk increases with age, and that there is continued uncertainty about the device.

The morcellator, which is used to remove fibroid growths or the whole uterus through small incisions, can worsen cancers that go undetected before surgery, the FDA warned in November, calling for strict new language on device labeling. Many hospitals have since banned or curbed morcellator use, and former top manufacturer Johnson & Johnson has left the market.

The FDA stopped short of banning morcellators, saying it was leaving open a narrow band for women for whom the tool's benefits may still outweigh its risks.

The authors of the *Obstetrics & Gynecology* study said patients should be advised of "the possibility of a poorer prognosis should an unidentified malignancy be morcellated," and noted that there was no reliable way to distinguish a benign fibroid from a uterine sarcoma before surgery. Sawsan As-Sanie, the senior author of the study and director of minimally invasive gynecologic surgery at the university's obstetrics and gynecology division, said the study was significant in part because it included a diverse set of patients from 52 hospitals.

Most of the tens of thousands of morcellation procedures performed before controversy over the device erupted in late 2013 involved

hysterectomies. But there is also a market for removing just fibroids in procedures called myomectomies, often in younger women who still want to have children.

Myomectomies are most commonly performed without laparoscopic morcellators, though some gynecologists use the devices. The JAMA Oncology study found that 7.7% of 41,777 myomectomies performed between 2006 and 2012 involved power morcellation.

For those patients on whom morcellators were used, 62% of whom were under age 40, researchers found an overall 1- in-1,073 rate of undetected uterine cancer. That translates to nine times the risk of the 1- in-10,000 rate many doctors quoted patients before the morcellation controversy erupted.

The cancers in Thursday's JAMA Oncology study included sarcomas, an aggressive kind the FDA focused on, as well as endometrial cancers many gynecologists argue are easier to detect preoperatively.

Younger myomectomy patients are "potentially an area where you may still consider morcellation," said Jason Wright, the lead author of the report and division chief of gynecologic oncology at Columbia University College of Physicians and Surgeons. But patients should still carefully weigh possible hazards, he said.

Study authors also said the myomectomy "should be approached with caution" in women over 50.

Venue Appeal Is Heard In Boston Bomb Case

BOSTON – An attorney for accused Boston Marathon bomber Dzhokhar Tsarnaev argued before a three-judge federal appeals court panel Thursday that his trial should be moved out of state because of overwhelming bias and publicity in the city where the deadly attack took place.

The federal judge overseeing the trial, now in jury-selection phase, has already ruled against changing the venue three separate times, and prosecutors have argued that judge's rulings should stand. But the U.S. Court of Appeals for the First Circuit agreed to hold oral arguments on the matter at the request of one judge.

"This is an extraordinary case," Judith Mizner, an attorney from the Federal Public Defender Office in Boston who represented Mr. Tsarnaev during the hearing, told the judges.

"This attack was viewed as an attack on the marathon itself" as well as an attack on Boston, she said, while arguing potential jurors are too biased. The defense has previously cited evidence that 68% of 1,373 prospective jurors who filled out a lengthy questionnaire already thought Mr. Tsarnaev was guilty.

The 21-year-old has pleaded not guilty to all 30 counts against him.

The two homemade bombs at the marathon finish line killed three and wounded more than 260. Authorities have also charged Mr. Tsarnaev in the shooting death of a Massachusetts Institute of Technology police officer days after the April 2013 bombing.

Prosecutors have disagreed that an impartial Boston jury can't be found. Assistant U.S. Attorney William Weinreb also argued that the venue question shouldn't be decided on appeal, and that judge George O'Toole, who is overseeing the case, already decided the matter fairly.

Appeals Court Judge Juan Torruella, who had requested the oral arguments, grilled Mr. Weinreb with questions the defense has raised about alleged bias, and even read some inflammatory quotes from anonymous, potential jurors contained in a defense filing. Mr. Weinreb called those quotes "selective and misleading," citing the argument Judge O'Toole used when he last rejected a venue-change request on Feb. 6.

The three-judge panel didn't rule on the venue issue Thursday.

South Carolina's Giant Peach, A Butt of Jokes, Is Ripe for Renewal

Refresh of 'Peachoid' water tower pits workers against weather; boosters keen on appeal.

GAFFNEY, S.C. – It is no simple matter to keep the nation's most recognizable and giggle-inducing water tower as pretty as a peach.

The "Peachoid" sits high above Interstate 85 in Gaffney, S.C.. and brightens the lonely four-hour stretch between Atlanta and Charlotte for tens of thousands of drivers a day. Its round shape, warm tones and indentation between halves drive some drivers to anatomical distraction, including a character on Netflix's "House of Cards," who crashed on an episode of the show while texting, "Doesn't the Peachoid look like a giant..."

