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БЕЛОРУССКИЙ ГОСУДАРСТВЕННЫЙ УНИВЕРСИТЕТ
ИНФОРМАТИКИ И РАДИОЭЛЕКТРОНИКИ

Кафедра иностранных языков №1

BUSINESS TODAY

БИЗНЕС СЕГОДНЯ

по английскому языку для
студентов 1-2-х курсов экономических
специальностей технических вузов

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Настоящее пособие предназначено для студентов 1-2-х курсов экономических специальностей, а также для широкого круга лиц, самостоятельно изучающих английский язык. Может быть использовано в качестве дополнительного материала на интенсивных курсах.

Основная цель работы – научить студентов экономических специальностей читать и понимать литературу на английском языке по специальности с выходом на устную и письменную речь, развивать навыки аннотирования и реферирования.

Работа состоит из 9 разделов, каждый из которых включает краткий тематический словарь, систему лексико-грамматических упражнений, тексты с заданиями по содержанию текста и письму. Тексты подбирались с учетом современных реалий экономики.

Пособие снабжено алфавитным списком слов, приведенных в разделах, и ключами.

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Vocabulary Study

Word List

Nouns and noun phrases

1. concept – понятие, концепция
2. connotation – побочное значение, ассоциация, коннотация
3. definition – определение
4. economics – экономика
5. economy – экономика, хозяйство
6. goods – товар, товары
7. ingredient – составная часть, ингредиент, компонент
8. item – пункт, номер
9. resource – pl. запасы, ресурсы
10. scarcity – недостаток, нехватка, дефицит
11. society – общество
12. stock – pl. акции, акционерный капитал, фонд
13. use – употребление, пользование
14. wealth – богатство
15. welfare – благосостояние

Adjectives

1. deprived – обездоленный
2. scarce – недостаточный, скудный
3. vital – жизненный

Verbs

1. assemble – собирать, созывать
2. compete – конкурировать
3. concern – касаться
be concerned with ... - быть озабоченным, обеспокоенным
4. distribute – распределять
5. evaluate – оценивать
6. increase – увеличивать
7. realize – осознавать

I. Read and translate the following words. Mind the stress: a) on the first syllable; b) on the second syllable; c) on two syllables.

- a) Concept, item, scarcity, scarce, vital, realize;

- b) economy, ingredient, resource, society, deprived, assemble, compete, concern, increase;
- c) connotation, economics

II. Match the words with the definitions below.

Concept, goods, scarcity, society, wealth, welfare, to compete, to distribute, to evaluate.

1. Movable property; merchandise.
2. Idea underlying a class of things; general notion.
3. To take part in a race, contest, examination.
4. To put (parts of a set of things) in different places; give or send out.
5. To find out, decide, the amount or value of.
6. Smallness of supply compared with demand.
7. System whereby people live together in organized communities.
8. Condition of having good health, comfortable living and working conditions, etc.
9. Great amount of property, money, etc.; richness.

III. Mind the use of the words *economy*, *economics*, *economic*, *economical*, *economize*.

1. A country's *economy* is the organization of its wealth-producing commerce and industry:

Britain's *economy* is increasingly based on services.

The *economies* of many developing countries are based on cash crops.

1.1 *Economy* can also mean 'the deliberate saving of money through carefully-controlled spending':

We use recycled paper for reasons of *economy*. The budget has been cut so we'll have to make *economies*¹.

1.2 We can refer to something as a *false economy* when an apparent saving of money in fact results in inefficiency and/or unforeseen extra costs:

Buying second-hand equipment can be a *false economy*.

1.3 We refer to an *economy of scale* when there is a reduction in unit cost owing to an increase in the volume of production:

The doubling of output can lead to *economies of scale* of up to 30%.

2. *Economics* is the scientific study of a society's money, industry and trade:

She studied *economics* at the London Business School.

¹ AME: ... we'll have to economize.

Note that *economics* is a singular noun (like other subjects, Maths, Physics, Business Studies, etc.) therefore *Economics is*.....

- 3 *Economic* means 'related to the economy':
The 1970s and 1980s were a period of political and *economic* crisis.
Economic growth leads to a per capita improvement in living standards.
3.1 *Economic* can also mean 'cost-effective':
We have to keep wage costs low to make it *economic* for us to continue production.
- 4 If something is *economical* it does not require a great deal of money to operate:
I have a small car because it's more *economical* to run.
The word can also be used to refer to an efficient way of doing things:
Holding business meetings at an airport can be an *economical* use of time.
- 5 The verb is to *economize* and means 'to save money':
We need to *economize* in order to keep costs at an acceptable level. It is unwise in the long run to *economize* on quality.

Complete the blanks.

1. She majored in _____ at Harvard.
2. What's the _____ situation like in your country?
3. Many countries tried to _____ on fuel in the 1970s.
4. _____ of scale arise when costs do not rise in direct proportion to output.
5. The electric car is more _____ in its use of energy than an ordinary one.
6. Employing too many part-time staff can be a false _____.
7. Some people think that floating exchange rates can restrict _____ growth.

IV. Using a dictionary add as many words as possible into the table.

Verbs	Adjectives	Nouns
1.		definition
2.		economics
3.		item
4.		society
5.		stock
6.		use
7. to compete		
8. to distribute		
9.	vital	

V. Make adjectives from the followings nouns.

Nouns

Adjectives

scarcity
concept
goods
resource
wealth

VI. Make nouns from the following verbs.

Verbs

Nouns

to assemble
to concern
to evaluate
to increase
to realize

VII. Choose the words with similar meaning from the two groups and arrange them in pairs.

A. Concept, connotation, definition, goods, ingredient, item, resources, scarcity, use, wealth, vital.

B. Articles, conception, association, determination, supplies, component, point, shortage, richness, application, life.

VIII. What are the opposites? Example: fast – slow.

Wealth, excess, plentiful, to distribute, to decrease.

IX. Complete the sentences with the words from the box below.

Limited resources, scarcity, wealth, society, to distribute, means, the concept.

1. Economics is a theory of how ... works.
2. We have ... in rich and poor countries.
3. The guiding idea in economics is
4. One of the primary concerns of economics is to increase the ... of a society.
5. Once we have produced goods and services we have to decide how ...
... them.
6. By wealth the economist ... all the real physical assets.

7. of welfare is concerned with the whole state of well-being.

X. Make up your own sentences using the following words and word combinations.

Economics, comprehensive theory, society, the guiding idea, scarcity, not enough resources, to want more, to fill everyone's wants.

XI. Translate into English.

1. Существует много отраслей и конкурирующих научных школ по экономике.
2. Экономика занимается изучением того, как работает общество.
3. Нехватка является одной из основных идей экономики.
4. В мире не хватает ресурсов, чтобы дать людям всё, что они желают.
5. Обездоленными зачастую чувствуют себя не только бедные, но и достаточно обеспеченные граждане.
6. Экономисты оценивают, как наилучшим образом использовать имеющиеся ресурсы.
7. Экономика заботится о том, чтобы увеличить богатство общества.

A. Text Study

- I. Read the text to get the gist of it. Answer the following question.
How does economics as an academic discipline serve society?

Text A

ECONOMICS AS AN ACADEMIC DISCIPLINE

Economics is as old as the human race: it is probably the first art which man acquired. When some cavemen went out to hunt while others remained to defend the fire or when skins were traded for flint axes we had economics. But economics as an academic discipline is relatively new: the first major book on economics Adam Smith's "The Wealth of Nations" was published in 1776. Since that time the subject has developed rapidly and there are now many branches of the subjects such as microeconomics, international economics and econometrics as well as many competing schools of thought.

There is an economic aspect to almost any topic we care to mention of education. Economics is a comprehensive theory of how society works. But as such it is difficult to define. The great classical economist Alfred Marshall defined economics as "the study of man in the everyday business of life".

This is rather too vague a definition. Any definition should take account of the guiding idea in economics which is scarcity. Virtually everything is scarce; not just diamonds or oil but also bread and water. How can we say this? The answer is that one only has to look around the world to realize that

there are not enough resources to give people all they want. It is not only the very poor who feel deprived, even the relatively well-off seem to want more. Thus when we use the word 'scarcity' we mean that:

All resources are scarce in the sense that there are not enough to fill everyone's wants to the point of satiety.

We therefore have limited resources both in rich countries and poor countries. The economist's job is to evaluate the choices that exist for the use of these resources. Thus we have another characteristic of economics: it is concerned with *choice*.

Another aspect of the problem is people themselves; they do not just want more food or clothing, but specific items of clothing and so on.

We have now assembled the three vital ingredients in our definition, people, scarcity and choice. Thus we could define economics as:

The human science which studies the relationship between scarce resources and the various uses which compete for these resources.

The great American economist Paul said that every economic society has to answer three fundamental questions, What, How and For whom.

What? What goods are to be produced with the scarce resource: clothes, food, cars, submarines, television sets?

How? Given that we have basic resources of labor, land, how should we combine them to produce the goods and services which we want?

For whom? Once we have produced goods and services we then have to decide how to distribute them among the people in the economy.

One alternative definition of economics is that it is the study of wealth. By wealth the economist means all the real physical assets which make up our standard of living: clothes, houses, food, roads, schools, hospitals, cars, oil tankers, etc. One of the primary concerns of economics is to increase the wealth of a society, i.e. to increase the stock of economic goods. However, in addition to wealth we must also consider welfare. The concept of welfare is concerned with the whole state of well-being. Thus it is not only concerned with more economic goods but also with public health, hours of work, with law and order, and so on.

Modern economics has tried to take account not only of the output of economic goods but also of economic such as pollution. The wealth welfare connotation is thus a complex aspect of the subject.

II. Find international words in paragraph 1 and translate them.

III. Choose the best endings to the following statements.

1. The first major book on economics Adam Smith's "The Wealth of Nations" was published in ...
 - a) 1876
 - b) 1776
 - c) 1676

2. Economics as an academic discipline is relatively ...
 - a) new
 - b) old
 - c) dull
3. The guiding idea in economics is ...
 - a) production
 - b) planning
 - c) scarcity
4. The economist's job is to evaluate the choices that exist for the use of ...
 - a) resources
 - b) food
 - c) machines
5. One alternative definition of economics is that it is the study of ...
 - a) needs
 - b) wealth
 - c) services
6. The concept of welfare is concerned with the whole state of ...
 - a) health
 - b) law
 - c) well-being
7. The great American economist Paul said that every economic society has to answer ...
 - a) three fundamental questions
 - b) two fundamental questions
 - c) four fundamental questions

III. Make questions using 1-10 and answer them:

1. if economics is as old as the human race;
2. what branches of economics there are;
3. what economics is;
4. what the definition of Alfred Marshall is;
5. what the guiding idea is;
6. who feels deprived;
7. if we have limited resources both in rich countries and poor countries;
8. what people want;
9. how we could define economics;
10. about one of the primary concerns of economics.

IV. Identify the paragraph in the text that talks specifically about wealth and welfare.

V. Find key words, phrases and the topic sentences which best express general meaning of each paragraph.

- VI. Using the information obtained from the paragraphs make an outline of the text.
- VII. Speak about economics using key words, phrases and the topic sentences.

B. Text Study

- I. Read the text. Answer the questions to it and entitle it.
 - a) Why is economics a vital discipline?
 - b) Is economics a how-to-make money area of study?

Text B

A basic understanding of economics is essential if we are to be well informed citizens. Most of the specific problems of the day have important economic aspects, and as voters we can influence the decisions of our political leaders in coping with these problems. Should America adopt mandatory price and wage controls to restrain inflation? Should we pass a constitutional amendment requiring the Federal government to balance its budget? Should we attempt to break up the huge corporations which seem to dominate certain segments of our economy? What can be done to reduce unemployment? Are existing welfare programs effective and justifiable? Should we continue to subsidize farmers? Is there any justification for protecting certain industries from foreign competition? Should income be distributed more equally? Since the answers to such questions are determined in large measure by our elected officials, intelligence at the polls requires that we have a basic working knowledge of economics. Needless to say, a sound grasp of economics is more than helpful to politicians themselves!

Economics is also a vital discipline for somewhat more mundane and immediate reasons. Economics is of practical value in business. An understanding of the overall operation of the economic system puts the business executive in a better position to formulate policies. The executive who understands the causes and consequences of inflation is better equipped during inflationary periods to make more intelligent decisions than otherwise. Indeed, more and more economists are appearing on the payrolls of large corporations. Their job? To gather and interpret economic information upon which economics gives the individual as a worker and income receiver some insights as to how to become more secure in facing the effects of inflation and unemployment.

How can one "hedge" against the reduction in the purchasing power of the dollar which accompanies inflation? What occupations are most immune to unemployment?

In spite of its practical benefits, however, economics is an academic, not a vocational, subject. Unlike accounting, advertising, corporation finance, and marketing, economics is not primarily a how-to-make-money area of study. A knowledge of economics may be helpful in running a business or in managing one's personal finances, but this is not its primary objective. In economics, problems are usually examined from the social, not from the personal, point of view. The production, exchange, and consumption of goods and services are discussed from the viewpoint of society as a whole, not from the standpoint of one's own bankbook.

II. Read the text and decide which of the following statements are correct.

1. A basic understanding of economics is essential for citizens.
2. A sound grasp of economics isn't essential for politicians.
3. Economics is a vital discipline for business.
4. The businessman who understands operation of the economic system is better equipped.
5. Economists can't help businessmen to become more secure in facing the effects of inflation.
6. Economics is a vocational subject.
7. Discussing the problems from the personal point of view is the main objective of economics.

III. Answer the following questions.

1. Can we influence the decisions of our political leaders by voting?
2. Does life require that we have a basic knowledge of economics?
3. Why is economics of practical value in business?
4. Why is economics an academic subject?

IV. Which of the following expresses the main idea of the text best of all?

1. Different economics applications.
2. Economics for citizens.
3. Economics as an academic subject

V. Give the main points of the text in 4-7 sentences.

VI. Speak about different applications and the meaning of economics.

C. Text Study

- I. Read the text and share your opinions on the problems of primary and secondary job of economists. Speak about economics education in the USA and that in our country. Discuss the questions given below the text.

Text C

In the United States, academic economists' primary job is teaching economics. The majority of AEA members do so; the majority of the job listings in the *Journal of Economics* are for teaching jobs, and such jobs pay the salaries of most academic economists. Since most teaching of economics is the teaching of undergraduates, it would follow that one task of graduate schools is to prepare people to do so.

A second important job of economists is to apply economic analysis to the real world. Economists working for government, business, and consulting firms are supposed to do such applied work. Thus, a second task of graduate schools would be to teach people how to do sound applied work.

But preparing people either to teach economics or to do applied economics is not a primary concern to most graduate economics departments today; in most schools, teaching and applied economics are viewed with derision. Graduate schools are principally interested in what they call "theoretical" research. Graduate professors' research interests guide what is taught; the needs of the students and the world outside of academia are frequently forgotten.

Economics education is not succeeding, not because of any problems with methods of teaching, but because the content of what is being taught is flawed. Students are taught how to publish in academic economic journals. The mundane tasks of dealing with real-world data; gaining access to existing knowledge; and critically examining issues, models, and data are not taught. Unless professors acquire, on their own, the skills they need to teach economics, they are not going to have those skills. We believe that the teaching of economics is pulled in two separate directions: one reflects what academic economists actually do - their technical research, which in turn reflect what they are taught in graduate school; and the other reflects what most economists believe they should do.

What is currently taught is deeply connected with criteria for advancement and promotion. Almost from the start of an economist's training, the economist is directed toward technique, toward arriving at definite answers even when only fuzzy answers exist, toward becoming expert at modeling and game playing, but not recognizing the limitations of models - a lack of imagination that has dire consequences when the models influence policy-making. Because of this influence, our concern about the teaching of economics must also reflect a broader concern about economics research - what economists do and why they do it.

Thus we believe that the current situation in graduate economics education is perverse and that the perversity affects everything that economists do.

1. What is the primary job of economists in the United States?
2. What is the second important job of economists?
3. What is a primary concern to most graduate economics departments?
4. Why is economics education not succeeding?
5. What are the two separate directions of economics teaching?

D. Text Study

- I. Read the English text and translate it into Russian in writing.

Text D

THE WORLD'S LIMITED RESOURCES

If there were enough of everything we wanted we should not need to bother how each of us gets a share, we don't for instance, count the number of times we breath, because there is enough air for everybody. But most of the things we want are not free for us as air and we have to find some way of deciding how much each of us can have.

Scarcity is a permanent characteristics of all human society and is the basis of the problem that faces, and always has faced, the human race whatever its form of organization. It springs from the fact that material resources of the world are limited and that our ability to make use of these resources is even more limited by our ignorance. Everything that we need to satisfy our wants has to be derived finally from two sources - the natural resources that are available and the human ability to make use of them. As our knowledge grows and we increase our skill, we can exploit more and more of opportunities that nature offers to us. The increase in communications, for example, has brought within our reach the resources of vast areas that were closed for us before; the development in scientific knowledge has made accessible many valuable minerals from depths below the earth's surface that could not be reached by earlier generations. But whatever the rate of development may be there is, at any one time, a limit to the total of what can be produced.

Very early in our childhood we are taught that you can't have your cake and eat it, and this is only putting in another way the fact that you can't use the same resources to produce two separate things at the same time. If you want to grow cabbages on a bit of land you cannot also use it for a tennis court; if you spend a couple of hours in a cinema you can't also use them for digging the garden or painting a picture. You have to choose which of the

many possible uses to which you could put the same materials or the same time is the one you prefer, in the knowledge that the price you pay consists of all the other alternatives you have thereby given up. This inescapable fact has nothing to do with any particular form of economic and social organization; it is part of human experience. As far as we can judge, there is no limit to wants; in fact, the growth of civilization is largely the development of new wants or new kinds and, varieties of old wants - physical, intellectual, emotional, esthetic, spiritual.

