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| Università degli Studi di TrentoScuola di Studi Internazionale | Master’s Degree in European and International StudiesEnglish Language Use of English  | a.a. 2012– 20136 September 2013 |

Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Mat. No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For each of the numbered gaps 1 - 30, provide ONE word to complete the phrase IF a word is necessary. Write the word against the correct number **on your answer sheet**. If no word is necessary, put a diagonal line in the space next to the number. Blank spaces on the answer sheet will be marked as incorrect.

**Will the G20 also fail the global leadership test on transparency?**

1) \_\_\_\_ of transparency in the global financial system is at the heart of three of the world’s most pressing problems: the ongoing financial crises, the need 2)\_\_\_\_ tax reform and extreme poverty. Global problems need global leadership, but the G8 group of rich countries failed to 3) \_\_\_\_ that when G8 leaders met in June. Now it is 4) \_\_\_\_ to the G20, when it meets in early September, to 5) \_\_\_\_ the bold steps needed to transform the fortunes of the world’s ailing economy.

The opacity of the current system sheltered global financial managers 6) \_\_\_\_ they mismanaged the global economy, landing it in a trough from 7) \_\_\_\_ it is still struggling to escape. The same opacity facilitates illegal tax avoidance and tax evasion, robbing countries 8) \_\_\_\_ tax revenue and billions of people of much needed public money. As Kevin Watkins of the Overseas Development Institute has pointed 9) \_\_\_\_, just one type of tax avoidance,  trade mispricing, which facilitates the shifting of profits 10) \_\_\_\_ low-tax jurisdictions, drains more than US$550 billion 11) \_\_\_\_ year from the coffers of developing nations – five times 12)\_\_\_\_ those countries receive in aid.

By enabling such huge transfers of money 13) \_\_\_\_ rightly belongs to the people of some of the world’s poorest countries, lack of financial transparency widens the 14) \_\_\_\_ between rich and poor and entrenches extreme poverty. If these colossal sums were 15) \_\_\_\_ in developing regions, they could improve security, reduce hunger, increase access to healthcare and education, and improve 16) \_\_\_\_ standards of living by fuelling economic growth.

The British prime minister, David Cameron, 17) \_\_\_\_ tax, transparency and trade on the agenda for the G8 summit in June, realizing the need for economic reform. Regrettably, the G8 leaders fell short of almost everyone’s hopes, 18)\_\_\_\_ the search for global leadership on taxation and transparency reform has shifted to the G20, which meets in St Petersburg on September 5 and 6. Established to ensure international financial stability, this top level group will be shirking 19)\_\_\_\_ responsibilities responsibilities if it fails to promote transparency, one of the 20) \_\_\_\_ priorities on the summit agenda.

The G20 is not short of policy suggestions for 21) \_\_\_\_ global financial transparency. A new report by the OECD proposes ways of 22) \_\_\_\_ multinational corporations from shifting profits to tax havens. Another report, Supporting the Development of More Effective Tax Systems, prepared jointly by the IMF, OECD, UN and World Bank, details ways of deepening international cooperation, making multinational corporations 23) \_\_\_\_ more transparently, and measuring tax reform progress.

The G20’s task is not easy. The opaque global financial system has been designed to 24) \_\_\_\_ the interests and fortunes of a tiny but very powerful elite. Some of its key tax havens are within or linked to rich and powerful countries such as Switzerland, the United Kingdom and the United States. These havens shelter the 25) \_\_\_\_ of individuals and companies that sponsor political campaigns and foundations in many G8 and G20 governments. In addition, the G20 ministers have their 26) \_\_\_\_ national interests to advance, which may not align with those of their counterparts. But what is 27) \_\_\_\_ stake is much larger than any single nation’s interests: the health of the global economy and the future of taxation systems that are widening inequalities. What the G20 needs to show is collective political 28) \_\_\_\_. Only real global leadership will set the world’s finances in 29) \_\_\_\_ – and G20 countries themselves, as well as developing countries, stand to 30) \_\_\_\_ a lot if that is accomplished.