"It's great if you're 12 years old or just have a 12-year-old's sense of humor," says Jill Sochacki, a Charlotte, N.C.-based travel blogger.

Last winter's harsh weather proved tough on peaches, though, both real and replica. Repeated cycles of freezing and warming caused the Peachoid's paint to peel in 6-foot swaths, mostly in its cleft, leaving patches of dull yellow that Gaffney boosters saw as a blemish on this former mill town of 12,000.

Gaffney produces only a fraction of the peaches it did when the Peachoid was built partly in honor of the region's peach farmers. Many have since sold their land, and the top manufacturing employer in the county these days is Nestle USA.

Still, the Gaffney Board of Public Works decided the famous water tower must be made fresh. They hoped to get away with a touch-up of the rough spots as they have done every so often since the Peachoid's completion in 1981.

Instead, they discovered paint so caked-on in some spots and so thin in others that the Peachoid looked bruised.

Now the Peachoid is undergoing its first complete overhaul – \$120,000 worth of sandblasting the old lead-based paint down to the steel and starting over with high-tech but finicky primer and paints that can only be applied to a dry, empty tank. So far it has been anything but sweet.

The Board of Public Works hoped to get cracking last fall, well clear of peak demand in spring and summer when customers water lawns and wash cars. But few artists are capable of painting a spherical mural 13 stories in the air, using more than a dozen colors to mimic the subtle gradation of a ripe peach. The artist the contractors wanted wasn't available until winter.

For an entire recent week, the base of the Peachoid was wrapped in yellow crime tape and flanked by some idle compressors. The top of the peach was draped in a white cover that prompted Instagram comparisons to the village idiot's hat on "Monty Python's Flying Circus" and Laura Ingalls Wilder's night bonnet on "Little House on the Prairie."

"It looks sort of like a cupcake," said LeighAnn Snuggs, director of the Gaffney Department of Marketing and Tourism.

A curtain was bunched at the bottom of the Peachoid. It was installed to be raised and lowered each day to protect cars from sandblasting residue or the overspray of paint but so far, there hasn't been much to protect cars from. The project's deadline has been pushed back from September to late April.

"We're going to need the water from that tank," said Board of Public Works General Manager Donnie Hardin. "That's why we put it up there."

Blame the frenemy of all peaches, the weather. Conditions have to be picture-perfect, Mr. Hardin said, so wind won't blow the curtain, moisture won't prevent paint adhesion and the cold won't alter the properties of the paint. The temperature must be higher than 40 degrees, and with the recent cold snap, it has hovered in the teens and 20s.

Weather was an obstacle the first time around, too, said Peter Freudenberg, the retired artist who painted the Peachoid in 1981. "It only took us four days to paint it, but we were there for a month to get those four days," he said.

The water tower was the 1970s brainchild of the late Jack Millwood, a longtime member of the Board of Public Works. Gaffney was searching for a new identity with the fading of the textile industry, and a giant peach seemed a good way to illustrate that South Carolina produced more peaches than the adjacent 'Peach State,' Georgia.

"It began late one night when the staff of the Gaffney Board of Public Works was working way too late," according to its Peachoid history. Mr. Millwood "said the immortal words that inspired a town, 'Let's build it in the shape of a peach!'"

Mr. Freudenberg was picked to paint the Peachoid based on his 1980 airbrushing of the Earthoid, a 2-million gallon water tank on the Germantown, Md., campus of Montgomery College.

He said his first step was to tour Gaffney orchards with the “good old boys” of the Board of Public Works. “We made peach daiquiris and everybody went out and picked what we thought was the best looking peach and we voted on them,” he said.

Mr. Freudenberg painted the Peachoid from a bucket suspended from a crane, mixing colors while in the air. He got approval from the board to make the cleft of the peach red because it was “more visually interesting” than the reality; the cleft is generally the lightest part of the peach.

It proved a fruitful effort. The Peachoid was a sensation. Longtime Gaffney Mayor Henry Jolly said he used to like to listen to truckers on CB radios describe the peach in their rear view.

“What did they say? Well, I can’t tell you that,” Mayor Jolly said. “But as long as people talk about you, I think it’s good.”

Despite the fictional crash on “House of Cards,” the South Carolina Highway Patrol said it has no record of serious wrecks or fatalities near the Peachoid.