II. Translate from Russian into English in a written form.

Ресурсы — это факторы, используемые для производства экономических благ. Под экономическими ресурсами понимаются все природные, людские и произведенные человеком ресурсы, которые используются для производства товаров и услуг.

Все разнообразие ресурсов можно классифицировать в соответствии с различными подходами. Ресурсы подразделяются на следующие виды: 1) материальные ресурсы — земля, или сырьевые материалы, и капитал; 2) людские ресурсы — труд и предпринимательская деятельность.

К этому понятию “земля” относятся все естественные ресурсы: пахотные земли, леса, месторождения полезных ископаемых, водные ресурсы (ресурсы рек, морей и океанов).

Понятие “капитал, или инвестиционные ресурсы”, охватывает все произведенные средства производства, используемые в производстве товаров и услуг и доставке их конечному потребителю (здания, сооружения, оборудование и т. п.). Процесс производства и накопления средств производства называется инвестированием.

Термином “труд” обозначают все физические и умственные способности людей, применяемые в производстве товаров и услуг.

Под предпринимательской способностью или, проще, предприимчивостью понимается особый вид человеческих ресурсов, заключающийся в способности наиболее эффективно использовать все другие факторы производства.

Все экономические ресурсы, или факторы производства, обладают одним общим свойством: они редки или имеются в ограниченном количестве. Эта редкость относительна и означает, что ресурсов, как правило, меньше, чем необходимо для удовлетворения всех потребностей при данном уровне экономического развития. Ограничены определенным пределом и пахотные земли, и полезные ископаемые, и средства производства, и рабочая сила (рабочее время). Вследствие редкости ресурсов объем производства ограничен. Общественное производство не способно произвести, а следовательно, и потребить весь объем товаров и услуг, который общество хотело бы получить.

E. Text Study

I. Read the text for general comprehension.

Text E

METHODOLOGY

What do economists do? What are their goals? What procedures do they employ? Economists derive economic *principles* which are useful in the formulation of *policies* designed to solve economic *problems*. The procedure employed by the economist is summarized in Figure 1-1. The economist must first ascertain and gather the facts which are relevant to consideration of a specific economic problem. This task is sometimes called descriptive economics. The economist then puts this collection of facts in order and summarizes them by "distilling out" a principle, that is, by generalizing about the way individuals and institutions actually behave. Deriving principles from facts is called economic theory or "economic analysis." Finally, the general knowledge of economic behavior which economic principles provide can then be used

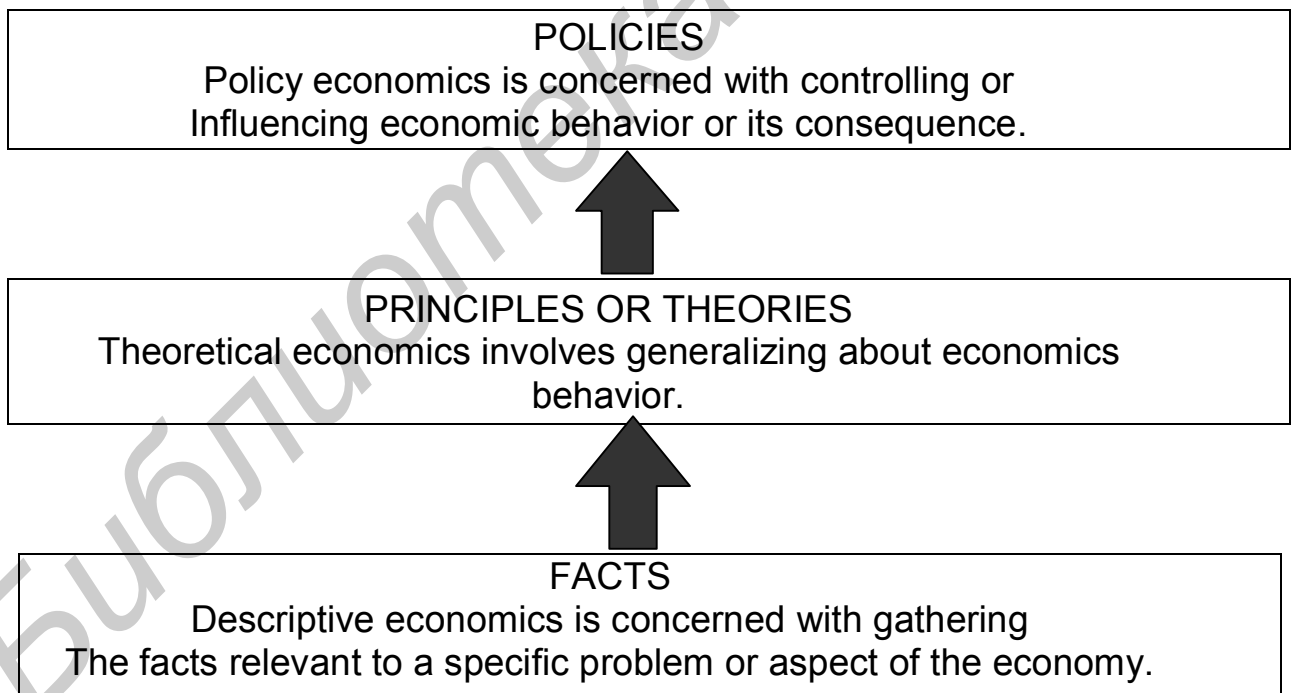


FIGURE 1-1

The relationship between facts, principles, and policies in economics. In studying any problem or segment of the economy, the economist must first gather the relevant facts. These facts must then be systematically arranged, interpreted, and generalized upon. These generalizations are useful not only in explaining economic behavior, but also in predicting and therefore controlling future events.

in formulating policies, that is, remedies or solutions, for correcting or avoiding the problem under scrutiny. This final aspect of the field is sometimes called "applied economics" or policy economics.

Continuing to use Figure 1-1 as a point of reference, let us now examine this three-step procedure in more detail.

Descriptive economics

All sciences are empirical. All sciences are based upon facts, that is, upon observable and verifiable behavior of certain data or subject matter. In the physical sciences the factual data are inorganic. As a social science, economics is concerned with the behavior of individuals and institutions engaged in the production, exchange, and consumption of goods and services.

The first major step, then, in investigating a given problem or a specific segment of the economy is to gather the facts. This can be an infinitely complex task. The world of reality is cluttered with a myriad of interrelated facts. The economist therefore must use discretion in fact gathering. One must distinguish economic from noneconomic facts and then determine which economic facts are relevant and which are irrelevant for the particular problem under consideration. But even when this sorting process has been completed, the relevant economic facts may appear diverse and unrelated.

Economic theory

A conglomeration of facts is relatively useless; mere description is not enough. To be meaningful, facts must be systematically arranged, interpreted, and generalized upon. This is the task of economic theory or analysis. Principles and theories - the end result of economic analysis - bring order and meaning to a number of facts, by tying these facts together, putting them in correct relationship to one another, and generalizing upon them: "Theories without facts may be barren, but facts without theories are meaningless."

The interplay between the levels of fact and theory is more complex than Figure 1-1 indicates. Principles and theories are meaningful statements drawn from facts but facts, in turn, serve as a constant check on the validity of principles already established. Facts - how individuals and institutions actually behave in producing, exchanging, and consuming goods and services change with time. This makes it essential that economists continuously check existing principles and theories against the changing economic environment. The history of economic ideas is strewn with once valid generalizations about economic behavior which were rendered obsolete by the changing course of events.

Formulating economic policy.

The creation of specific policies designed to achieve the broad economic goals of our society is no simple matter. A brief examination of the basic steps in policy formulation is in order.

1. The first step is to make a clear statement of goals. If we say that we have "full employment," do we mean that everyone between, say, 16 and 65 years of age has a job? Or do we mean that everyone who wants to work has a job? Should we allow for some "normal" unemployment caused by workers' voluntarily changing jobs?

2. Next, we must state and recognize the possible effects of alternative policies designed to achieve the goal. This entails a clear-cut understanding of the economic impact, benefits, costs, and political feasibility of alternative programs. Thus, for example, economists currently debate the relative merits and demerits of fiscal policy (changing government spending and taxes) and monetary policy (altering the supply of money) as alternative means of achieving and maintaining full employment.

3. We are obligated to both ourselves and future generations to look back upon our experiences with chosen policies and evaluate their effectiveness; it is only through this type of evaluation that we can hope to improve policy applications. Did a given change in taxes or the supply of money alter the level of employment to the extent originally predicted? If not, why not?

Illustration

It might be useful at this juncture to bring the salient points of our discussion together in a brief illustration. Suppose we decide to investigate the relationship between income and consumption for the economy as a whole. In this case the relevant facts have been gathered for us by governmental agencies and we simply turn to published government documents and record the relevant data, a sampling of which is shown in Table 1-3. Do these data suggest a *principle*? They clearly do: Examining columns 2 and 3, we observe that *consumption varies directly with disposable (after-tax) income*. But our generalization will be more useful if it can be quantified. This is achieved through column 4 wherein consumption is expressed as a percentage of disposable income. Our generalization can now be stated with greater precision: *Households consume approximately 92 percent of their disposable incomes*. Is this knowledge useful for public policy? Yes, indeed! Suppose that the total level of spending is

Table 1-3

The relationship between disposable income and consumption (columns 2 and 3 in billions of dollars).

(1) Year	(2) Disposable income	(3) Consumption	(4) = (3) ÷ (2) Consumption/Dis posable income
1960	\$349	\$325	93%
1963	403	375	93
1966	510	465	91
1969	630	580	92
1972	801	733	92
1975	1,087	979	90
1978	1,451	1,340	92
1982	2,173	1,972	91
1985	2,801	2,582	92

so low that national output is far below the economy's productive potential and we are faced with the problem of substantial unemployment. Our generalization will permit economists to predict the size of the tax cut which will be required to increase disposable incomes and stimulate consumer spending sufficiently so as to restore production to the full-employment level.

- II. Write down key words and phrases from each paragraph which best describe the atmosphere and its meaning.
- III. Write down possible headlines which best express the main idea of each paragraph.
- IV. Reduce the text to one fifth of its original length giving the most important information.

Writing

How Writing Summaries Can Help You

Practice in writing summaries will benefit you in important ways as a student and as a writer:

- It will give you practice in close, attentive reading, and train you to do justice to what you read (rather than reading into a work only what is familiar to you).
- It will strengthen your sense of structure in writing: how a writer organizes material, develops his or her points, and moves from one point to another.
- It will develop your sense of what is important in a written work, enabling you to distinguish between key points, the material backing them up, specific examples and illustrations, and mere asides.

Five Ways to Improve Your Writing.

Even if your future plans don't include becoming the next Shakespeare or Hemingway, writing is one of the most valuable skills you'll ever learn. Throughout your school years, in college, and beyond, no matter what career you decide on, you'll need to be able to express yourself clearly. Here are five tips to help you become the best writer you can be.

Learn the rules. Mastering the rules of grammar, spelling, and punctuation is a bit like learning to ride a bike. The process might be painful but the results are worth it. The more you learn about the basic foundations of good writing, the easier, smoother, and more fun the writing process will be.

Stick to the main idea. Before you start writing, identify and write down a sentence or two that identifies exactly what you're trying to tell about or say. This writing "blueprint" is called a thesis statement. Everything you include in your paper, essay, or other writing should support your thesis statement. A clear thesis statement will help you stay on topic and reduce clutter in your writing.

Keep it simple. Use plain, clear language whenever possible. You may think fancy words make you sound smart, but it's more important to make sure readers understand your meaning than it is to impress them with your vocabulary.

Review and revise. Every piece of writing can benefit from some tweaking and polishing. Read your finished draft with a critical eye, marking changes to make later. If possible, ask a friend to read it and make comments too. This feedback will help you avoid embarrassing mistakes and will also help improve your writing.

Use reference tools. Keep a dictionary and a thesaurus handy - whether hard-copy books or electronic versions - to look up words and check spelling. Make a habit of looking up words you don't know. There are lots of good writing resources on the Internet, too. Find your favorites and use them often.

Grammar Study

I. Study the rule.

We use the present simple tense:

- ◆ to describe a regular event
- ◆ to express a general truth

We use the present continuous tense to describe:

- ◆ something that is happening at the moment
- ◆ an arrangement in the future.

II. Complete the sentences. Put the verbs into the correct form.

1. Most thing we free in nature. (want, not/ be)
2. She ... a lot of different jobs in the firm. (do)

3. At the moment the director ... the problem and the secretary ... the telephone. (discuss, answer)
4. As our knowledge ... we ... more and more opportunities. (grow, exploit)
5. The growth of civilization ... largely the development of new wants. (be)
6. They ... at five o'clock most days but they ... late today. (finish, work)
7. Professional corporations ... more common now. (become)
8. We ... a meeting next week. (plan)

III. Complete the sentences using one of these verbs and verbal phrases in the present simple or the present continuous tenses.

- a) *be, have, appear, mean, do, be going to have, be;*
 b) *involve, be going to take, go, mean, change, attempt, should/look, use.*
 Mind the use of the active or passive voice.

a)

1. Economics ... the first art which man acquired.
2. We ... limited resources both in rich countries and poor countries.
3. By wealth the economist ... all the real assets which make up our standard of living.
4. ... there any justification for protecting certain industries from foreign competition?
5. More and more economists ... on the payrolls of large corporations now.
6. They ... the skills they need to teach economists.
7. What economists ... ?

b)

- 8 It is the directors who determine the direction the business ...
- 9 It ... planning to ensure that the business first survives and then flourishes.
- 10 What it ... to be a manager?
- 11 Every business has to decide where it
- 12 Speculators ... always to the future and ... to anticipate events.
- 13 Technological innovations and increased competition ... the face of British banking now.
- 14 Banks and other financial institutions ... computer technology now.

IV. Fill in the gaps with the prepositions *of, in, to, by* or *with*.

1. Graduate schools are principally interested ... what they call "theoretical" research.
2. Economic education is not succeeding, because the content ... what is being taught is flawed.
3. The tasks of dealing with real-world data, gaining access ... existing knowledge are not taught.
4. What is currently taught is connected ... criteria for advancement and promotion.

5. Material resources of the world are limited and our ability to make use ... these resources is even more limited ... our ignorance.
6. The price you pay consists ... all the other alternatives you have thereby given up.
7. This fact has nothing to do ... any particular form of economic and social organization.
8. The economist then puts this collection of fact ... order.
9. Economics is concerned ... the behavior of individuals and institutions engaged in production, exchange, and consumption of goods and services.

UNIT II

Companies

Vocabulary Study

Nouns and noun phrases

1. asset(s) – актив(ы)
2. bankruptcy – банкротство
3. board – правление
board of directors правление директоров, дирекция (правление) корпорации
4. charter – устав
5. company – компания
limited company – компания с ограниченной ответственностью
6. debt – долг
7. entity – существо, организм, организация
8. expences – расходы
9. fee – гонорар
10. flexibility – гибкость
11. imprisonment – тюремное заключение, заточение
12. insanity – душевная/психическая болезнь, безумие, невменяемость
13. lender – заимодавец
14. liabilities – пассивы
15. licence – лицензия
16. management – управление, руководство
17. objective – цель
18. operation – операция, деятельность, работа, эксплуатация
19. owner – собственник
ownership - собственность
20. partner – партнёр
partnership – товарищество, партнёрство

21. proprietor –владелец, хозяин
 proprietorship –собственность
 sole proprietorship – единоличное владение
22. retail – розничная продажа
 retail store – магазин розничной торговли
23. retirement – отставка, выход на пенсию
24. revenue – доход
25. share – акция
 shareholder - акционер
26. tax – налог
27. whim – прихоть, каприз

Adjectives

1. complementary – дополнительный
2. leery – хитрый, недоверчивый
3. legal – законный, легальный
4. liable – ответственный

Verbs and verbal phrases

1. borrow – одалживать
2. charge – нагружать
 be charged – he was charged with – ему было поручено
3. dissolve – распускать, расторгать, растворять
4. entail – влечь за собой
5. involve – вовлекать, влечь за собой, вытекать
 be involved – быть вовлечённым
6. pledge – отдавать в долг, закладывать, обязываться, ручаться

Adverbs

1. consequently – следовательно, значит, стало быть

I. Read and translate the following words and word combinations. Mind the stress: a) on the first syllable; b) on the second syllable; c) on two syllables.

- a) Asset, company, entity, charter, lender, owner, partner, retail, revenue, legal, leery, liable, management;
- b) expences, imprisonment, insanity, objective, proprietor, retirement, dissolve, entail, involve;
- c) flexibility, liability, operation, complementary.

II. Match the words with the definitions below.

Stock, shareholder, assets, ownership, charter, debt, liabilities, retail, partnership, tax.

1. Owner of shares.
 2. Money lent to a government in return for interest; shares in the capital of a business company.
 3. Anything owned by a person, company, etc. that has money value and that may be sold to pay debts.
 4. Right of possessing.
 5. A business owned by two or more people.
 6. An amount of money that you have to pay to the government so that it can pay for public services.
 7. The sums of money which a company or organization owes, for example because it has made promises or signed agreement.
 8. Written or printed statement of rights, permission to do something, especially from a ruler or government.
 9. Payment, which must be, but has not yet been, paid to somebody; obligation.
 10. Sale of goods (usually in small quantities) to the general public, not for resale.
- III. Mind that the words *stocks* and *shares* have certain similarities in meaning, but are not exactly the same.

Although these words are often used as synonyms there is a difference in meaning.