[The Board of Public Works copyrighted the Peachoid and has jealously defended it, saying no to its use in a video by a Norwegian band that plays music on kitchen appliances, and a qualified yes to its use in a trucking calendar.

“House of Cards” actor Kevin Spacey, whose fictional congressman hails from Gaffney, tweeted a picture of himself in front of the tower celebrating his 2013 Emmy nomination with a bottle of champagne, a red cup and his dog.

The Peachoid was picked in 2006 as one of Reader’s Digest’s “America’s 100 Best,” which also lauded a ketchup bottle-shaped water tower in Collinsville, 111., but snubbed the “Eggoid” down the road in Newberry.

“An egg doesn’t make a very attractive water tower,” Mr. Hardin said.

Berlin Scorns Greece’s Bid For More Time

Athens's request for a bailout extension leaves Germany cold, auguring more tough negotiations.

Germany summarily dismissed a Greek request to extend its bailout program, setting up a harrowing round of negotiations among eurozone governments that could decide Greece’s future in the currency area.

In unusually public exchanges, officials from Berlin and Athens sniped at each other throughout Thursday, a sign of how sharply relations between the two capitals have deteriorated since the left-wing Syriza party was swept to power in last month’s Greek elections.

The recriminations form an ominous backdrop for a meeting of eurozone ministers on Friday in Brussels that could either provide a reprieve for Greece or push the country closer to the brink of leaving the bloc.

“The letter from Athens doesn’t offer a substantial proposal for a solution,” Martin Jager, spokesman for German Finance Minister Wolfgang Schauble, said a few hours after receiving the request.

A senior Greek official told reporters the eurozone ministers on Friday will have “only two options: either to accept or to reject the Greek request. This will show who wants a solution to be found and who doesn’t.”

Thursday’s brinkmanship underscored how domestic political forces are shaping the exchanges between Athens and Berlin. Alexis Tsipras, the new Greek prime minister, and his left-wing Syriza party were swept to power on pledges to scrap the deeply unpopular bailout, which they blame for pushing the Greek economy into a deep recession and causing soaring unemployment.

The confrontational stance of Mr. Tsipras and his finance minister, Yanis Varoufakis, toward Germany and Greece’s other creditors has pushed their domestic approval ratings ever higher – but raised the hackles of officials in Germany. Mr. Schauble and his team worry that the Greeks aren’t negotiating in good faith, officials said.

German officials also said yielding to Athens’s demands could potentially prove more damaging to the eurozone than a Greek exit. They fear lenience now could embolden left-wing populist parties in such countries as Portugal and Spain and right-wing euroskeptic movements in richer countries.

Mr. Tsipras spoke by phone with German Chancellor Angela Merkel in the afternoon. Mr. Tsipras said later in a tweet: “positive tone, and interest in finding a mutually beneficial solution for Greece & Eurozone.” A German government spokesman confirmed the conversation took place but declined to comment on its content.

Greece has little more than a week before its €240 billion (\$273 billion) bailout expires, leaving the government without financing and its banks at risk of being excluded from the European Central Bank’s lending facilities. An ECB move to cut off Greek banks could push Greece to leave the eurozone, potentially plunging the currency area back into recession.

Germany’s rejection of the Greek proposal gave European markets a knock, but it proved short-lived.

In some choppy trading, stocks in Greece and beyond swung between losses and gains before settling higher. Athens’s main index rose more than 1%, led by banks, while the Stoxx Europe 600 edged to a seven-year high.

The moves repeated a now-familiar pattern where fears of a Greek departure from the eurozone spur cause some volatility, but most investors remain confident an 11th-hour deal can be struck.

“The eurozone is all about high drama and last-minute deals,” said Societe Generale strategist Sebastien Galy. “This is a more volatile version of

the usual drama. We have a meeting tomorrow where the odds are we will get a deal.”

But previous near-catastrophes have been avoided because eurozone ministers and their Greek counterparts maintained cordial, if strained, relationships. This time, goodwill between Greek officials and the rest of the eurozone appeared to be disappearing fast.

Senior eurozone officials met on Thursday afternoon to discuss the request before finance ministers gather on Friday. Germany’s representative at the meeting dismissed the Greek letter in stark terms. “It rather represents a Trojan horse „intending to get bridge financing and in substance putting an end to the current program,” according to a transcript of the remarks that Greek officials distributed to the media. A eurozone official confirmed the remarks.

A eurozone official said Berlin was objecting that the letter didn’t clearly commit Athens to accepting supervision from the institutions – the European Commission, the International Monetary Fund, and the ECB – that have so far monitored and enforced eurozone bailout programs. Berlin also believes Greece’s pledge to honor its debts is ambiguous and open to interpretation, the official said.

German officials worry the letter’s ambiguous wording, Athens’s coyness about its fiscal situation, and announcements in recent days about potentially costly initiatives all, suggest Athens does not intend to comply with the bailout’s terms.

On budget targets, Greece’s letter pledged only to agree to measures that would “attain appropriate primary fiscal surpluses, guarantee debt stability and assist in the attainment of fiscal targets for 2015 that take into account the present economic situation.”

“It’s understandable,” said one eurozone official of the Greek stance, “since their tax receipts are melting like snow before hot fire.”

Hollande Prevails in No-Confidence Vote

PARIS – French President Francois Hollande’s government survived a no-confidence vote, marking a small victory in a broader political battle over its attempts to push through economic overhauls.

Opposition lawmakers proposed the Thursday vote after Mr. Hollande, fearing a rebellion within the Socialist majority, resorted to a constitutional clause to bypass a vote in the lower house of Parliament on a package of economic overhauls. Of the 577 lawmakers, 234 voted for the no-confidence motion, falling short of the 289 votes needed to bring down the government.

There was little chance the measure would succeed as it would have required Socialists to rebel to the point of voting for the collapse of their own government. But the victory was tainted. The government’s decision to invoke

Article 49 of the French constitution to avoid a vote in Parliament on the Macron Law – named after Economy Minister Emmanuel Macron – was an implicit acknowledgment of the deep divisions in his Socialist majority.

The clause allows legislation to bypass an initial vote in the lower house and proceed directly to the Senate for review.

A growing number of lawmakers had threatened to abstain or vote against the legislation as they said it would unwind regulations that protect workers.

Mr. Hollande's grip on the lower house of Parliament has waned since he secured a large majority in June 2012, shortly after his own election. With unemployment on the rise and a stagnant economy, the Socialist party has lost numerous by-elections in the past two years.

As Mr. Hollande shifted to pro-business policies last year to try to prod the economy back to life, a group of Socialist lawmakers – the so-called *frondeurs* – objected. They say spending cuts to repair the budget and tax cuts for business betray the principles that brought the Socialists to power in the first place.

Mr. Hollande's government is also under pressure from the European Union. Next week, the European Commission will deliver an opinion on France's fiscal and economy policies that could ultimately lead to sanctions against the country for breaking budget rules.

Government officials say that the use of the constitutional clause to overcome the split in the Socialist majority shows Mr. Hollande's determination to continue reform. French Premier Manuel Valls told lawmakers the planned legislation was too important to allow it to come to the floor to be voted down.

"We won't roll the dice on a law that is as important as this for our country," Mr. Valls said.

The move, though, threatens to worsen divisions, potentially hobbling the president's further attempts at reform. "The damage by the rebels has already been done and the motion of no-confidence will not strengthen the government," said Antonio Barroso, analyst at political risk consultancy Teneo.

Europe Bank's Minutes Air Concerns

FRANKFURT – European Central Bank's first published meeting minutes showed officials worried last month about the risk of crippling consumer-price declines in the eurozone, prompting them to approve a monthly bond-purchase plan larger than the one the bank's chief economist had proposed.

The region faced "the risk of too prolonged a period of too low inflation," the ECB said in an account of its Jan. 22 policy deliberations released

Thursday. “This, in turn, raised the possibility of deflationary forces setting in, which would not permit an attitude of ‘benign neglect.’ ”

As a result, most ECB council members approved a program of €60 billion (\$68 billion) in monthly purchases of bonds – mostly government bonds – that would start in March and run at least until September 2016.

That was higher than the €50 billion figure ECB chief economist Peter Praet mentioned to the full council as an option, which could have allowed the program to run a little longer.

“In order to accelerate the impact, there was broad support in favor of some frontloading,” the ECB said in the meeting accounts.

Officials also worried about the potential market fallout if they failed to act. Investors had widely expected the ECB to launch bond buying in January, in part because of heavy signals to that effect dropped by top ECB officials.

“A large part of the very substantial financial price adjustment observed over recent weeks would most likely rapidly unwind if no monetary policy action were taken at the current meeting,” according to the Jan. 22 minutes.

The release of an account of the ECB’s deliberations opened a new chapter in how the central bank, which was established in 1998, communicates with financial markets. Other major central banks including the Federal Reserve, Bank of England and Bank of Japan publish minutes of their policy meetings, giving investors and the public insight into how officials view the economy and their policy options.