1. *Stocks* are similar to loans and pay interest. In the UK, they are known as *debentures* (if issued by companies) or *gilts* if issued by the government. The interest is usually at a fixed rate. They are a safe investment as companies are obliged to pay interest and repay the capital whether or not the firm is making a profit. However, the return on the investment is likely to be lower than on *shares*.
2. *Shares* pay *dividends* rather than interest and enable the *bearer* to own a part of the company. If a company goes *bankrupt*, the *shareholders* will only be repaid after all the other creditors. As the term *equity* can be defined as what remains when all other claims on a company's assets have been met, *stock* and *equity* are interchangeable terms. There are many varieties of shares; these are some of the most important.
 - 2.1 *Ordinary shares* give the bearer the right to vote, appoint and remove directors and the right to receive a dividend.
 - 2.2 *Preference shares* give the holder the right to receive dividends before ordinary shareholders and priority if the company is liquidated. However, the dividend is fixed.
 - 2.3 *Cumulative preference shares* entitle the bearer to be paid in arrears

if a dividend is not paid in any one year.

3. *Stocks, shares and bonds* are known collectively as *securities*.

IV. Using a dictionary add as many words as possible into the table. An example has been given to help you.

Verbs	Adjectives	Nouns
1. to flex	flexible	Flexibility
2.		Management
3.		Operation
4.		Owner
5.		Retirement
6.		Tax
7. to charge		
8. to dissolve		
9.	complementary	
10.	legal	

V. Make adjective from the following nouns.

Nouns

Adjectives

leer
liability
complement
legalism

VI. Make nouns from the following verbs.

Verbs

Nouns

to borrow
to entail
to involve
to pledge
to lend

VII. Make verbs from the following nouns.

Nouns

Verbs

imprisonment
licence
objective
board
expences

VIII. Choose the words with similar meaning from the two groups and arrange them in pairs.

A. Objective, lender, board, charter, expenses, management, owner, revenue.

B. Creditor, governing body, regulations, overheads, aim, administration, proprietor, income.

IX. What are the opposites?

Legal, leery, complementary, to borrow, expenses, operation.

X. Complete the sentences with the words from the box below.

Single, ownership, sole proprietorship, flexibility, individuals, liability, own, to operate, directors, stock.

1. There are three major legal forms of ... : sole proprietorship, the partnership and the limited company.
2. A sole proprietorship is owned and operated by a ... individual.
3. A ... can be dissolved as easily as it can be started.
4. A sole proprietorship offers the owner freedom and ... in making decisions.
5. A partnership is an unincorporated enterprise owned by two or more
6. One partner may possess the management skills ... the firm.
7. In partnerships, the unlimited ... is both joint and personal.
8. Limited companies are separate from the people who ... and manage them.
9. The owners of limited companies elect a board of ... at an annual meeting.
10. Shareholders of corporations can only lose the amount of money they have invested in company

XI. Make up your own sentences using the following words and word combinations.

Forms of ownership, sole proprietorship, a single individual, most common form of ownership; partnerships, easy to start, partners, to be legally liable for all debts, owners, limited companies, board of directors.

XII. Translate into English.

1. Единоличное владение – самая простая форма организации бизнеса.
2. Единоличное владение предоставляет владельцу свободу и гибкость в принятии решений.
3. Владелец ответственен за все долги компании.
4. Время существования компании может быть ограничено банкротством, тюремным заключением, уходом на пенсию, прихотью владельца и т.д.
5. Заимодавцы предпочитают вкладывать деньги в партнерства, чем в единоличные владения, поскольку все партнеры являются финансово ответственными.
6. Партнерства не так легко распускаются, как единоличные владения.
7. В компаниях с ограниченной ответственностью собственность представлена акциями акционерного капитала.
8. Акционеры могут только потерять деньги, инвестированные в корпорации.
9. Дивиденды акционеров корпораций облагаются налогом на основе индивидуального принципа.
10. Компания обязана посылать акционерам ежегодный отчет, отражающий финансовое состояние фирмы.

A. Text Study

- I. Read the text to get the gist of it. Answer the following questions.
 - a) What is the most risky form of ownership?
 - b) What form of ownership is the least easy to dissolve?

Text A

FORMS OF OWNERSHIP

There are three major legal forms of ownership: sole proprietorship, the partnership and the limited company. It is important to note which form of ownership is involved because the different characteristics of each will have implications for the operation of the firm. The following section explains the various forms of ownership, their advantages and disadvantages.

Sole Proprietorship

A sole proprietorship is a business owned and usually operated by a single individual. Its major characteristic is that the owner and the business are one and the same. In other words, the revenues, expenses, assets and liabilities of the sole proprietorship are the revenues, expenses, assets,

liabilities of the owner. A sole proprietorship is also referred to as the proprietorship, single proprietorship, individual proprietorship, and individual enterprise.

A sole proprietorship is the oldest and most common form of ownership. Some examples include small retail stores, doctors' and lawyers' practices and restaurants.

Advantages

A sole proprietorship is the easiest form of business to organize. The only legal requirements for starting such a business are a municipal licence to operate a business and a registration licence to ensure that two firms do not use the same name. The organization costs for these licences are minimal.

A sole proprietorship can be dissolved as easily as it can be started. A sole proprietorship can terminate on the death of the owner, when a creditor files for bankruptcy, or when the owner ceases doing business.

A sole proprietorship offers the owner freedom and flexibility in making decisions. Major policies can be changed according to the owner's wishes because the firm does not operate under a rigid charter. Because there are no others to consult, the owner has absolute control over the use of the company's resources.

Disadvantages

As mentioned earlier, the financial condition of the firm is the same as the financial condition of the owner. Because of this situation, the owner is legally liable for all debts of the company. If the assets of the firm cannot cover all the liabilities, the sole proprietor must pay these debts from his or her own pocket. Some proprietors try to protect themselves by selling assets such as their houses and automobiles to their spouses.

A sole proprietorship, dependent on its size and provision for succession, may have difficulty in obtaining capital because lenders are leery of giving money to only one person who is pledged to repay.

A proprietorship has a limited life, being terminated on the death, bankruptcy, insanity, imprisonment, retirement, or whim of the owner.

Partnerships

A partnership is an unincorporated enterprise owned by two or more individuals. A partnership agreement, oral or written, expresses the rights and obligations of each partner. For example, one partner may have the financial resources to start the business while the other partner may possess the management skills to operate the firm. There are three types of partnerships: general partnerships, limited partnerships, and joint ventures. The most

common form is the general partnership, often used by lawyers, doctors, dentists, and chartered accountants.

Advantages

Partnerships, like sole proprietorships, are easy to start up. Registration details vary by province, but usually entail obtaining a license and registering the company name. Partners' interests can be protected by formulation of an "Agreement of Partnership". This agreement specifies all the details of the partnership.

Complementary management skills are a major advantage of partnerships. Consequently partnerships are stronger entity and can attract new employees more easily than proprietorships.

The stronger entity also makes it easier for partnerships to raise additional capital. Lenders are often more willing to advance money to partnerships because all of the partners are subject to unlimited financial liability.

Disadvantages

The major disadvantage of partnerships is that partners, like sole proprietors, are legally liable for all debts of the firm. In partnerships, the unlimited liability is both joint and personal. Partners are also legally responsible for actions of other partners. Partnerships are not as easy to dissolve as sole proprietorships.

Limited companies

Limited companies, unlike proprietorships or partnerships, are created by law and are separate from the people who own and manage them. Limited companies are also referred to as corporations. In limited companies, ownership is represented by shares of stock. The owners, at an annual meeting, elect a board of directors which has the responsibility of appointing company officers and setting the enterprise's objectives.

Advantages

Limited companies are the least risky from an owner's point of view. Shareholders of corporations can only lose the amount of money they have invested in company stock.

Corporations can raise larger amounts of capital than proprietorships or partnerships through the addition of new investors or through better borrowing power.

Limited companies do not end with the death of owners.

Disadvantages

It is more expensive and complicated to establish corporations proprietorships or partnerships. A charter, which requires the services of a lawyer, must be obtained through provincial governments or the federal government. In addition to legal costs, a firm is charged incorporation fees for its charter by the authorizing government.

Limited companies are subject to federal and provincial income taxes. Dividends to shareholders are also taxed on an individual basis.

With diverse ownerships, corporations do not enjoy the secrecy that proprietorships and partnerships have. A company must send each shareholder an annual report detailing the financial condition of the firm.

- II. Find international words in paragraphs 10 and 11.
- III. Read the text again and choose the best endings to the following statements.
 1. A sole proprietorship is a business owned and usually operated by ...
 - a) two or more individuals
 - b) a single individual
 - c) shareholders
 2. A sole proprietorship is ...
 - a) the oldest form of ownership
 - b) the youngest form of ownership
 - c) the least risky form of ownership
 3. Only a municipal and registration licences are necessary for starting ...
 - a) a sole proprietorship
 - b) a partnership
 - c) a limited company
 4. A sole proprietorship can be dissolved ...
 - a) with great difficulties
 - b) not easily
 - c) easily
 5. A proprietorship has ...
 - a) a limited life
 - b) an unlimited life
 - c) a long life
 6. A partnership agreement, oral or written, expresses the rights and obligations of ...
 - a) the owner
 - b) each partner
 - c) shareholders

7. General partnerships, limited partnerships, and joint ventures are three types of
 - a) limited companies
 - b) sole proprietorships
 - c) partnerships
8. The most common form of partnerships is
 - a) the general partnership
 - b) the limited partnership
 - c) the joint venture
9. Partnerships can attract new employees more easily than
 - a) limited companies
 - b) proprietorships
 - c) corporations
10. In partnerships, the unlimited liability is
 - a) joint
 - b) personal
 - c) joint and personal
11. From an owner's point of view limited companies are
 - a) the most risky
 - b) the least risky
 - c) risky
12. Dividends to shareholders are taxed on
 - a) an individual basis
 - b) a common basis
 - c) both individual and common basis

IV. Complete the unfinished questions in column A that are answered in column B.

A	B
How many ... ?	3 major forms of ownership.
How many ... ?	1 individual.
How many ... ?	2 or more individuals.
How many ... ?	3 types of partnerships.
What ... ?	Shares of stock.
What ... ?	A board of directors.
What ... ?	Secrecy.

- V. Find key words, phrases and the topic sentences which best express general meaning of each paragraph.
- VI. Using the information obtained from the paragraphs make an outline of the text.

VII. Speak about forms of ownership using key words, phrases and the topic sentences.

B. Text Study

- I. Read the text. Answer the following questions.
Does the board of directors make mostly strategic or tactical decisions?
Are there any advantages of the situation that part-time directors can be elected to the board?

Text B

THE BOARD OF DIRECTORS

The board of directors of a limited company is primarily responsible for determining the objectives and policies of a business. It is the directors who determine the direction the business is going to take. They will need to ensure that the necessary funds are available and will appoint key staff to whom they will delegate the authority to run the business on a day-to-day basis. They will need to design an effective organization structure so that there is both a chain of command linking one level of management with another and an effective communication network so that instructions can be passed downward and information passed upward.

The directors are appointed by the shareholders, normally at the company's annual general meeting, at which the chairman of the board will be expected to account for their stewardship the previous year. The company's accounts will be presented to the shareholders at that time so they can judge for themselves whether or not the board has been successful.

Direction in business is like strategy in war situation. The strategic decisions determine the areas in which the company's resources will be employed. Above all it involves planning to ensure that the business first survives and then flourishes. Strategic decisions, made by the board of directors, are concerned with the disposition of resources. These contrast with the tactical decisions by means of which the senior executives (appointed by the directors) carry out in detail the plans conceived or approved by the board of directors.

The fact that boards of directors tend to meet rather infrequently, say once a week, means that part-time directors can be elected to the board. Since they will not have departmental responsibilities within the company they are often described as non-executive directors. There are arguments in favour of such directors though they may lack a detailed knowledge of the company's activities. They may bring expertise to the board. Some are lawyers, or experts in tax affairs. Some represent influential groups of shareholders whose support is necessary if the board is going to carry out its

plans, while others are directors in a number of companies and are used to interlock boards within a group of companies. For example, a holding (or parent) company may appoint a director from their board to serve on the board of a subsidiary company, with a view to keeping a watching brief on the directors' activities.

II. Read the text again and decide which of the following statements are correct.

1. The board of directors of a limited company doesn't determine the objectives and policies of a business.
2. Key staff usually runs the business on a day-to-day basis.
3. The shareholders elect the board of directors at the company's annual general meeting.
4. The board of directors doesn't make any decisions concerning the disposition of resources.
5. The senior executives carry out the plans by means of strategic decisions.
6. Non-executive directors can't be elected to the board of directors.

III. Answer these questions in your own words.

1. How would you describe the role of the board of directors?
2. And the role of the senior executives?
3. What happens at the annual general meeting?
4. What is the difference between a strategic and a tactical decision?
5. What part can non-executive directors play in the proceedings?
6. What objections might be raised against the appointment of non-executive directors?
7. What is meant by an interlocking board of directors?
8. How is it that a board of directors can control a company though they only meet, say, once a week?

IV. Which of the following best expresses the main idea of the text of all?

1. The board of directors is responsible for determining the objectives and policies of a business.
2. Direction in business is like strategy in a war situation.
3. The board of directors designs an effective organization structure.

V. Give the main points of the text in 5-10 sentences.

C. Text Study

I. Fill in the blanks in this text, using the words from the list below.

Text C

EXECUTIVE DIRECTORS

A modern business enterprise is often a system requiring a lot of, which is provided by the public when they shares in the company. Since they have the capital, it is appropriate that they choose the people who are to the company for them, namely the board of directors. Many of the also have executive responsibilities. Thus, a marketing director might be a full director of the board, by the shareholders at the annual meeting like the other directors. Yet he might also be responsible for the day-to-day of the marketing department. Most of his time will be on administrative matters, organizing market research, dealing with and generally ensuring that the sales are maximized. But he will function as a director when the board of directors meets. The of managing director also the roles of chief executive with membership of the board and this allows him to act as a vital between the board of directors and their management team. The managing director is often also chairmen of the board of directors.

Executive directors have the advantage that they are..... involved with the affairs. If the board of directors wish to move in a direction the executive directors will know whether such a of action is practicable. For example, the board might wish to their products in a particular market. The market would be profitable for the company, but the director knows that his team of salespeople lack the experience to take advantage of the situation. Or perhaps the board would like to the advertising expenditure during the year but thedirector knows that the company will have to meet some heavy commitments during the months and it would be better to the campaign.

Perhaps the best board is one which contains a of executive and non-executive directors. In this way the board has the of some directors who know the practical problems by the business, while others bring their own of expertise to the boardroom discussions.

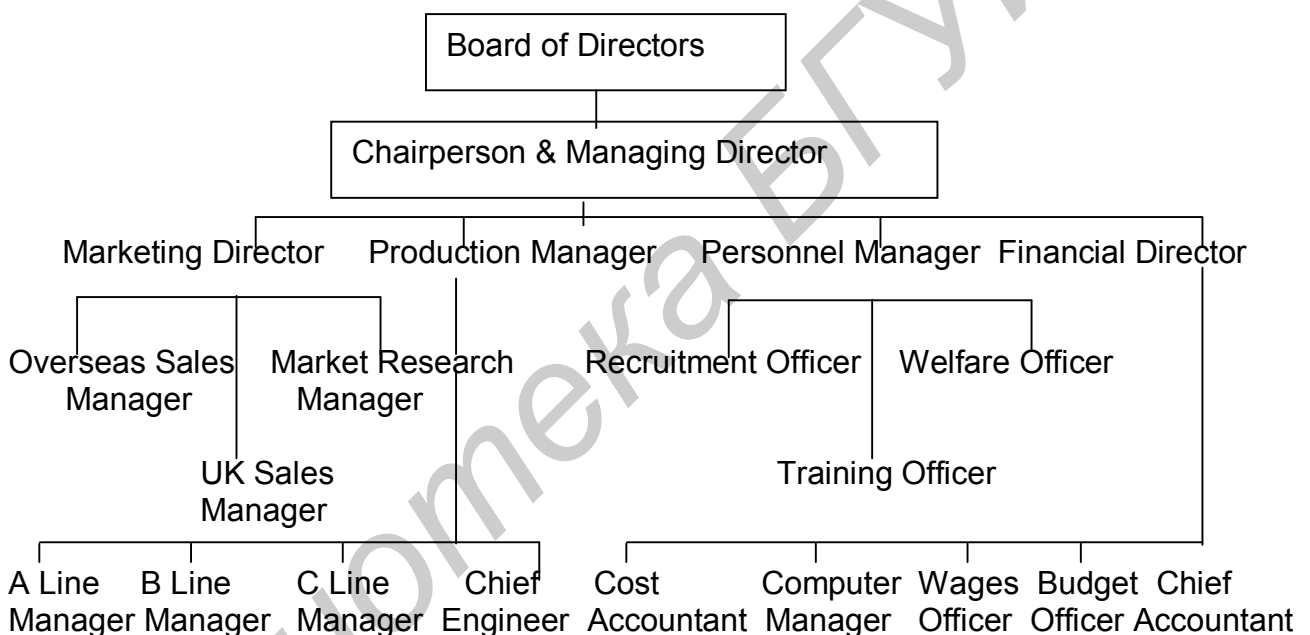
Link	company's	actively	coming
Increase	delay	sell	company's
Capital	Provided	run	spent

Certain	Mixture	brand	overseas
Combines	Course	coming	faced
Benefit	Appointed	marketing	financial
General	Advertising	complex	buy
Directors	Management	post	appointed

II. Study the chart and answer the questions.

The organization chart

Romford Engineering is a public limited company and its shares are quoted on the London Stock Exchange. The chart below shows the lines of communication and command between the company's senior officials.