In terms of style, the ECB’s accounts mirrored the Fed’s meeting minutes in some ways by offering a glimpse at the policy debate and peppering the accounts with references to “some members” or a “large number of members” as a gauge of support for economic views and policy options within the central bank. The Fed routinely refers to “participants” or “many participants.”

Unlike Fed meeting minutes, the ECB didn’t identify how individual governing council members viewed the decision, due to worries that naming names would put its policy makers under greater political pressure to make decisions based on what is best for their home countries rather than the 19-member eurozone as a whole.

ECB President Mario Draghi said at a news conference on Jan. 22 that the bond plan was favored by a “large majority” of policy makers, “so large that we didn’t need to take a vote.”

The ECB’s Jan. 22 meeting was historic for another reason besides the meeting minutes: The ECB’s €1 trillion-plus bond-purchase plan marked the biggest and most controversial stimulus measure in its history, and put the ECB in the group of other big central banks that have tried this policy, known as quantitative easing.

Consumer prices in the eurozone fell 0.6% in January from a year earlier, the biggest drop in more than five years.

The minutes offered some flavor of how officials weighed the pros and cons of quantitative easing, and made it clear that some members didn't think conditions warranted such a bold move that carried uncertain side effects.

"In the view of some members there appeared to be no urgent need for monetary policy action" at the meeting, according to the minutes, adding that the "full effect" of stimulus measures already taken hadn't yet been fully felt.

In the end, a "large number of members" favored expanding the ECB's stimulus programs – which had focused on covered bonds and asset-backed securities – to include government bonds and securities issued by European Union institutions.

Surge in Asylum Seekers Tests Germany

GERMERING, Germany – Valmir Sahiti, 25 years old, has spent the past two weeks living in a nursing home in the long-shot hope of a new life.

Mr. Sahiti, an asylum seeker from Kosovo, is staying with five relatives in a makeshift refugee center set up on several turquoise-carpeted empty floors of the home. He says he is aware the German authorities may soon send him back, but he insists the chance to live in Germany is worth the attempt.

"We love Germany," Mr. Sahiti, a Kosovar Albanian, says. "Albanians have a saying: If God wants it, he will do it."

A sudden crush of migrants from Kosovo is straining Germany's capacity, forcing officials in especially hard-hit Bavaria to house people such as Mr. Sahiti in emergency shelters, from the Germering nursing home to public gyms to the VIP spectator area of Munich's Olympic Stadium. The influx is also feeding divisive national debates over immigration, asylum policy and European integration.

Officials say Kosovars have virtually no chance of being granted asylum because they aren't fleeing war or persecution. Still, a surge of close to 20,000 people has arrived from the poor Balkan country by bus, rail, and taxi since around the start of the year, overwhelming government officials already trying to house rising numbers of refugees from the Middle East and Africa.

Officials struggle to explain the jump but point to a mix of factors: The draw of Germany's relatively strong economy and generous welfare benefits, economic desperation in Kosovo, an easing of border crossing rules between Kosovo and longtime foe Serbia, and rumors on social media that it has gotten easier to get asylum.

Kosovo, which was part of Yugoslavia during the communist era and later fought for independence from Serbia, was recognized as an independent nation by the U.S. and most of the EU in 2008. But it suffers from one of the weakest economies in Europe and an unemployment rate of 35%.

Officials are working to dispel the notion that Germany is a place where Kosovars can walk into plum jobs and government benefits. They have pledged to accelerate asylum review for Kosovars with the goal of finishing the process within weeks rather than months. Showing they are taking action, officials announced Tuesday they had deported 30 Kosovars via charter flight.

Last week, a cabinet minister in Bavaria's state government flew to Pristina, the capital of Kosovo, and went on national television to tell viewers they should stay home.

"Everyone in Kosovo must know," the minister, Beate Merk, said, "asylum law provides no way into Germany."

The government's efforts point to the political sensitivities involved. Even before the recent surge, politicians on the right said the government wasn't doing enough to prevent abuses of the asylum system, which provides some welfare benefits to applicants.

More broadly, the rise in migrants highlights worries in the German public about the costs of European integration, from eurozone bailouts to refugees coming in via other EU countries. "We cannot let ourselves be exploited," says Christian Bernreiter, head of the district government of Deggendorf in Bavaria. "A lot is coming together right now – the issue of Greece is worrying people, and the issue of refugees is worrying people."

Mr. Bernreiter's district hosts a 501-person home for asylum seekers that filled up quickly after it opened in early January. In a single 36-hour period Feb. 4 to 6, 300 asylum seekers from Kosovo arrived in Deggendorf, he said, forcing two emergency shelters to be set up in nearby districts.