After studying the chart you are required to answer the following questions:

1. Who do the Marketing Director, the Production Manager, the Personnel Manager and the Financial Director (in other words the Departmental Heads) take their orders from?
2. Who do the Line Managers and the Chief Engineer take orders from?
3. If the Managing Director and the Production Manager had a meeting, what do you think they might discuss?
4. How many executive directors are there in Romford Engineering?
5. If the Computing Manager was sending information to the Managing Director should he send it through the Financial Director? Why?
6. How many immediate subordinates does each of the Departmental Heads have?
7. In what circumstances do you think the Marketing Director and the Production Manager might have conflicting interests?

8. Would you expect the Chief Engineer to be paid more or less than the Production Manager? Why?
9. What sort of work would you expect the Wages Officer to do?
10. If there was a dispute between one of the line managers and the Chief Engineer how would you expect it to be settled?
11. If there was a dispute between the Marketing Director and the Financial Director how would you expect it to be settled?

D. Text Study

- I. Read the English text and translate it into Russian in writing.

Text D

LARGE CORPORATIONS

Although there are many small- and medium-size corporations, bigger business units are needed to perform certain services in the vast American economy. Large corporations can supply goods and services to a greater number of people across a wider geographic area than small businesses. They serve consumers across the nation and across the world. Corporate products tend to cost less because of the large volume and small overhead costs per unit sold.

Moreover, consumers benefit from the availability of corporate “brand names”, which they recognize as guaranteeing a certain level of quality wherever purchased.

Large corporations also have the financial strength to research, develop and produce new goods. Their scientific know-how, innovation and technical capability are critical to maintaining the nation’s competitiveness and productivity.

In the United States, a corporation is a specific legal form of organization of persons and resources chartered by one of the 50 states for the purpose of conducting business. When people and resources are brought together to form a corporation, the result – in the eyes of the law – is a person. (indeed, the Latin word corpus means “body” or “person”.) A U.S. corporation, distinct from any individual human being, may own property, sue or be sued in court and make contracts. For this reason, a corporation is an ideal vehicle for the conduct of business by many smaller enterprises as well as larger ones.

Some 500 major corporations occupy an important role in American business, although in some respects it has been a declining one. From 1978 to 1990, the profits of these 500 firms taken together have risen from \$61.5 thousand-million to \$93.3 thousand-million and assets have risen from

\$ 898.5 thousand-million to \$2,298.6 thousand-million. In 1990 some 12.4 million people were employed by these firms, 1 million fewer than in 1986.

II. Translate from Russian into English in a written form.

A

1. Корпоративная форма бизнеса является более гибким инструментом для широкомасштабной экономической деятельности, чем единоличное владение или партнерство.
2. Первое, она защищает своих владельцев, освобождая их от индивидуальной ответственности перед законом, когда они представляют бизнес.
3. Второе, владельцы акций капитала обладают ограниченной ответственностью, они не отвечают за долги корпорации. Если акционер заплатил 100\$ за 10 акций капитала и корпорация становится банкротом, он или она могут потерять 100 инвестированных долларов.
4. Третье, капитал корпорации можно перемещать. Потеря интереса к делу, болезнь и т.п. отдельного лица не наносят ущерб корпорации.

B

Партнерство как форма организации бизнеса в большей или меньшей степени является естественным развитием единоличного владения. В попытке преодолеть некоторые из основных недостатков единоличного владения родилась такая форма бизнеса, как партнерство. Само название объясняет суть этой формы. Партнерство – это форма организации бизнеса, при которой два или более отдельных лица договариваются о владении предприятием и его управлении. Обычно они объединяют свои финансовые ресурсы и умение вести дела. Подобным образом они распределяют риски, а также прибыли или убытки, которые могут выпасть на их долю. По степени участия в деятельности предприятия партнерства бывают разные. В некоторых случаях все партнеры играют активную роль в функционировании предприятия, в других случаях – один или несколько участников могут быть «молчаливыми», то есть играть пассивную роль. Это означает, что они вкладывают свои финансовые средства в фирму, но не принимают активного участия в управлении ею.

E. Text Study

- I. Read the text for general comprehension.

Text E

HOW CORPORATIONS RAISE CAPITAL

The large corporation has grown to its present size in part because it has found innovative ways to raise new capital for further expansion. Five primary methods used by corporations to raise new capital are:

Issuing bonds

A bond is a written promise to pay a specific amount of money at a certain date in the future or periodically over the course of a loan, during which time interest is paid at a fixed rate on specified dates. Should the holder of the bond wish to get back his money before the note is due, the bond may be sold to someone else. When the bond reaches "maturity", the company promises to pay back the principal at its face value.

Bonds are desirable for the company because the interest rate is lower than in most other types of borrowing. Also, interest paid on bonds is a tax deductible business expense for the corporation. The disadvantage is that interest payments ordinarily are made on bonds even when no profits are earned. For this reason, a smaller corporation can seldom raise much capital by issuing bonds.

Sales of common stock

Holders of bonds have lent money to the company, but they have no voice in its affairs, nor do they share in profits or losses. Quite the reverse is true for what are known as "equity" investors who buy common stock. They own shares in the corporation and have certain legal rights including, in most cases, the right to vote for the board of directors who actually manage the company. But they receive no dividends until interest payments are made on outstanding bonds.

If a company's financial health is good and its assets sufficient, it can create capital by voting to issue additional shares of common stock. For a large company, an investment banker agrees to guarantee the purchase of a new stock issue at a set price. If the market refuses to buy the issue at a minimum price, the banker will take them and absorb the loss. Like printing paper money, issuing too much stock diminishes the basic value of each share.

Issuing preferred stock

This stock pays a "preferred" dividend. That is, if profits are limited, the owners of preferred stock will be paid dividends before those with common stock. Legally, the owners of this stock stand next in line to the bondholders in getting paid. A company may choose to issue new preferred stock when additional capital is desired.

Borrowing

Companies can also raise short-term capital – usually working capital to finance inventories – in a variety of ways, such as by borrowing from lending institutions, primarily banks, insurance companies and savings-and-loan establishments. The borrower must pay the lender interest on the loan at a rate determined by competitive market forces. The rate of interest charged by a lender can be influenced by the amount of funds in the overall money supply available for loans. If money is scarce, interest rates will tend to rise because those seeking loans will be competing for funds. If plenty of money is available for loans, the rate will tend to move downward.

If the corporate borrower finds that it needs to raise additional money, it can refinance an existing loan. In this transaction the lender is essentially lending more money to its debtor. But if interest rates have gone up during the period since the original loan was secured, borrowers pay a higher rate in order to hold additional funds. Even if the rate has gone down, the lender benefits by having increased the size of its original loan at a lower rate of interest.

Using profits

Some corporations pay out most of their profits in the form of dividends to their stockholders. Investors buy into these companies because they want a high income on a regular basis. But some other corporations, usually called “growth companies”, prefer to take most of their profits and reinvests them in research and expansion. Persons who own such stocks are content to accept a smaller dividend or none at all, if by rapid growth the shares increase in price. These persons prefer to take the risk of obtaining a “capital gain”, or rise in value of the stock, rather than be assured a steady dividend.

The typical corporation likes to keep a balance among these methods of raising money for expansion, frequently plowing back about half of the earnings into the business and paying out the other half as dividends. Unless some dividends are paid, investors may lose interest in the company.

- II. Write down key words, phrases and the topic sentences from each paragraph.
- III. Reduce the text to one third of its original length giving the most important information.

Writing

A

Writing takes planning. You have to follow certain steps. They include gathering, ordering, and putting ideas into sentences.

To help make your writing clear, follow these steps.

Prewrite – Think about what you want to say. Jot down your ideas. Make sure your ideas fit your purpose. Arrange your ideas in order.

Compose – Write your ideas in sentences.

Review and Revise – Read your sentences. See if your thoughts are expressed clearly. Make sure they are in order. Take out unnecessary words and ideas. Add important ideas you might think of. Make sure your writing says what you want to say.

Edit – Remove vague words and ideas. Use specific ones instead. Correct mistakes in spelling, punctuation, word choice, and sentence structure.

Publish – Reread your composition. Make final corrections. Write a neat copy and show it to others.

B. Grasp The Main Trend Of Thought

In writing a summary, make sure that you grasp the main trend of thought in the work being summarized. Above all, you need to understand the work's organization clearly. To help you, concentrate on these three closely related tasks:

1. Identify key sentences (underline them as you read): *thesis statements* (which sum up the major point of the whole work or its particular sections); and *topic sentences* (which are developed in the rest of the paragraphs they begin).
2. Look for the author's own compact summaries, either at the beginning or end of a passage, or at points of transition.
3. Finally, formulate in your own words major points that seem to be implied by the author but not spelled out in any sentence (remembering that your purpose is to report what is said, not to interpret it).

Grammar Study.

I. Study the rule.

The present perfect describes an event or state that began in the past but continues to the present.

Example

He has gone to the shops.
(But he hasn't come back yet.)

We use the present perfect when we are interested in the effect of an event on the present.

Example

I've broken my leg. Passive: My leg has been broken.
(So I can't do certain things now.)

We use the present perfect when we are talking about a time frame that has not ended yet. It is often used with expressions like 'not ... yet' and 'so far'.
I've lived in Spain for two years.
(And I still live there.)

II. Complete the sentences. Put the verbs in brackets into the present perfect tense. Mind the use of the active or passive voice.

1. The number of state owned companies such as telecommunications, water, gas ... lately. (decrease)
2. Some of these laws, however, ... in recent years. (release)
3. Limited liability means that stock-holders cannot suffer a loss greater than the sum they ... in the business. (invest)
4. Three steps we ... are the means of creating accounting information. (describe)
5. The shareholders can judge whether or not the board ... successful. (be)
6. The large corporation ... to its present size in part because it ... innovative ways to raise new capital for further expansion. (grow, find)
7. Holders of bonds ... money to the company, but they have no voice in its affairs. (lend)

III. Complete the sentences using one of these verbs in the present perfect tense: a) develop, produce, assemble, be, make, rise, work; b) criticize, lead, do, see, become, replace, become, pay, gain.
Mind the use of the active or passive voice.

a)

1. Since that time the subject ... rapidly and there are now many branches such as microeconomics, international economics, econometrics, etc.
2. We ... the three vital ingredients in our definition, people, scarcity and choice.
3. Once we ... goods and services we then have to decide how to distribute them among the people in the economy.
4. The development in scientific knowledge ... accessible many valuable minerals from depths below the earth's surface.
5. Some 500 major corporations occupy an important role in American business although in some respects it ... a declining one.
6. From 1978 to 1990, the profits of 500 firms
7. You ... ever in a place where it seemed to be just one crisis after another?

b)

8. What you ... most frequently for?
9. What you ... that shows initiative and willingness to work?

10. We ... already that managers are expected to achieve targets of some sort or another.
11. Valuable metal ... generally by paper notes.
12. Money ... an essential element of economics based on the division of labour.
13. Checks, transfer orders and credit cards ... more popular in recent years.
14. The progress made in computer technology ... to new forms of cashless payments.
15. Deposit or giro money is a form of money that ... only great importance in the recent past.
16. Statements give a detailed account of all money and cheques which ... either into account or withdrawn from the account.

IV. Fill in the gaps with the prepositions *to*, *for*, *in* or *on*.

1. A sole proprietorship is referred ... as the proprietorship, single proprietorship, individual proprietorship, and individual enterprise.
2. The organization costs ... these licences are minimal.
3. A sole proprietorship offers the owner freedom and flexibility ... making decisions.
4. Major policies can be changed according ... the owner's wishes.
5. The owner is legally liable ... all debts of the company.
6. The stronger entity makes it easier ... partnerships to raise additional capital.
7. Dividends to shareholders are also taxed ... an individual basis.
8. The board of directors of a limited company is responsible ... determining the objectives and policies of a business.
9. Large corporations can supply goods and services ... a great number of people.
10. Unless some dividends are paid, investors may lose interest ... the company.
11. Some corporations pay out most of their profits in the form of dividends ... their stockholders.

UNIT III

Management

Vocabulary Study

Word List

Nouns and noun phrases

1. agreement – согласие; соглашение, договор
disagreement – разногласие, разлад, несогласие
2. authority – власть, полномочие, pl. – власти, органы, авторитет
3. circumstance – обстоятельство, условие, материальное положение
4. decision – решение
decision making – принятие решения
5. extent – протяжение, степень, размер, круг, диапазон
6. finance – финансы, доходы
7. implementation – выполнение, осуществление
8. implication – вовлечение, скрытый смысл, намёк
9. liaison – связь
10. market – рынок
marketing - маркетинг
11. product – изделие, результат, плод
production - производство
12. staff – штат, личный состав
13. subordinate – подчинённый
14. training – обучение
15. workload – нагрузка, объём работы, задание по работе

Adjectives

1. adequate – достаточный, соответствующий, адекватный
2. capable - способный
3. chief – главный
4. essential – существенный
5. long-term – долгосрочный
6. operational – оперативный
7. overall – полный, общий
8. responsible - ответственный
9. strategic – стратегический

Verb and verbal phrases

1. affect – действовать, влиять
2. appraise – оценивать

3. delegate – делегировать, облекать кого-либо властью
4. ensure – обеспечивать, гарантировать
5. facilitate – облегчать, способствовать, содействовать
6. reinforce – усиливать
7. relate – относиться, связывать, сопоставлять, устанавливая связь, отношение
8. require – требовать
9. search (sought, sought) – искать
10. vary – менять

Adverbs

1. essentially – существенно, по существу, в сущности
- I. Read and translate the following words and word combinations. Mind the stress: a) on the first syllable; b) on the second syllable; c) on two syllables.
- a) Circumstance, market, product, training, adequate, capable, delegate, vary;
 - b) agreement, authority, decision, extent, finance, liaison, production, subordinate, essential, responsible, strategic, affect, appraise, ensure, relate, require, essentially;
 - c) implication, operational, reinforce, disagreement, overall, facilitate.

II. Match these words with the definitions below.

Agreement, authority, finance, market, marketing, staff, subordinate.

1. The management of money.
2. Power or right to give orders and make others obey.
3. Arrangement or understanding (spoken or written) made by two or more persons, groups, business companies, governments, etc.
4. Group of assistants working together under a manager or head.
5. Trade in a class of goods; demand.
6. Theory and practice of selling.
7. Junior in rank or position; less important; person working under another.

III. Using a dictionary add as many words as possible into the table.

Verbs	Adjectives	Nouns
1.		agreement
2.		disagreement
3.		authority
4.		decision

5.		finance
6.		implication
7. to relate		
8. to affect		
9.	responsible	
10.	operational	

IV. Make adjectives from the following nouns.

Nouns

Adjectives

capability
product
adequacy
essence
strategy

V. Make nouns from the following verbs.

Verbs

Nouns

to affect
to implement
to produce
to train
to appraise
to delegate

VI. Make verbs from the following nouns.

Nouns

Verbs

facilitation
reinforcement
requirement
searcher
variety

VII. Choose the words with similar meaning from the two groups and arrange them in pairs.

A. Agreement, authority, decision, circumstance, extent, finance, implementation, liaison, product, staff, training, adequate, chief.

- B. Power, condition, connection, treaty, main, article, teaching, personnel, solution, money, corresponding, length, fulfilment.

VIII. What are the opposites?

Agreement, subordinate, poverty, unsuitable, incapable, inessential, short-term, irresponsible, to prevent, to weaken, to find.

IX. Mind the use of the words *affect* and *effect*.

Look at this extract from a letter.

Dear Mr. Haerting,
I have been asked to consult you on the recent decline in sales.

Would you please outline the factors you feel have affected sales over the last 12 months and make clear, where necessary, the nature of the effect.

1. *To affect* means “to influence”. An *effect* is a result or consequence of an action:
The political crisis has already had an *effect* on the Stock Market.
2. The word *effect* can have two other meanings:
We tried exporting tea to China, but with little *effect*. (=impact)
In effect, I’m saying that we should make preparations now. (= in summary)
3. There is also a verb *to effect*, which is fairly formal:
Production was stopped until repairs were *effected*. (=made)

Which is correct? Choose the right word in *italics*.

1. Do you think a rise in interest rates will *affect/effect* consumer spending?
2. Cultural attitudes can *affect/effect* the success or failure of a merger with an overseas firm.
3. The bad publicity has had an adverse *affect/effect* on our reputation.
4. Payment will be *affected/effected* on receipt of from ATP/219.

X. Mind that the words *ensure*, *insure* and *assure* have certain similarities in meaning, but are not exactly the same.

All these words mean “make safe or certain”.

1. *To ensure* means “to make sure that something happens”.
I am doing my best to ensure that your order will be dealt with promptly.
In American English *insure* would be used here.
2. *To insure* means “to provide insurance cover against loss”.
Please insure the cargo against all risks.
3. *To assure* means “to persuade someone that everything is all right”.

We assure you that we are doing our best to find the origin of the defect.

3.1 The expression *rest assured* is a useful way of reassuring people about something which is worrying them:

You can *rest assured* that everything is under control.

Complete this passage.

The Export Credit Guarantee Department enables exporters to _____ against political risks. In this way the exporter can rest _____ that there will be no payment problems. Such a system _____ that firms can open up new markets in 'difficult' or high political uncertainty.

XI. Mind the use of the words *director, chairperson, executive and manager*.

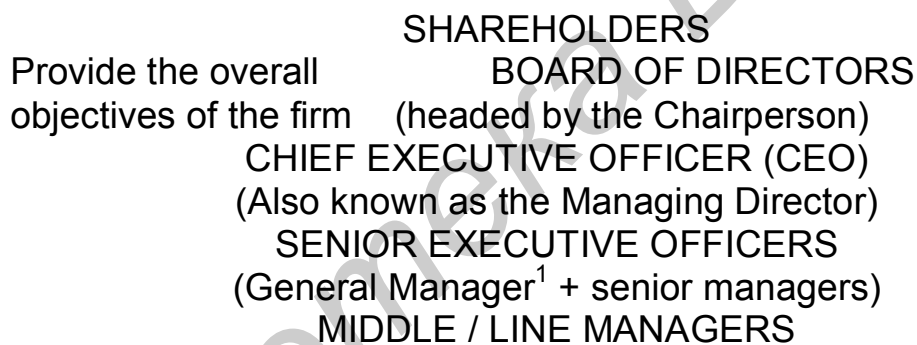
Most firms can be divided into three parts:

capital (shareholders)

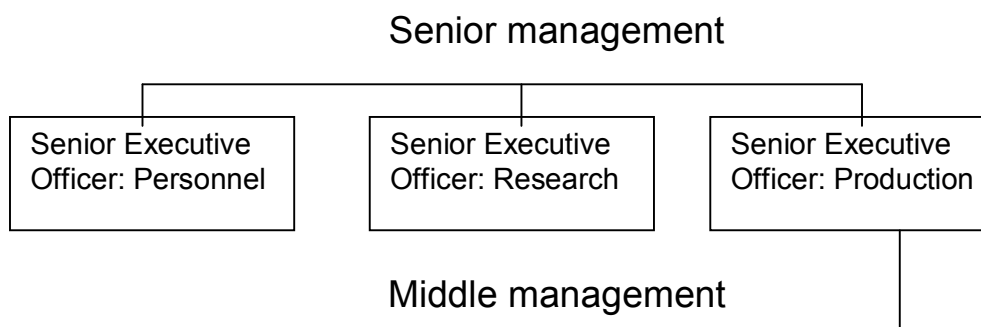
management

labour

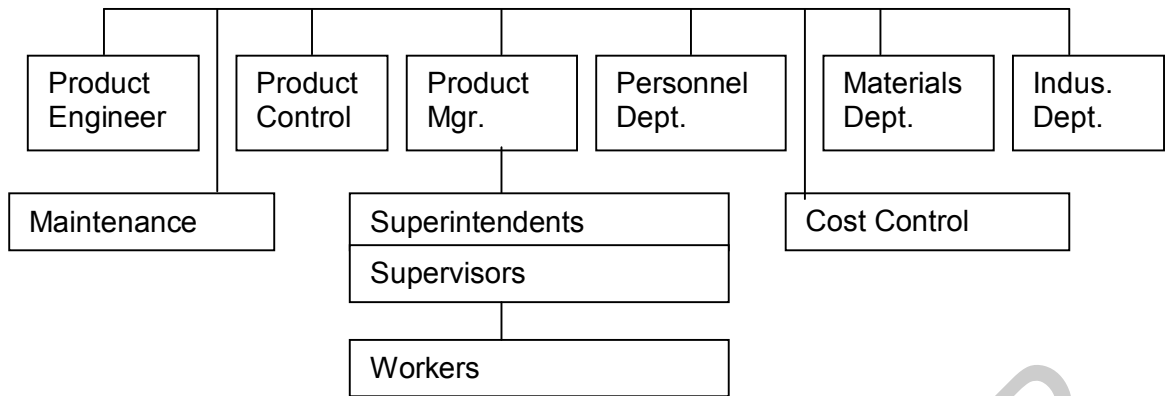
The management structure can be represented as in the diagram below :



1. A *director* is a senior manager who sits on the Board under the authority of the *Chairperson* or *President*. The Board is responsible for deciding overall company policy and capital expenditure.
2. The *CEO* or *MD* is the link between the Board and senior management.
3. *Middle managers* (also known as *line managers*) are responsible for running sections or departments within a firm. They are accountable to senior management for their particular area of responsibility as illustrated in the organization chart.



¹ AME: Executive Vice President/Chief Operating Officer



4. In a general manner of speaking, an *executive* is any senior person in the hierarchy of a firm. He/ She makes important decisions that are carried out by subordinates.
5. Like the *managing director*, some *directors* are also concerned with the day-to-day running of the firm. In this capacity they are known as *executive directors*². Those who sit on the Board but have no direct interest in the running of the firm are called *non-executive directors*³.
6. *Executive* can also be used as an adjective:
Some tour operators specialize in *executive* travel.

Draw a simple organization chart for the management structure of the place in which you work.

What are the names of the senior personnel?

What are their titles in English?

XII. Complete the sentences with the words from the box below.

Responsibility, strategy, long-term, subordinates, manager, liaison, management, perspective, activities, to appraise.

1. General managers are concerned with ... formulation and implementation.
2. In a small one-person business, the chief decision maker has to be a general
3. The general manager is an individual who has ... for a business.
4. The responsibilities of a general manager usually include ... planning for new products, etc.
5. The general manager must find and train competent
6. The general manager is a ... among the various functional areas of the business.
7. The general manager must be especially competent in human resources

² AME: inside directors

³ AME: outside directors

8. The general manager must be able the company objectively.
9. Sometimes subordinates disagree with the chief because they lack a broad
10. He must coordinate the various ... of the company.

XIII. Make up your own sentences using the following words and word combinations.

The general manager, coordination, strategy formulation, all aspects of business, strategy implementation, finance, marketing, production, human resources, tasks, to be responsible for, to make decisions.

XIV. Translate into English.

1. Главный менеджер должен координировать все аспекты бизнеса.
2. В больших фирмах обязанности главного менеджера выполняют: президент, управляющий директор, вице-президент, администрация и т.д.
3. Долгосрочное планирование новых изделий, производственные процессы, новые рынки, организационные изменения являются обязанностями главного менеджера.
4. Главный менеджер принимает основные решения, касающиеся всей компании.
5. Целью главного менеджера является координация различных видов деятельности компании.
6. Он должен быть особенно компетентен в области человеческих ресурсов.
7. Для адекватного выполнения своих функций необходимо тщательно и объективно оценивать работу компании.
8. Он работает в области стратегической формулировки задач и их стратегического воплощения.
9. Его обязанности меняются в зависимости от обстоятельств.
10. Иногда несколько человек занимаются общим управлением.

A. Text Study

- I. Read the text to get the gist of it. Answer the following questions.
 - a) Is the general manager always responsible only for long-term planning?
 - b) How many people are involved in the general management workload of one firm?

Text A

THE GENERAL MANAGER

General management decision making requires the coordination of all aspects of business into an integrated management program. In other words, general managers are concerned with strategy formulation and strategy implementation. This means a continual assessment of what business to be in and how one will do business both in general and very specific terms. The functional areas of business - finance, marketing, production and human resources - are essential for undertaking general management problems. The general manager must relate financial issues to a proposed marketing program, changes in techniques in production to human resources implications, and so on.

The meaning of general management varies by circumstances. In a small one-person business, the chief decision maker has to be an all-round general manager capable of longer-term planning as well as daily "fire fighting" since there is no specialized staff to delegate these responsibilities to. In larger firms, the general management tasks are essentially the same, though a little more complicated. However, there are usually several people who share the general management workload. Even the titles used to describe the individuals responsible for general management vary from company to company: president; managing director; vice-president, administration; and so on. Here, the title General Manager will refer to an individual who has overall responsibility for a business or major unit of business.

What are the responsibilities of a general manager? Usually they include the following:

1. Long-term planning for new products, production / operation processes, new markets, financial flexibility, and organizational changes.
2. Finding and training competent subordinates. The general manager's goal would be to delegate as much responsibility and authority as possible to subordinates in finance, marketing, production, and human resources in order to be free for the major decisions concerning the overall company.
3. Coordination. The general manager's goal would be to ensure that the various activities of the company reinforce one another, rather than work at cross-purposes. The general manager would act as a liaison, ensuring that coordination is sought and achieved among the various functional areas of the business.
4. Decision making. The general manager will make decisions that subordinates cannot make, either because of disagreements or because they lack a sufficiently broad perspective on the issues that need to be considered.

In short, the general manager must understand all functional areas of business and be especially competent in human resources management. As one can see, the general manager is concerned with strategic making (longer-term directions for the business) and operational decision making (shorter-term specific actions to accomplish shorter-term goals). The general

manager delegates, coordinates, and facilitates decisions to the extent possible, and where necessary makes the "big" decisions affecting company welfare. To perform this demanding role adequately, the general manager must be able to appraise the company and its environment thoroughly and objectively.

II. Find international words in paragraphs 1 and 2.

III. Read the text again and choose the best endings to the following statements.

1. In a small one-person business the chief decision maker has to delegate daily "fire fighting" to
 - a) the specialized staff
 - b) himself
 - c) the vice-president
2. The title General Manager refers to an individual who has
 - a) little responsibility
 - b) overall responsibility
 - c) partial responsibility
3. The general manager's goal is to delegate as much responsibility and authority as possible to
 - a) subordinates
 - b) the board of directors
 - c) the owner of the company
4. The general manager makes decisions that subordinates cannot make because they lack
 - a) enough responsibility
 - b) experience
 - c) a broad perspective on the issues
5. The general manager must be free for
 - a) the daily routine
 - b) the major decisions
 - c) the presentation purposes
6. The general manager must understand
 - a) all functional areas
 - b) some functional areas
 - c) only human resources management

IV. Complete the unfinished questions in column A that are answered in column B.

A
What ... ?

B
The coordination of all aspects of business into an integrated program.

Where ... ?	In a small one-person business.
Where ... ?	In larger firms.
How many ... ?	Four.
Where ... ?	In human resources.

- V. Find key words, phrases and the topic sentences which best express general meaning of each paragraph.
- VI. Using the information obtained from the paragraphs make an outline of the text.
- VII. Speak about the meaning and the responsibilities of a general manager using key words and phrases and the topic sentences.

B. Text Study

- I. Read the text and answer the following question.
Is it easy to evaluate the level of financial performance of a firm?

Text B

FINANCIAL MANAGEMENT

There are five basic financial goals: profitability, stability, liquidity, efficiency, and growth. To survive, every business must meet each of these goals to some extent, though a business must determine for itself the relative emphasis to place on each of the five goals.

Profitability refers to the generation of revenues in excess of the expenses associated with obtaining it. This is the "bottom-line" test of how successful a firm's operators have been as shown at the bottom of the income statements.

Stability refers to a business's overall financial structure. For example, a businessman may wish to invest as little of his own money as possible in his firm and finance his operation mainly with debt. If the debt-equity mix is too out of balance, the firm may go bankrupt should some of the creditors want their money back at an "inconvenient" time. Many of the spectacular financial disasters reported in the newspapers resulted from neglect of the stability goal of sound financial management.

Liquidity refers to a business's ability to meet short-term obligations. For example, a manager may wish to invest as much of his firm's cash in inventory and equipment as possible, but if he overdoes it and cannot pay his employees or creditors on time, he can be forced into bankruptcy.

Efficiency refers to the efficient use of assets. Efficient use of assets has an impact on profitability, stability, liquidity, and the ability of the enterprise to grow.

Growth refers to increasing in size or acquiring more of something. A businesswoman may assess her financial performance by calculating, for example, how much sales or assets have increased this year over last year. While there are many widely held concerns about growth in general (for example, the zero population growth movement) business people and investors remain very interested in financial growth.

There are no clear-cut guidelines on how much or how little financial performance is adequate or on how to trade off performance on the financial goal in favour of another. For example, 10 percent sales growth may be terrible for a firm in one industry but excellent for a firm in another. Similarly, a high level of liquidity may be preferable to growth for a firm at one time and detrimental for the same firm at another.

Financial analysis and management is not just number pushing; judgment must be exercised as to what numbers to look at and how to interpret them. Often, a "qualitative factor", something not expressed in numbers, is more important to the solution of a problem than all the numbers involved.

II. Read the text again and decide which of the following statements are correct.

1. There are five basic financial goals: profitability, stability, liquidity, efficiency and responsibility.
2. Profitability refers to the generation of revenues in excess of the expenses.
3. It is unwise to neglect the stability goal of sound financial management.
4. Liquidity is a business's ability to meet long-term obligations.
5. The efficient use of assets is reflected in efficiency.
6. Growth refers to decreasing in size or acquiring less of something.
7. Financial analysis deals with interpreting numbers.

III. Answer the following questions.

1. What goals must every business meet to survive?
2. What is the "bottom-line" test of a firm's success?
3. What does "sound financial management" imply?
4. What role does financial growth play in the life of a business?
5. To what extent is financial analysis important for the solution of problems?

IV. What is the main idea of the text?

V. Give the main points of the text in 7-10 sentences.

VI. Speak about five basic financial goals.

C. Text study

I. Read the text and discuss the questions. Working in pairs interview each other.

Text C

JOB INTERVIEW QUESTIONS

Many managers encounter a mental block when facing an interview. A checklist of questions makes it easier to elicit revealing answers from a job candidate.

Martin Yate, an employment analyst and best-selling author, has collected twenty questions that are of use in most interview settings.

According to Yate, some of the most important skill sets we can have for employees in the coming years are:

- analytical skills
- speed and mental processing
- ability to work with others
- an understanding of the necessity of taking direction.

These twenty questions will help you explore these areas with a job candidate.

How would you describe the ideal job for you?

What kind of work interests you most?

How many levels of management did you interact with?

What was the job's biggest challenge?

If you were hiring for this position, what would you be looking for?

What have you done that shows initiative and willingness to work?

Why are you interviewing with us?

What special characteristics should I consider about you?

How do you plan your day?

How do you plan your week?

How do you determine your priorities?

What happens when two priorities compete for your time?

What's the toughest communication problem you faced?

When have your verbal communications been important enough to follow up in writing?

Tell me about the time when someone has lost his/her temper at you in a business environment.

Have you ever worked in a place where it seemed to be just one crisis after

another? And, obviously, there is a follow-up with that.
How did you handle it? How did you feel?
What do you see as some of your most pressing developmental needs?
Define cooperation.
What quality should a successful manager possess?
How have past managers gotten the best out of you?
A two-part question. Describe the best manager you've ever had. Describe the toughest manager you've ever had.
And last, for what have you been most frequently criticized.

D. Text study

I. Read the English text and translate it into Russian in writing.

Text D

MANAGEMENT AND HUMAN RESOURCES DEVELOPMENT

Managers perform various functions, but one of the most important and least understood aspects of their job is proper utilization of people. Research reveals that worker performance is closely related to motivation; thus keeping employees motivated is an essential component of good management. In a business context, motivation refers to the stimulus that directs the behaviour of workers to achieve company goals, managers must be aware of their needs.

Many managers believe workers will be motivated to achieve organizational goals by satisfying their fundamental needs for material survival. These needs include a good salary, safe working conditions and job security. While absence of these factors results in poor morale and dissatisfaction, studies have shown that their presence results only in maintenance of existing attitudes and work performance. Although important, salary, working conditions, and job security do not provide the primary motivation for many workers in highly industrialized societies, especially at the professional or technical level. Increased motivation is more likely to occur when work meets the needs of individuals for learning, self realization, and personal growth. Beyond responding to personal needs - the desire for responsibility, recognition, growth, promotion, and more interesting work - managers have altered conditions in the workplace and consequently, many employees are motivated to perform more effectively.

In an attempt to satisfy either fundamental or personal needs of workers, innovative management approaches, such as job enrichment and job enlargement, have been adopted in many organizations. Job enrichment gives workers authority in making decisions related to planning and doing their work. A worker might assume responsibility for scheduling work flow,

checking quality of work produced, or making sure deadlines are met. Job enlargement increases the number of tasks workers perform by allowing them to rotate positions or by giving them responsibility for doing several jobs. Rather than assembling just one component of an automobile, factory workers might be grouped together and given responsibility for assembling the entire fuel system.

By improving the quality of work life through satisfaction of fundamental and personal employee needs, managers attempt to direct the behaviour of workers toward the company goals.

But probably the most powerful and basic of all elements necessary to attract and keep people is happiness.

Employees who are happy in their jobs will work hard and well - and won't leave.

So how do you create happy employees? The first step, and a recurring theme of this summary, is to be happy yourself.

Employees are happier in a workplace run by manager who enjoy themselves, their work, and their employees.

II. Translate from Russian into English in a written form.

A

1. Мотивация тесно связана с эффективностью работы и направляет поведение работников на достижение целей компании.
2. Удовлетворение основных материальных потребностей (например, хорошая зарплата, безопасные условия работы) – одна из составляющих мотивации.
3. Основной мотивацией работников высокоразвитых индустриальных стран могут являться: самореализация, персональный рост или желание большей ответственности.
4. Учёт как фундаментальных, так и личностных потребностей работника становится существенным фактором современного менеджмента.
5. Делая работников ответственными за выполнение нескольких работ, можно добиться лучших результатов.
6. Улучшая качество жизни работников, управляющие пытаются направить поведение работников на достижение целей компании.
7. Счастье – самый мощный и основной из всех элементов, привлекающих и удерживающих людей.

B

Слова “менеджмент”, “менеджер” широко применяются в деловой и даже повседневной жизни.

Английское слово менеджмент переводится на русский язык как управление, организация, руководство. В общем плане оно означает управление, т.е. организацию и руководство тем или иным видом

деятельности: производством, экономикой, финансами и другими сферами деловой жизни человека.

В зарубежной литературе имеется много определений понятия «менеджмент». Приведем три из них:

- достижение целей организации посредством скоординированных усилий работающих в ней людей;
- особый вид деятельности, превращающий неорганизованную толпу в эффективную, целенаправленную и производительную группу (организацию);
- процесс планирования, организации, руководства и контроля для достижения целей организации посредством скоординированного использования человеческих и материальных ресурсов.

И хотя эти определения очень различны, они тем не менее имеют три общие черты: обязательное наличие цели при управлении; особый, интеллектуальный характер этого вида деятельности; управление имеет место в организации. В третьем определении дополнительно к перечисленным чертам содержание менеджмента характеризуется как совокупность пяти процессов: планирования, организации, руководства, координации и контроля.

E. Text Study

I. Read the text for general comprehension.

Text E

So you fancy yourself as a manager? You are not alone in having that ambition. What does it mean to be a manager? I suppose the first thought that comes to mind is that a manager gives orders and tells other people what to do. That is partly true. But it is not quite as simple as that. In fact, managers have to take orders as much as anyone else. The term 'executive' actually implies executing orders - orders perhaps not under their power to influence.