Germany reported 202,834 people applying for asylum last year, a 60% increase from 2013 and the highest number in Europe. While Germany had been gearing up for more refugees from war-torn regions, the sudden jump in Kosovars caught officials by surprise.

Frontex, the European Union's border policing agency, says it detected almost 12,000 migrants, predominantly Kosovars, crossing the border from Serbia to EU member Hungary in January and roughly an additional 11,000 in the first half of February. The EU's European Asylum Support Office says just about all Kosovar applicants have been seeking asylum in Hungary, Austria or Germany.

Brussels Extends Sea Rescue Mission

BRUSSELS – The European Union's executive said it would extend its joint coastal border control mission with Italy until the end of 2015 and could bolster the operation in other ways, as Italy struggles with a surge of migrants fleeing Libya.

The European Commission offered an extra €13.7 million (\$15.6 million) in emergency migration funding for Italy on Thursday and said it was ready to react quickly to any Italian request to increase the resources of the mission, known as Triton. Officials said the bloc could also reconsider the operation's scope.

Several hundred migrants are believed to have died this month as they attempted to sail to Italy, marking one of the largest losses of migrants' lives as they attempted the treacherous Mediterranean crossing from Libya.

The Triton mission was originally intended to run for just a few months. But Italian Prime Minister Matteo Renzi had been pressing for more assistance from Italy's EU neighbors. The EU has already earmarked more than €500 million to help Italy cope with the cost of the migration issues.

Italy last year abandoned its Mare Nostrum search-and-rescue mission, which had rescued more than 150,000 migrants in operations that ventured close to Libya's coast. Critics of the program say that Mare Nostrum encouraged more migrants to attempt the risky sea passage because they were more confident the Italians would save them.

The Triton operation is far more modest in scope, with rescue actions mainly taking place within 30 nautical miles from the Italian coast.

Dimitris Avramopoulos, the EU's migration commissioner, said the help announced Thursday was part of what would be a better coordinated EU approach to the problem.

"In the short term, no, we cannot replace Italy in the management of the external borders, but we can lend a helping hand," Mr. Avramopoulos said. "So we will extend Operation Triton and we will increase its resources if this is what Italy needs."

Aramco, Too, I Feels the Pain Of Collapse In Oil Prices

Saudi Arabia's refusal late last year to rein in oil production helped trigger the price crash that has hurt oil-producing countries and publicly listed energy companies alike. And now even the kingdom's own oil company is feeling the pain.

As a result, state-owned *Saudi Aramco* is looking for ways to cut costs everywhere, from pushing contractors for better deals on oil-well services to negotiating discounts on its phone and power bills, according to people familiar with the matter.

The company – the world's largest oil producer – is also considering slashing its future spending on production and exploration by as much as 25%, much like private oil companies, industry sources said.

"Like everyone else, we're using the downturn as an opportunity to sharpen our fiscal discipline," Aramco CEO Khalid Al Falih said in public remarks during the World Economic Forum in Davos in January. "We're cut-

ting on a few things that we could cut, but we're as committed as ever to our long-term strategy."

The measures demonstrate some of the risks the Organization of the Petroleum Exporting Countries took when it decided in November to forsake its traditional role of cutting production to boost prices. The Saudi-backed decision has hurt big, publicly listed companies, such as Royal Dutch Shell PLC and Chevron Corp., but is now ricocheting and hitting national oil companies.

Not only is revenue to state treasuries falling, but OPEC nation oil companies – like their private counterparts – are making cuts that may make it difficult for them to capitalize when prices begin to rise.

The measures are a departure for Aramco, which had boosted its spending on pumping oil and launched its first efforts at deep-sea production when crude was regularly trading at more than \$100 a barrel from 2011 to 2014. The price of Brent crude, the world benchmark, has nearly halved since June, trading around \$60 a barrel in London on Thursday.

To be sure, the retrenchment is small scale for Aramco and Gulf oil producers – whose production costs are much lower than for most international rivals – and executives say it won't threaten output levels in big fields in Saudi Arabia, Kuwait or the United Arab Emirates. The cuts don't appear to be as deep as those after the mid-1980s price crash, when Aramco and others laid off thousands of workers and cut back production to historically low levels.

Government companies like Aramco and others in the Gulf hold monopolies on the production of their huge crude reserves and don't have to produce public accountings of their business, so it is difficult to know precisely what they plan to spend and cut or whether they are losing money.

But oil prices have produced a new cost-consciousness across the Persian Gulf's state-owned companies.

In December, Aramco was advised by the Saudi government to cut costs, one Saudi official said. Aramco, which usually bases its investment on oil supply and demand, is trying to execute some projects at lower costs, while deferring others until the picture of the oil market is clearer, the official said.

Aramco executives are considering slashing production and exploration spending to \$30 billion a year from \$40 billion while oil prices remain low, according to industry sources.

Aramco has joined oil companies, big and small, in pushing aggressively for discounts from its contractors, seeking rebates from telecommunications providers and power suppliers, for example, according to executives.

In December, the Saudi oil company summoned oil-services companies, including Baker Hughes Inc., Halliburton Co. and Schlumberger Ltd. to its offices in the northeastern city of Al Khobar to ask for discounts of up to 20% on certain services, for instance, well-testing procedures, according to people familiar with the matter. The companies do about \$6 billion a year in business with Aramco combined, according to people familiar with the matter.

Baker Hughes offered a small discount, but Aramco has held out for 20%, according to people familiar with the matter. The two parties are still in talks to find a common ground, but no contracts have been canceled, they said.

Halliburton, Baker Hughes and Schlumberger declined to comment.

In an earnings conference call last month, Baker Hughes Chief Executive Martin Craighead said the company was in discussions with “bigger companies with pretty sophisticated procurement groups” to reduce prices. In an earnings conference call at Schlumberger, CEO Paal Kibsgaard said he expected a reduction in spending in the Middle East.

Also in a conference call, Halliburton Chairman Dave Lesar said he anticipated “headwinds” in the Middle East, though he expected his company to be more resilient than most, notably because of recent contracts in Saudi Arabia.

Aramco has pushed back by a year plans to build a \$2 billion clean-fuels plant and put on hold deep-water oil and gas exploration and drilling activities in the Red Sea because their profitability is now in question, said people familiar with the matter.

Geologists have estimated that Saudi territory in the Red Sea could hold the equivalent of more than a third of the Kingdom’s known oil-and-gas reserves, but these reservoirs are also much more expensive to develop than onshore.

Deep-water projects worldwide typically need \$53 a barrel to break even, according to Norwegian energy consultancy Rystad Energy.

Aramco isn't the only big state oil company seeking to cut costs.

Suhail bin Mohammed al Mazroui, the oil minister of the United Arab Emirates, said in January that his country, along with other producers, would squeeze oil contractors’ costs to adapt to lower oil prices.

“We will need the service companies and contractors to understand the cycle [of the oil market],” he said at an energy event in Dubai.

Qatar Petroleum said earlier this year it has shelved a petrochemicals project in the Gulf emirate with partner Shell.

In Oman, a Gulf country with moderate oil reserves and production that isn’t an OPEC member, state company Petroleum Development of Oman postponed in December the award of a \$1 billion contract to supply and manage oil-production pumps for seven years, according to people familiar with the matter. The government informed bidders they will have to wait for a year to see how oil prices are evolving before committing to major projects, one Omani official said.

While Aramco is beginning to feel some pain, OPEC doesn’t appear likely to change its strategy of maintaining production before its next meeting in June. The cartel has put a premium on maintaining its customer base, and Saudi Arabia has made tactical price cuts.

This week, PIRA Energy Group, a New York research firm, said Saudi Arabian production was pumping more crude than usual, as much as 10 million barrels a day – close to Aramco’s estimated capacity.

U.S. Sues Sysco to Stop Merger

Takeover of US Foods could raise prices for restaurants, schools, antitrust agency argues

A divided Federal Trade Commission sued Thursday to block **Sysco Corp.**’s acquisition of rival **US Foods Inc.**, a long-awaited move that sets the stage for a major court battle over a plan to combine the nation’s two largest food distributors.

The FTC alleged the proposed tie-up would create a dominant national company that could raise prices and reduce service for restaurants, hotels, schools and other institutions that buy food, paper products and a wide range of supplies from Sysco and US Foods.

A combined company would control 75% of the sales in broadline food-service distribution for national customers, the FTC alleged. It also said the merger would be problematic in 32 local markets around the U.S.

The lawsuit came after the FTC spent more than a year reviewing the proposed deal and after negotiations between the companies and the government didn’t lead to a settlement.

The case is the most prominent FTC merger challenge since nominees of President Barack Obama took the commission’s helm in 2009. The decision to sue split the panel along partisan lines. FTC Chairwoman Edith Ramirez and two other Democratic commissioners voted for the challenge, while the panel’s two Republicans voted against.

The FTC said the two companies were the only food distributors with a broad national footprint that offered extensive product lines, frequent deliveries and services like menu planning.