Every business has to decide where it is going. What it is trying to achieve. Words like objectives and targets are used in management theory. Whether these targets are related to items such as sales or budgets, they are broken down into sub-targets as they go further down the organizational hierarchy. The managers at the various levels in the structure are given these targets or objectives to achieve. Sometimes they are given considerable freedom to achieve the targets in the way they see best. Sometimes their independence is limited, perhaps very limited.

Subject to these constraints a manager has certain clear-cut functions. First, he has to plan - to look ahead - to anticipate. When you drive a car you look as far ahead as you can to see what hazards lie ahead. If you see some

children playing in the road ahead you start to slow down, check your breaks are working and generally watch for trouble. What would you think of a driver who kept his eyes on the road - six feet in front of his bonnet? A manager who is able to anticipate problems has more chance of coping with them.

Another function of managers is to control. We have already seen that managers are expected to achieve targets of some sort or another. The manager has to keep these targets clearly in mind when he is involved in the decision-making process. Progress towards the targets needs to be monitored and any deviations corrected. It is a bit like the captain of a liner sailing across the Atlantic to New York. Every now and again he will check to see whether or not the ship is on course. If it is beginning to drift to port or starboard he has to bring it back onto course. That is what we mean by control. Managers are expected to get results of one sort or another, in one way or another, but they get their results through people. The manager of the England football team never kicks a ball in an international football match, but he is expected to get the best out of his team. Everyone in the team is expected to co-operate to get the ball in the back of the opposing team's net. All have to be persuaded to pull together - in the same direction. In management terminology this aspect of a manager's work is called co-ordination.

- I. Choose key words and phrases from each paragraph which best describe the atmosphere and its meaning.
- II. Write down possible headlines which best express the main idea of each paragraph.
- III. Summarize the text in about 100 words giving the most important information.

Writing

You have learned that all the details in a paragraph should support the main idea. The main idea in a paragraph is usually stated in a sentence. The sentence that tells the main idea is called a *topic sentence*. The topic sentence is often the first sentence in a paragraph. But it does not have to come first. It can also be written in the middle or at the end of a paragraph.

Every paragraph should include a sentence that tells the main idea. Sometimes the title also tells something about the main idea.

After the topic sentence, the rest of the paragraph supports the point you wish to make. Inexperienced writers often fail to construct effective paragraphs because they make an assertion without backing it up.

Grammar Study

I. Study the rule.

The future with 'will' shows a general or indefinite event in the future.

Example

When we are famous, I'll buy a new big company.
In the future people won't have cars.

To form questions, we put 'will' or 'won't' in front of the subject.

Example

Will we be famous?
Won't you get a discount?

II. Complete the sentences. Put the verbs into the future with 'will'. Mind the word order in questions.

1. They ... to ensure that the necessary funds are available? (need)
2. They ... key staff to whom they ... the authority to run the business. (appoint, delegate)
3. They ... to design an effective organization structure? (need)
4. Acquire and satisfy customers and you ... and satisfy investors. (attract)
5. The type of information that a specific user ... depends upon the kinds of decisions that person must make. (require)
6. Outsiders, on the other hand, ... summarized information concerning resources and information on operating results. (need)

III. Complete the sentences using one of these verbs in the future simple tense: a) permit, be, have, employ, do; b) make, check, motivate, give, influence, make. Mind the use of the active or passive voice.

a)

1. Our generalization ... more useful if it can be quantified.
2. Our generalization ... economists to predict the size of the tax cut which will be required to increase incomes.
3. Different characteristics of forms of ownership ... implications for the operation of the firm.

4. The strategic decisions determine the areas in which the company's resources
5. Strategy formulation and implementation deal with how one ... business both in general and very specific terms.

b)

6. The general manager ... decisions that subordinates cannot make.
7. Many managers believe workers ... to achieve organizational goals by satisfying their fundamental needs for material survival.
8. Every now and then he ... to see whether or not the ship is on course.
9. The interest rate ... by the interest rate which is quoted from time to time by the Bank of England.
10. A rise in the interest rate ... borrowing more expensive and saving more attractive.
11. Banks ... normally statements to both deposit and current account holders about once every three months.

IV. Fill in the gaps with the prepositions *of, for, in, with, to, on, from* or *at*.

1. Manager must be capable ... long-term planning.
2. The titles of the individuals responsible ... general management vary from company to company.
3. ... short, the general manager must understand all functional areas of business.
4. The general manager is concerned ... strategic making and operational decision making.
5. To survive, every business must meet each of these goals ... some extent.
6. A business must place emphasis ... each of the five goals.
7. Profitability refers to the generation of revenues ... excess of the expenses associated with obtaining it.
8. A businessman may wish to invest little money ... his firm and finance his operation mainly with debt.
9. Many of financial disasters resulted ... neglect of the stability goal of sound financial management.
10. Efficient use of assets has an impact ... profitability, stability , liquidity and the ability of the enterprise to grow.
11. Manager must know what numbers to look ... and how to interpret them.
12. Managers must be aware ... their needs.
13. ... an attempt to satisfy needs of workers new approaches have been adopted in many organizations.
14. A manager who is able to anticipate problems has chance of coping ... them.

UNIT IV

Money

Vocabulary Study

Word list

Nouns and noun phrases

1. cheque – чек
2. coin – монета
3. commodity – товар (сырьевой)
4. credit – кредит
5. currency – валюта
6. demand – спрос
7. inflation – инфляция
8. medium – средство
9. money – деньги
10. note – записка
paper note – банкнота
11. order – порядок, приказ
money order – платежное поручение
12. power – сила, мощь pl. – способности
purchasing power – покупательная способность
13. rapidity – быстрота, скорость
14. service – услуга
15. standard – стандарт
gold standard – золотой стандарт
16. store – запас
constant store – постоянный запас ценностей
17. supply – предложение
18. tender – предложение
legal tender – законное платёжное средство (деньги)
19. term – период, элемент, pl. - условия
in terms – с точки зрения, в смысле, что касается
20. transaction – сделка
21. value – ценность, стоимость, важность

five cent coins	nickels
ten cent coins	dimes
twenty-five cent coins	quarters
fifty cent coins	half dollars
50p	fifty p, fifty pence (NOT * pences)
£1. 99	one (pound) ninety nine

Note that we do not add 'and' between the figures representing pounds/dollars and pence/cents.

Nor do we mix figures and words; the following are wrong: not * £39 ninety nine £Twenty five 457 dollars

3. The separation of units of a thousand can be made by using a comma (,) or with a blank:
FF 365,027,968.80 = three hundred and sixty five million twenty seven thousand nine hundred and sixty eight francs eighty centimes
4. It is customary to place the currency sign before the figure:
DM16.7bn FF140m L1,200bn HK\$2,500 Y9,000 £250
5. A sum of money is used with a verb in the singular: These days £50,000 is not a large sum of money. Why was US\$115.69 paid in addition to the ocean freight?
6. It is now common to see the abbreviation K: \$100K (a hundred thousand dollars)

Write these out as you would say them.

1. \$1.45
2. &8.50
3. \$199,000
4. £352.29
5. \$75.50
6. £225.000.000
7. 89p
8. \$354.50

III. Using a dictionary add as many words as possible into the table.

Verbs	Adjective	Nouns
1.		credit
2.		inflation
3.		note
4.		power
5.		service
6.		standard
7. to judge		
8. to measure		
9.	valuable	

IV. Make adjectives from the following nouns.

Nouns

Adjectives

constant
value
current
medium
note
rapidity

V. Make nouns from the following verbs.

Verbs

Nouns

to maintain
to provide
to sell
to substitute
to originate
to transact

VI. Make verbs from the following nouns.

Nouns

Verbs

coin
credit
demand
note
order
power
service
store
tender
term
issue
regard

VII. Choose the words with similar meaning from the two groups and arrange them in pairs.

- A. Medium, money, note, order, power, rapidity, store, supply, transaction, value, to provide, to issue, to regard.
- B. Tender, speed, to consider, surroundings, cash, memorandum, reserve, deal, price, command, force, to supply, to publish.

VIII. What are the opposites?

Demand, inflation, power, rapidity, constant, valuable, to sell.

IX. Complete the sentences with the words from the box below.

Currencies, medium, money, metal, paper notes, demand, amount, inflation.

1. Our goods and services are sold for
 2. A valuable ... (gold, silver or copper) served as a constant store of value.
 3. National ... are considered to be as strong as the national economies.
 4. are issued by government and authorized banks.
 5. The value of money is basically its value as a ... of exchange.
 6. Purchasing power is dependent on supply and
 7. The supply of money is the actual ... in notes and coins.
 8. The condition when too much money is available is known as
- X.** Make up your own sentences using the following words and word combinations.

Money, coins, paper notes, purchasing power, goods and services, to be sold, to be considered, inflation, gold, valuable metal, gold standard, national currencies, to be judged.

XI. Mind the use of the verbs describing money movements.

1. There are many verbs which can be used to describe upward or downward movements of money or numbers in general:

	UP	DOWN	
<i>boost</i>	<i>go up</i>	<i>go down</i>	<i>decrease</i>
<i>increase</i>	<i>rise</i>	<i>drop</i>	<i>fall</i>

1.1 Small movements could be expressed using:

ease up/down edge up/down firm creep up slip back

1.2 More dramatic movements would need these verbs:

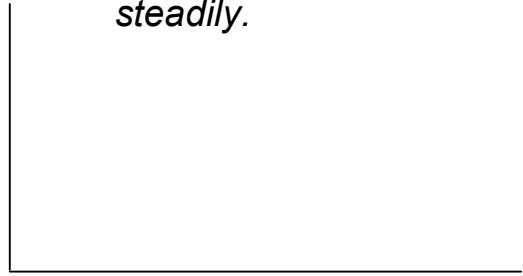
<i>Up</i>	<i>jump</i>	<i>rally</i>	<i>rocket</i>	<i>soar</i>	<i>surge</i>
<i>DOWN</i>	<i>collapse</i>	<i>plunge</i>	<i>plummet</i>	<i>slash</i>	<i>slump</i>

2. It is also possible to use an adverb:

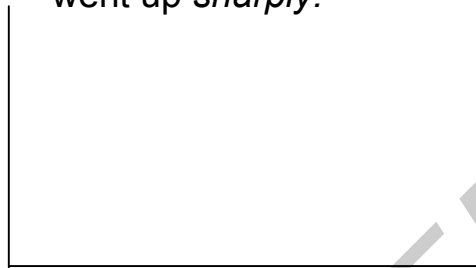
Sales in Japan rose *slightly*.



Sales in Scandinavia went up *steadily*.



Sales in Great Britain went up *sharply*.



3. Some of these verbs have corresponding nouns:
an increase a rise a boost a surge
a decrease a drop a fall a collapse a plunge
a slump

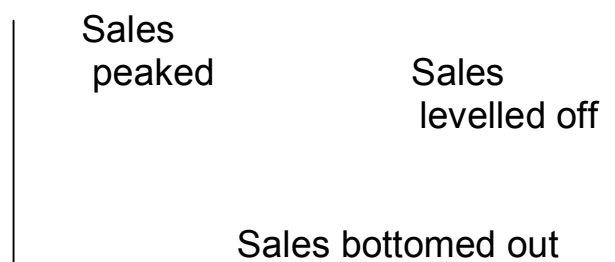
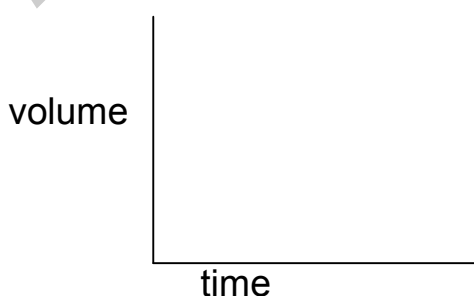
These words are followed by *in*:

There was a sharp *increase* in sales tax.

Following a *slump* in demand we had to shut down a plant.

4. If there has been little or no movement we could say that:

The market has been { *morose.*
slack.
sluggish.
gloomy.
stagnant.
steady. } *Sales* { *peaked.*
levelled off.
bottomed out.



'The market has been *sluggish*'

4.1 If there has been more activity:

The market has been } active.
 } buoyant.
 } firm.

4.2 A record high or low figure can be referred to as *an all-time high* or *an all-time low*.

5. There are a number of verbs of restriction which are useful when talking about reductions:

Expenditure has been *cut (back)/curbed/scaled down/trimmed*.

a. Decide whether the following statements represent no movement at all, a slow movement or a rapid one. Write N, S or R.

1. The plummeting dollar has boosted American exports. ()
2. Sales have been stagnant. ()
3. There has been a surge in the number of complaints. ()
4. Imports have risen somewhat. ()
5. There has been a slight increase in production costs. ()
6. The glut in the market has caused prices to slump. ()
7. Home sales have slipped back. ()
8. Prices are likely to remain steady overall. ()
9. The price of gold eased back by the end of the day to \$423 an ounce. ()
10. Coffee futures edged up yesterday. ()
11. Euro-Disney shares went up sharply to 113p. ()

b. Complete the passage using an appropriate expression to replace the graphs.

Last year was a bad year for commodity prices. The commodity price index throughout January and February reaching an in mid-March. Prices then started to and until the end of April, when they again with disastrous results for commodity producers. Despite a in May the situation worsened again in June and prices once more to another record at the end of July. Prices remained stable for the rest of the summer and even during the period September-November, before yet again at the end of the year.

XII. Translate into English.

1. Люди покупают товары за деньги.
2. Товары и услуги продаются за деньги, а деньги в свою очередь обмениваются на другие товары и услуги.
3. Драгоценные металлы (золото, серебро и медь) служили постоянным запасом ценностей.

4. Сейчас национальные валюты оцениваются в соответствии с уровнем развития национальных экономик.
5. Банкноты выпускаются правительством и некоторыми банками и считаются законным платежным средством.
6. Если человек обладает значительными активами, он может получить хороший кредит.
7. Покупательная способность денег зависит от спроса и предложения.
8. При инфляции ценность денег уменьшается.

A Text study

Savings is a very fine thing. Especially when your parents have done it for you.

Sir Winston Churchill (1874—1965), English statesman, writer, and Prime Minister.

- I. Read the text to get the gist of it.
Answer the following questions.
 - a) Why is the role of money so important?
 - b) What does the purchasing power depend on?

Text A

MONEY

The work which people undertake provides them with money. People buy essential commodities with money. All values in the economic system are measured in terms of money. Our goods and services are sold for money, and that money is in its turn exchanged for other goods and services. Coins are adequate for small transactions, while paper notes are used for general business. Originally, a valuable metal (gold, silver or copper) served as a constant store of value, and even today the American dollar is technically 'backed' by the store of gold which the US government maintains. Because gold has been universally regarded as a very valuable metal, national currencies were for many years judged in terms of the so called 'gold standard'. Nowadays national currencies are considered to be as strong as the national economies which support them.

Valuable metal has generally been replaced by paper notes. These notes are issued by government and authorized banks, and are known as 'legal tender'. Other arrangements such as cheques and money orders are not legal tender. They perform the function of substitute money and are known as 'instruments of credit'. Credit is offered only when creditors believe that they have a good chance of obtaining legal tender when they present such instruments at a bank or other authorized institutions. If a man's assets

are known to be considerable then his credit will be good. If his assets are in doubt, then it may be difficult for him to obtain large sums of credit or even to pay for goods with a cheque.

The value of money is basically its value as a medium of exchange or as economists put it, its 'purchasing power'. This purchasing power is dependent on supply and demand. The demand of money is reckonable as the quantity needed to effect business transactions. The demand for money is related to the rapidity with which the business is done. The supply of money is the actual amount in notes and coins available for business purposes. If too much money is available, its value decreases. This condition is known as 'inflation'.

II. Find international words in paragraph 1.

III. Read the text again and decide which of these statements are correct.

1. People buy only some commodities with money.
2. Some values in the economic system are measured in terms of money.
3. Coins are adequate for general business, while paper notes are used for small transactions.
4. Today the American dollar isn't 'backed' by the store of gold which the US government maintains.
5. Gold has been universally regarded as a very valuable metal.
6. Paper notes, cheques and money orders are issued by government and authorized banks, and are known as 'legal tender'.
7. The demand for money is related to the rapidity of the business.

IV. Choose the best endings to the following statements:

1. Our goods and services are sold for money, and that money is exchanged for ...
 - a) cheques
 - b) money orders
 - c) other goods and services
2. Originally, a valuable metal served as ...
 - a) 'an instrument of credit'
 - b) a constant store of value
 - c) a national currency
3. The US government maintains ...
 - a) the American dollar
 - b) the British pound
 - c) the French franc
4. Nowadays national currencies are considered to be as strong as ...
 - a) the national economies
 - b) the government
 - c) the banking system

5. Cheques and money orders perform the function of
 - a) money
 - b) substitute money
 - c) a constant store of value
6. A man will obtain large sums of credit if his assets
 - a) are considerable
 - b) are in doubt
 - c) equal zero
7. The purchasing power is dependent on
 - a) credit
 - b) supply and demand
 - c) business transactions

V. Complete the unfinished questions in column A that are answered in column B.

A	B
What ... ?	Money.
What ... ?	Coins.
What ... ?	Paper notes.
What ... ?	Cheques and money orders.
What ... ?	Legal tender.
What ... ?	Inflation.

- VI.** Find key words, phrases and the topic sentences which best express general meaning of each paragraph.
- VII.** Using the information obtained from the paragraphs make an outline of the text.
- VIII.** Speak about money, substitute money, purchasing power and inflation using key words, phrases and the topic sentences.

B. Text Study

- I.** Read the text and answer the following question.
Is the role of money increasing or decreasing nowadays?

Text B

FUNCTIONS OF MONEY

People accept money in exchange for goods and services. But the role of money depends on the state of development of an economy. Money has

become an essential element of economies based on the division of labour, in which individuals have specialized in certain activities and enterprises have focused on manufacturing specific goods and rendering specific services. In order to make transactions as simple and efficient as possible, the introduction of a generally accepted medium of exchange suggested itself.

Money performs the function of a medium of exchange or means of payment with goods being exchanged for money and money for goods. At the same time it also acts as a unit of account.

Money is a store of value, as part of an individual's income may be set aside for future consumption.

These three functions of money - medium of exchange, unit of account and store of value - can only be fulfilled if there is great confidence in its stability of value. Safeguarding monetary stability is the primary task of the central banks all over the world. Moreover, the central bank has the function of regulating the money supply in order to guarantee a smooth functioning of the monetary system.

II. Read the text again and decide which of the following statements are correct.

1. The role of money doesn't depend on the state of development of an economy.
2. Money is necessary to make transactions simple and efficient.
3. Modern economies can't function without money.
4. The functions of money can be fulfilled even without great confidence in its stability of value.
5. All the banking system of the state has the function of regulating the money supply in order to guarantee a smooth functioning of the monetary system.

III. Answer the following questions

1. What is the most important function of money?
2. What does the role of money depend on?
3. What are the three functions of money?
4. What is the primary task of central banks all over the world?

IV. What is the main idea of the text?

V. Give the main points of the text in 4-5 sentences.

C. Text Study

I. Read the text and discuss the questions.

Text C

FORMS OF MONEY

A great variety of commodities (wheat, salt, gold, silver) has served at one time or another as a medium of exchange in economies based on the division of labour. This form of money is generally referred to as commodity money. At the same time other forms of money developed. They are referred to as credit money or money without material value because their value as a means of payment is greater than their intrinsic value. For instance, the paper on which a £100 banknote is printed is worth much less than the banknote's face value. This is also true of most of the coins used nowadays. In addition to the notes and coins in circulation, 'cashless' means of payment were introduced.

These include checks, transfer orders and credit cards, which have become more and more popular in recent years. The progress made in computer technology has led to new forms of cashless payments. These forms of money which were mentioned above can be subsumed under the terms 'cash or notes and coin' and 'deposit or giro money'.

1. What is the most important function of money?
2. What does the role of money depend on?
3. What are the three functions of money?
4. What is the primary task of central banks all over the world?

II. Discuss the following problems:

What is your attitude towards spending money? Give reasons for your choice:

1. Assume all these things cost the same. Which one would you rather have:
 - a. a fantastic week's holiday;
 - b. a nice present to give someone;
 - c. that much in the bank?
2. If you see something you had not thought of buying, but you suddenly decide it's just what you want and the money in your pocket is just enough, do you:
 - a. buy it on the spot?
 - b. see if you can manage without?
 - c. go home and think about it?
3. If a new model of something (e.g. bike, watch) comes out just after you have bought one, do you:
 - a. sell it and buy the new one;
 - b. still enjoy the one you have;

- c. plan to buy the new one in a year or two?
4. If you won a great sum of money, for example, in the lottery, would you continue working? If not do you think you would lose anything by giving up work?

D. Text Study

- I. Read the English text and translate it into Russian in writing.

Text D

DEPOSIT OR GIRO MONEY

Deposit or giro money is a form of money that has only gained great importance in the recent past. It is created by deposits held at banks on current accounts, giro or sight deposit accounts, on which the holder can draw at any time by check or giro transfer. In contrast to notes & coin, these are cashless means of payment, which are created by the banks themselves within the framework of cashless payment transactions by using deposits for lending. The amount granted to the borrower is credited to a current account and thus becomes book money, which serves as the basis for further lending if these funds remain within the banking system (payments to creditors). But banks' ability to create book money is limited. It mainly depends on payment habits: the greater the preference for payment in cash, the more restricted the possibilities for banks to create deposit money. To ensure the solvency of the banking system and for monetary policy reasons, banks are moreover required to hold a certain percentage of their liabilities as deposits with the central bank. This obligation limits banks' lending power and their ability to create book money.

- II. Translate from Russian into English in a written form.

A

1. Депозитные или жиро деньги приобрели большое значение за последние годы.
2. Источником жиро денег являются депозиты на текущих счетах, а также жиро или депозитные счета до востребования.
3. Способность банка создавать безналичные средства платежа зависит от того, отдается ли предпочтение выплатам в виде наличных денег или нет.

4. Правительство с помощью инструкций и распоряжений ограничивает способность банков к созданию безналичных денег.
5. Банки обязаны держать определенный процент своих пассивов в качестве депозитов.

В Великобритании пользуются десятичной системой денежных знаков. Один фунт стерлингов (*round*) составляет 100 пенсов (*pence*). Имеют хождение монеты достоинством в 1, 2, 5, 10, 20, 50 пенсов и 1 фунт стерлингов, а также банкноты в 5, 10, 20 и 50 фунтов стерлингов, 5-фунтовая банкнота голубая, 10-фунтовая оранжевая, 20-фунтовая — лиловая, а 50-фунтовая — розовая. До введения десятичной системы 15 февраля 1971г. каждый фунт составляли 12 шиллингов (*shillings*), а каждый шиллинг— 12 пенсов. Некоторые монеты старого образца до сих пор находятся в обращении.

Выгоднее всего менять деньги в банках. В те дни, когда банки закрыты, вы можете получить деньги с банковского счета в банкоматах (*cashpoint machines*), установленных на улицах, в стенах домов и учреждений. Для этого необходимо иметь при себе соответствующую карточку и знать свой личный код. Широко распространены кредитные карточки. Если Вы располагаете дорожными чеками (*traveler's checks*), выпущенными в фунтах стерлингов, то они «обналичиваются» бесплатно. Дорожные чеки принимают в большинстве магазинов и гостиниц.

E Text study

- I. Read the text for general comprehension.

Text E

MONEY IN THE U.S. ECONOMY

The quantity of money in an economy is central to determining the state of that economy — it affects the level of prices, the rate of economic growth and the level of employment. It is a medium of exchange that people will accept for their goods or services and a unit of account for prices or debts. In addition, it can be used like property or precious metals — as a store of wealth that people can save for future purchases.

Money in the United States consists of coins and paper currency. According to federal law, only the U.S. Treasury and the Federal Reserve System can issue U.S. currency. The Treasury issues all coins, while the Federal Reserve and the Treasury each issue a type of paper money —

Federal Reserve notes and United States notes, respectively. All U.S. currency carries the nation's official motto, "In God We Trust."

Coins come in various denominations based on the value of a dollar: the penny, one cent or one-hundredth of a dollar; the nickel, five cents or five-hundredths of a dollar; the dime, 10 cents or ten hundredths of a dollar; the quarter, 25 cents or one-fourth of a dollar; the 50-cent piece or half-dollar; and the one-dollar coin.

Paper money issued in the United States consists almost entirely of Federal Reserve notes, which are issued by the 12 Federal Reserve Banks in the Federal Reserve System. These notes come in denominations of \$1, \$2, \$5, \$10, \$20, \$50, and \$100. Until 1969 the Federal Reserve Banks also issued \$500, \$1,000, \$5,000, and \$10,000 notes.

The U.S. Treasury issues the only other paper money in the United States today, and these notes are issued only in \$100 denominations. Both United States notes and Federal Reserve notes carry the printed signatures of the secretary of the treasury and the treasurer of the United States.

- II. Write down key words and phrases from each paragraph which best describe the atmosphere and its meaning.
- III. Write down possible headlines which best express the main idea of each paragraph.
- IV. Reduce the text to one third of its original length giving the most important information.

Writing

Reduce Explanation

To reduce explanation and illustration to the essential minimum:

- Omit passages that restate a point for clarity or emphasis.
- Drastically condense lengthy details, examples, statistics--but do not omit information or examples that are necessary to a clear understanding of the summarized work.
- Be specific whenever possible.

Grammar Study

- I. Study the rule.

We use the passive voice when we are interested in the activity rather than who or what does it.

Example

A banner has been made.

The important thing is that the banner has been made, not who made it.
We make the passive voice with the verb “to be” and the past participle.

Example

The land is needed for new offices and flats.

The offices aren't needed.

To make different tenses in the passive voice, we change the tense of the verb 'to be'.

Example

The trees were planted two years ago.

A petition has been organized.

A demonstration will be held on Monday.

The buildings would be destroyed.

II. Complete the sentences using the verbs in the passive voice.

1. The size of the company ... often in terms of its assets. (measure)
2. Partnerships ... most often in professions, such as law, medicine, and accounting. (find)
3. In corporations, ownership ... by shares of stock. (represent)
4. Corporate income ... twice. (tax)
5. First-line managers ... usually supervisors. (call)
6. Efficiency and effectiveness (interrelate)
7. Some federal agencies ... regularly on the ground that they are responsibly effective but extremely inefficient, that is, they get their job done but at a very high cost. (have/attack)
8. Goods and services ... and ..., credit ... to customers, debts ... and cash ... and (purchase, sell, extend, incur, receive, pay out)
9. The user of any accounting report needs to understand the standards which ... in preparing that report. (have /use)
10. The company's account ... to the shareholders in May. (will /present)

III. Complete the sentences using one of these verbs in the passive voice: a) concern, publish, examine, determine, call, base; b) face, have/gather, use, will/affect, make.

a)

1. The first major book on economics Adam Smith's "The Wealth of Nations" ... in 1776.
2. The concept of welfare ... with the whole state of well-being.

3. Since the answers to such questions ... by our elected officials, intelligence requires that we have a basic knowledge of economics.
4. In economics problems ... usually from the social, not from the personal, point of view.
5. This aspect ... sometimes “applied economics” or policy economics.
6. All sciences ... upon facts.

b)

7. The relevant facts ... recently for us by government agencies.
8. National output is far below the economy’s productive potential and we ... with the problem of unemployment.
9. Words like objectives and targets ... in management theory.
10. Time difference around the world means that financial news ... twenty-four hours a day.
11. Businesses ... by the general economic climate in future.

IV. Fill in the gaps with the prepositions *in, with, on, to, for* or *of*.

1. The work which people undertake provides them ... money.
2. All values in the economic system are measured ... terms of money.
3. The purchasing power is dependent ... supply and demand.
4. The demand for money is related ... the rapidity with which the business is done.
5. The supply of money is the actual amount in notes and coins available ... business purposes.
6. People accept money in exchange ... goods and services.
7. The role of money depends the state of development of an economy.
8. Money performs the function of means ... payment.
9. A great variety of commodities has served as a medium of exchange in economies based ... the division of labour.
10. In contrast ... notes and coins giro money is a cashless means of payment.
11. The amount granted ... the borrower is credited to a current account and thus becomes book money.

UNIT V

Banking

Vocabulary Study

Word List

Nouns and noun phrases

1. account – счёт
current account - общий счёт
deposit account – депозитный счёт
2. book – книга
cheque book – чековая книжка
saving book – сберегательная книжка
3. borrower – заёмщик, получатель ссуды
4. depositor – депозитор, депонент, вкладчик
5. holder – владелец, предъявитель, обладатель, держатель
6. insurance – страхование, страховка
7. intermediary – посредник
8. loan – заём, ссуда
9. profit – польза, выгода
10. pursuit – преследование, погоня, поиски, занятие
11. rate – ставка, норма, размер
interest rate – процентная ставка
12. robbery – грабёж
13. security – безопасность

Adjectives

1. attractive – притягательный, привлекательный
2. cheap – дешёвый
3. expensive – дорогой, дорогостоящий
4. fraught – полный, преисполненный, чреватый
5. reluctant – неохотный
6. sound – здоровый, здравый, солидный, платежеспособный
7. stagnant – застойный, инертный, вялый, косный

Verbs

1. cater – удовлетворять, угождать
2. cause – вызывать
3. circulate – распространять, передавать, циркулировать
4. combat – бороться

5. invest – помещать, вкладывать, инвестировать
6. lend(lent, lent) – давать займы, одалживать
7. occur – встречаться, случаться, происходить
8. overdraw (overdrew, overdrawn) – превышать кредит
9. pay (paid, paid) – платить
10. quote – назначить (цену)
11. seek(sought, sought) – искать
12. shift – перемещаться
13. withdraw(withdrew, withdrawn) – снимать, убирать, брать

Adverbs

1. cheaply – дешево
2. dearly – дорого

I. Read and translate the following words and word combinations. Mind the stress: a) on the first syllable; b) on the second syllable; c) on two syllables.

- a) Borrower, profit, robbery, sound, stagnant, combat, dearly, current;
- b) account, deposit, depositor, insurance, pursuit, security, attractive, expensive, reluctant, invest, occur, withdraw;
- c) intermediary, circulate, overdraw.

II. Match these words with the definitions below.

Bankruptcy, commodity, exchange rate, interest, profit, loan, share.

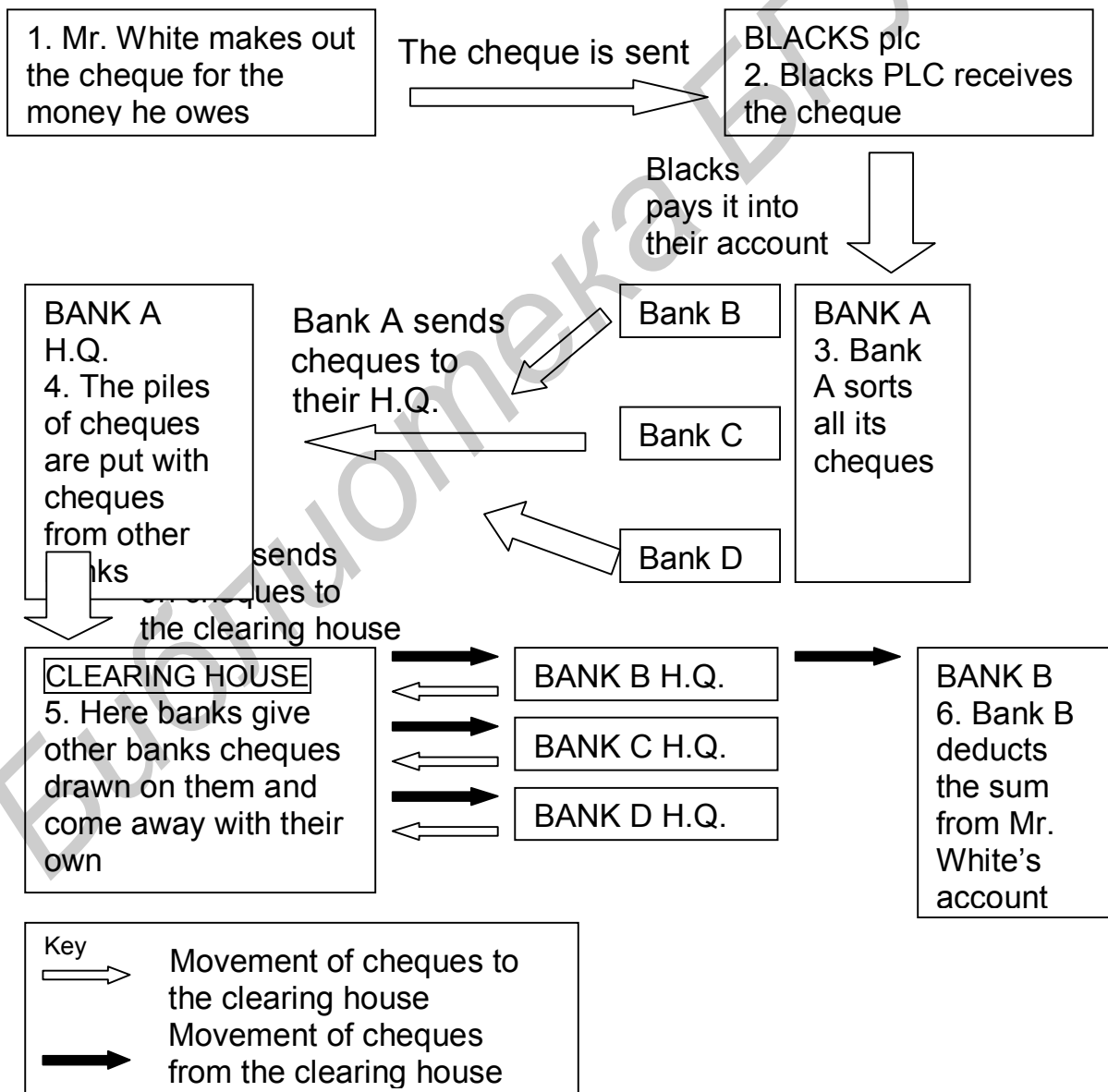
1. Any article exchanged in trade, but most commonly used to refer to raw materials, including such minerals as tin, copper and manganese, and bulk-produced agricultural products such as coffee, tea and rubber.
2. The orderly liquidation of a firm caused by a default on, or non-payment of its obligations.
3. A sum paid for the use of borrowed capital, usually expressed in terms of a rate or percentage of the capital involved (the interest “rate”), which is normally higher when the risk (including the probability of inflation) is greater.
4. The price at which one currency can be exchanged for another.
5. The amount which remains after all revenues have been added up and all expenses have been subtracted.
6. One of the equal parts into which the capital of a company is divided, entitling the holder of it to a proportion of the profits.
7. Lent, esp. a sum of money.

III. Read the life story of a cheque.

Imagine a man called Mr. White owes Blacks plc a sum of money. If he has an account at Bank B and the firm an account with Bank A what happens to the cheque he makes out? Complete the blanks with the following verbs:

credit send draw exchange deduct pay sort put send on

First of all, when Blacks plc receives the cheque it ¹ _____ into Bank A and ² _____ to the firm's account. Then, at the end of each working day all the cheques which ³ _____ on other banks ⁴ _____ and ⁵ _____ to Bank A's headquarters. Here they ⁶ _____ into piles together with cheques from other Banks (B, C, D, etc.) and ⁷ _____ to the clearing house where all the cheques ⁸ _____. Bank B's headquarters now sends Mr. White's cheque back to Bank B (where he has an account) and the sum ⁹ _____ from his account.