The commission said many hotel chains and food-service management companies consider Sysco and US Foods to be each other’s closest competitor.

The number of local U.S. markets where the FTC says the planned tie-up would be problematic.

“Consumers across the country, and the businesses that serve them, benefit from the healthy competition between Sysco and US Foods, whether they eat at a restaurant, hotel or a hospital,” said Debbie Feinstein, who heads the FTC’s bureau of competition.

Sysco said a merger with US Foods would help improve service and cut hundreds of millions of dollars in costs. The companies have said they can

lower prices for customers as they save money by buying and trucking food in greater bulk.

“The facts are strongly in our favor, and we look forward to making our case in court,” Sysco Chief Executive Bill DeLaney said in a written statement. “Those of us who work in this industry every day know it is fiercely competitive.”

Mr. DeLaney said the FTC misunderstood market dynamics, arguing that the majority of national customers use multiple regional and local food distributors. He also said local restaurants have plenty of choices, from self-service stores like Costco Wholesale Corp. to specialty artisan options.

US Foods didn’t respond to a request for comment. The company is owned by private-equity firms including KKR & Co. Shares of Sysco fell 3.4% to \$38.56 on the NYSE on Thursday.

Restaurant owners offered a mix of views on the suit. Suzanne Aquila, a Sysco customer who owns Bloomington Bagel Co. in Bloomington, Ind., said that local distributors can’t compete with companies like Sysco because of its ability to buy in bulk and its wide range of services.

“I think the decision to challenge the merger is the only decision to make,” Ms. Aquila added. “We’ve had quite a run-up in food costs this year, and without competition, we would have no tools to try to contain those costs.”

Others said the anticipated merger has already sparked more heated competition in their markets.

“Everybody in our area in South Carolina thought it was a done deal”, said Bobby Williams, owner of a Southern home-cooking chain called Lizard’s Thicket. “There have been a lot of new distributors coming into town to try to snatch up business because of it.”

Sysco and some of its peers have taken a hit on profits in recent years as rivals such as Restaurant Depot, which offers online ordering and self-service warehouses, wooed its customers. Sysco’s earnings have been declining steadily for years, falling 6.1% to \$932 million in fiscal 2014, which ended in June, despite a 4.7% increase in revenue to \$46.5 billion.

Sysco in recent days escalated preparations to battle a government lawsuit, hiring top antitrust lawyers who are former FTC officials to lead the company’s defense. Sysco has said it could keep the merger agreement in place long enough for any case to go to trial.

The FTC plans to try the merger case through its own administrative litigation system, and it set a trial date of July 21. Concurrently it is asking a Washington, D.C., federal court to issue a preliminary injunction to block the deal while the case at the FTC proceeds.

The federal court proceedings could be a crucial testing ground for the case because they will likely take place before the in house trial scheduled at the FTC.

The companies' merger agreement expires in September, but they could extend it if litigation isn't wrapped up by then.

Lengthy settlement talks between the two sides, including last-ditch meetings between the firms and the commissioners last week, failed to produce an agreement to allow the merger.

Sysco offered to address FTC concerns about competition by selling off a large package of assets that generate \$4.6 billion in annual revenue to the nation's third-largest food distributor, Performance Food Group. Under that proposed deal, PFG would expand significantly by buying 11 US Foods distribution centers. The company declined to comment on the FTC's lawsuit.

The FTC's Ms. Feinstein said the proposed settlement didn't fix the problems the commission has identified. "We don't think PFG will be as good a competitor as US Foods was prior to the merger," she said.

The lawsuit is the FTC's highest-profile merger challenge since 2007, when it sought to stop Whole Foods Market Inc. from acquiring a rival. Recent headline-grabbing merger lawsuits under the Obama administration have come from the Justice Department, which shares U.S. antitrust authority.

The FTC's two Republicans didn't offer details on why they opposed the lawsuit. Dissenting commissioners often choose not to air their criticisms while the FTC is in active litigation. One of the dissenters, Commissioner Joshua Wright, acknowledged this custom on Twitter, but he also tweeted that he had "no reason to believe" the merger violated federal antitrust law.

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Навчальне видання

АНГЛІЙСЬКА МОВА

Методичні рекомендації

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Формат 60x84 1/16. Ум. друк. арк. 2,8

Тираж 50 пр. Зам. №__

Надруковано у видавничому відділі

Миколаївського національного аграрного університету

54020, м. Миколаїв, вул. Паризької комуни, 9

Свідоцтво суб'єкта видавничої справи ДК № 4490 від 20.02.2013 р.