IV. Mind the use of the words *price*, *rate*, *charge*, *fee* and *commission* which have certain similarities in meaning, but are not exactly the same.

1. The *price* is the amount of money you have to pay (usually for goods) in order to buy them:

What is the *price* of a carphone?

Share *prices* are quoted in the *Financial Times*.

1.1. *Price* is also a verb. If you *price* something you decide how much a purchaser will have to pay:

We've *priced* the new model at \$ 1,300.

1.2. *To price yourself out of the market* is to offer your goods at such a high price that everyone will buy your competitors products:

If we don't work to a lower profit margin we'll be *pricing ourselves out of the market*.

2. The *rate* of interest or taxation is the percentage level:

Interest *rates* have stabilized at around 15%.

The basic *rate* of income tax on 1990 was 25%.

2.1. We can also refer to the *rate of exchange* (or *exchange rate*) of a currency:

Tourist *exchange rates* are published in most newspapers.

2.2. *Rate* can refer to an amount of something within a period of time.

The *rate* of unemployment fell in some European countries in the late 80s.

2.3. In insurance, the amounts charged to cover a risk are expressed as a percentage:

A *rate* of £ 1.75 per cent.

This means that you have to pay £1.75 for every £100 of the sum for which the goods are insured.

2.4. *Rate* can also indicate the speed or frequency at which something happens:

We're losing skilled workers at the *rate* of three a month.

3. *Charge* is used mostly in the context of paying for services:

There will be a *charge* for confirming the letter of credit.

No extra *charge* is made for maintenance.

3.1. *Charge* is also a verb:

We *charge* for delivery. (= There is a delivery *charge*.)

The bank *charged* me 12% commission.

3.2. If something is *charged to an account* it is put on the bill for payment later:

Please *charge* the bar bill *to my account*.

3.3. Occasionally, services are *free of charge*.

You may use the telephone in your room *free of charge*.

4. A *fee* is payable for services provided by the legal profession, consultants, accountants, etc.:
In the US, a lawyer is paid a contingency *fee* which is a proportion of the damages granted by the court.
 - 4.1. When permission is granted to use intellectual property there may be a *fee*. It is also possible to refer to a *registration fee* and a *booking fee* when a charge is made for a reservation.
5. A *commission* is a payment to an agent or middleman, calculated as a percentage of sales made:
 - 5.1. Salesmen are often paid a fixed salary plus *commission* on sales made:
A higher *commission* increases the incentive to sell.
 - 5.2. *Commission* is used as a synonym of *charge* in the context of banking:
There is a small *commission/charge* for handling standing orders.

Complete these sentences.

1. The American Bar Association has warned lawyers that their _____ were getting so high that the profession might _____ itself out of the market.
2. Please pay the conference _____ directly to the Registrar.
3. As a salesman, the more goods you sell, the more _____ you make.
4. We were _____ £850 for repairs to the switchboard.
5. What is the _____ of an overhead projector?
6. We're now producing the new model at the _____ of 100 a day.
7. There is a small _____ to cover handling costs.
8. A bear is a speculator who expects share _____ to fall.
9. The _____ of inflation is over 10%.
10. Could you _____ this to my expense account?

V. Using a dictionary add as many words as possible into the table.

	Verbs	Adjectives	Nouns
1.			account
2.			insurance
3.			intermediary
4.			profit
5.			pursuit
6.			rate
7.	to cause		
8.	to circulate		
9.		attractive	
10.		cheap	

VI. Make adjectives from the following nouns.

Nouns

Adjectives

cheapness
expensiveness
reluctance
stagnation
rate
security
shift

VII. Make nouns from the following verbs.

Verbs

Nouns

to borrow
to deposit
to hold
to rob
to secure
to cater
to lend
to occur

VIII. Make verbs from the following nouns.

Nouns

Verbs

loan
combat
investment
pay
quotation
shift

IX. Choose the words with similar meaning from the two groups and arrange them in pairs.

A. Account, holder, profit, rate, security, share, attractive, sound, stagnant, to cause, to circulate, to combat, to invest, to occur, to seek, to shift.

B. To transfer, to happen, to look for, to fight, to put, to spread, bill, owner, benefit, size, safety, stock, magnetic, solvent, inert, to stimulate.

X. Mind the use of the words *borrow*, *lend*, *loan* and *overdraft*.

Neither a borrower nor a lender be. (Shakespeare)

1. If you *borrow* money, somebody gives you it on a temporary basis: He's always *borrowing* money but he usually pays it back quite quickly.
2. Lend is the opposite of borrow. It is an irregular verb:
Could you *lend* me your car?
I *lent* him \$100 last week.
The bank has *lent* us £250.000.
3. A *bank loan* is a sum of money which a bank will lend to a person or organization (the *borrower*) for a fixed period and usually with some kind of approved security. Those who *borrow* money in this way have to pay interest.
The interest payable on a *personal loan* is added to the sum at the start and the repayment is usually by equal monthly instalments.
4. In the UK, if you have an *overdraft* you are allowed to take out more money from your bank account than you have in it. The bank charges interest on a daily basis and usually less than for a *loan*.

Write YES or NO in the boxes.

	FIXED SUM	KNOWN PERIOD	REGULAR REPAYMENTS	DAILY CALCULATION OF INTEREST
Loan				
Overdraft				

XI. What are the opposites?

Lender, profitless, danger, unattractive, cheap, fraught, sick, willing, developing, to part, to find.

XII. Complete the sentences with the words from the box below.

Expensive, goods, a borrower, cheaper, money, customers, cheaply, dearly, stimulates, bankruptcy, commodity.

1. A bank is an intermediary between a depositor and
2. A rise in the interest rate will make borrowing more
3. A fall in the interest rate will make borrowing

4. Inflation is usually caused by too many ... being produced and too much ... circulating in the economy.
5. Accounts of two types are offered to its ... by the commercial bank.
6. ... that banks sell is money.
7. A bank wants to buy money ... and to sell it
8. The banks activity ... progress in industry, construction and agriculture.
9. The banks sometimes get involved in risky operations fraught with

XIII. Make up your own sentences using the following words and word combinations.

Inflation, to occur, too many goods, too much money, the interest rate, to pay, the commercial banks, to combat inflation, to raise the interest rate, to lower the interest rate, to encourage the stagnant economy.

XIV. Translate into English.

1. Государство понижает процентную ставку, чтобы простимулировать застойную экономику.
2. При высокой процентной ставке предпринимателям может быть невыгодно развивать свой бизнес.
3. Ситуация, когда производится слишком много товара, и слишком много денег циркулирует в экономике, приводит к инфляции.
4. Два вида счетов предлагается клиентам коммерческого банка: депозитный и текущий.
5. Банки помещают деньги туда, где можно получить самую высокую прибыль.
6. Каждый банк обладает страховкой, чтобы клиенты в случае его банкротства не потеряли свои деньги.
7. Правительство использует процентную ставку для улучшения экономической ситуации в стране.

A. Text study

- I. Read the text to get the gist of it. Answer the following questions.
 - a) Can the government stimulate the economy by means of the interest rate?
 - b) How do the banks stimulate progress in industry and other fields of economy?

Text A

COMMERCIAL BANKS OF BRITAIN

A bank is an intermediary between a depositor will and a borrower. The interest rate which the commercial banks charge borrowers and pay to depositors will be influenced by the interest rate which is quoted from time to

time by the Bank of England, which is, of course, controlled by the British government. If the Bank of England recommends that the interest rates will have to rise then the commercial banks and most other financial institutions will also raise their interests rates.

A rise in the interest rate will make borrowing more expensive and saving more attractive. A fall in the interests rate will make borrowing cheaper and saving less attractive.

The government may use the interest rate (sometimes called the Bank Rate) to regulate the economic climate of the country. By this we mean that if borrowing becomes more expensive, businessmen will become more reluctant to borrow and develop their business, but if it falls, then they will probably become more active.

If the economy becomes too active, there is usually a tendency for inflation to occur, and this is usually caused by too many goods being produced and too much money circulating in the economy.

To combat inflation the government will often raise the interest rate. If the economy was stagnant then the interest rate would probably be lowered to encourage it to expand and become more active. There are, of course, other factors which the government must consider before it influences the financial institutions to raise or lower their interest rates. Banks make a profit by:

1. Making loans to businessmen and private individuals.
2. Charging interest payments on overdrawn accounts.
3. Lending to the money market.
4. Investing in sound shares and securities.

The commercial bank offers its customers accounts of two types: the deposit account and the current account. The deposit account will probably pay a fixed rate of interest, and will sometimes issue the saver with a bank saving book. The current account pays no interest. A cheque book is used to make payments from an account and a paying-in book is used when money is paid into the account.

Banks will normally give statements to both deposit and current account holders about once every three months, or more frequently if required by the account holder. Statements give a detailed account, on a day to day basis, of all money and cheques which have either been paid into account or withdrawn from the account.

Money is the commodity that banks sell. A bank seeks to buy money cheaply and to sell it dearly. This is what the banks are busy doing. Naturally the banks put their money where it brings the highest profit. That is why they always keep up to date with the market situation by shifting money from one geographical region to another, the banks activity stimulates progress in industry, construction and agriculture.

Banks are interested in keeping most of their money in circulation so that it should bring them profit. They seek to reduce their lending rates in order to attract buyers. The cuts in interest rates are more than made up for by an increase in the amount of money in circulation.

In their pursuit of high profit, the banks sometimes get involved in risky operations fraught with bankruptcy. That is why the government takes measures to minimize the danger of banks going broke. Every bank is obliged to take out insurance against robbery or bankruptcy lest the clients should lose their money in any case.

The banks cater to big companies, small companies and to individuals.

II. Find international words in paragraphs 4 and 5.

III. Choose the best endings to the following statements.

1. A bank is an intermediary between a depositor and
 - a) a creditor
 - b) a borrower
 - c) a lender
2. The Bank of England is controlled by... .
 - a) partnerships
 - b) the British government
 - c) the Queen
3. A rise in the interest rate will make saving
 - a) less attractive
 - b) impossible
 - c) more attractive
4. If borrowing becomes more expensive, businessmen will become
 - a) more reluctant to borrow
 - b) more active
 - c) indifferent
5. If the economy becomes too active, there is usually a tendency for
 - a) stagnation
 - b) inflation
 - c) expansion
6. The deposit account will pay
 - a) no interest
 - b) an increasing rate of interest
 - c) a fixed rate of interest
7. Banks will give statements to deposit and current account holders about ...
 - a) once every three weeks
 - b) once every three months
 - c) twice every three months
8. Banks are interested in keeping most of their money in
 - a) circulation
 - b) the other banks
 - c) in small companies
9. Every bank is obliged to take out

- a) insurance
- b) licence
- c) shares

IV. Complete the unfinished questions in column A that are answered in column B.

A	B
What ... ?	Accounts of two types.
What ... ?	The current account.
What ... ?	A cheque book.
What ... ?	A paying-in book.
What ... ?	Statements.
What ... ?	Money.
Where ...?	In risky operations.

V. Identify the sentences in the text that talk specifically about inflation and the ways of making a profit by banks and translate them into Russian.

VI. The text contains eleven paragraphs. Which of them gives the main point?

VII. Find key words, phrases and the topic sentences which best express general meaning of each paragraph.

VIII. Using the information obtained from the paragraphs make an outline of the text.

IX. Using, key words, phrases and the topic sentences speak about commercial banks of Britain and their role in economy.

B. Text study

I. Read the text and answer the following question.

Why is the interaction of supply and demand so important for banking and financing?

Text B

INTEREST RATES AND CURRENCY EXCHANGE

Modern information technology had led to news being transmitted worldwide quicker than even before. Time difference around the world means that financial news is being made twenty-four hours a day, and it is this barrage of readily accessible information that serves as a basis for many of the business decisions that are made concerning international banking and

financing.

Techniques of analysis are applied to information to determine its implications and try to discern trends in the future.

Many prices are determined by a complex interaction of factors. With regard to currencies it may be said that one fact governing process is the interaction of supply and demand. Interest rates prevailing in different countries affect currency exchange rates. If interest rates rise in the UK for example, US investors may move funds to the UK to earn higher interest income. They will then sell dollars for sterling, and the demand for sterling will rise, while at the same time the supply of dollars will rise too. The dollar will therefore fall in value, while the price of sterling will rise.

Trade between countries may also affect currency rates. If, say, Japanese exports to Germany rise, and German exports to Japan remain the same, there will be an increase in the supply of Deutschmarks as Japanese exporter sells them for dollars. This will normally increase the value of the Yen in relation to Deutschmarks.

Government intervention may also affect exchange rates. If sterling is weak for instance, the Bank of England may enter the market to buy sterling with some of its reserves of other currencies. This will reduce the supply of sterling, thereby increasing its value.

Stock market prices in a particular country are often affected by stock market prices elsewhere in the world, and markets tend to move together, as indicated by the worldwide crash in the autumn of 1987. The share price of any one company will obviously tend to be influenced by the financial performance of the company details of which are released at various time during the financial year.

The factor of supply and demand mentioned will also tend to affect commodity prices. A bad coffee harvest in Brazil will increase the price of coffee because demand will exceed supply. The over-production of oil, on the other hand, will lead to a fall in the price of the commodity, since there will be a glut of oil available on the market.

II. Read the text again and decide which of the following statements are correct.

1. Financial news is a basis for many of the business decisions.
2. Interaction of supply and demand is the main factor affecting currency rates.
3. Trade doesn't affect currency rate.
4. Exchange rates may be determined by government intervention.
5. Stock market prices in one country are often affected by stock market prices in elsewhere in the world.
6. Commodity prices are also determined by the factor of supply and demand.

III. Answer the following questions.

1. Why is readily accessible information important for the business decisions?
2. How are many prices determined?
3. What affects currency exchange rates?
4. What affects stock market prices?
5. How does the factor of supply and demand affect commodity prices?

IV. Which of the following expresses the main idea of the text best of all?

1. Interaction of interest rates and currency exchange.
2. The factors influencing the rise and the fall of the price of money.
3. The factor of supply and demand and commodity prices.
4. Interaction of factors determining many prices.

V. Give the main points of the text in 4-7 sentences.

VI. Speak about interest rates and currency exchange.

C. Text Study

- I.** Read the text and share your ideas on the problem discussed.

Text C

RIGHTS ISSUES

One of the most popular methods for a public company to acquire funds is through a rights issue. The existing stockholders are sent a provisional allotment letter which offers them the new shares on favourable terms. A rights issue would operate like this. Delta PLC has the following structure:

5,000,000 ordinary shares of £1 each fully paid (currently quoted on the Stock Exchange at 220p each)

The directors wish to raise funds to the extent of £1,500,000 in order to modernize the plant. They therefore send a provisional allotment letter to their shareholder offering one new ordinary share at 150p for every five shares held.

From the company's point of view, because the shares are offered at a favourable price, the company can be sure of receiving the funds they require. If they have been too generous with the terms, it is only the existing equity owners who will benefit. It is an inexpensive and effective method of raising additional funds which is likely to prove acceptable to the shareholders, so long as proportionately large sums are not required.

From the shareholder's point of view consider the case of Mark Johnson, who was holding 1,000 ordinary shares in Delta. He would have been invited to take up 200 of the new ordinary shares at a price of $200 \times 150\text{p}$, i.e. £300.00. If he wishes to acquire all the new shares to which he is entitled, all he needs to do is to send a cheque for this sum to the company registrar, together with the allotment letter.

If he does not want to take any of the new shares he may sign the form of renunciation and give the allotment letter to his broker who will then sell the rights on his behalf.

How much can Mark expect to receive from any rights he sells? The stock market has assessed Delta as being worth £11m, i.e. $5,000,000 \times £2.20$. With the new inflow of cash from the rights issue, the amended valuation of Delta would be £12.5m. Divided between 5,000,000 old and 1,000,000 new shares (6,000,000 in total) the value of the shares - after the rights issue - would be

$$\frac{£12,500,000}{6,000,000} = \text{approximately } £2.08$$

So, if shares costing £1.50 each are worth £2.08, the value of the rights to each new share (called the premium) will be around 58p. In practice, the premium may exceed 58p where the injection of cash is expected to improve the efficiency of the company. You will recall that Delta wanted the cash to modernize their plant.

If Mark sells all his rights, he will receive a cheque from the broker (having sold the rights on the stock exchange) for $200 \times 58\text{p} = £116.00$.

Your task

Beta PLC has the following capital structure: 10,000,000 ordinary shares of £1 each. The shares are selling on the Stock Exchange £4.00 each. The company is now making a one for ten rights issue at a price of £3.00 each.

- How many new shares would you expect to be offered if you are presently holding 5,000 of the Beta ordinary shares?
- How much would you have to pay the company for your new shares?
- How much would Beta raise from the rights issue?
- How would you be informed about the rights issue?
- What is attractive in such a rights issue from the company's point of view?
- What are the merits and demerits of the rights issue from the shareholder's point of view?
- With regard to the Beta rights issue, what would you expect the premium to be on the rights?
- How much would you get for your rights to new shares if you sold them instead of taking them up?

D. Text Study

- I. Read and entitle the English text. Translate it into Russian in writing.

Text D

A maxim which should be followed by all investors is 'buy at the bottom and sell at the top'. Prices of all stocks fluctuate from time to time, and the art of speculation is to buy securities at the best time. It is not as easy as it sounds for two reasons. First, it is as difficult to know when share prices have finished falling as it is to know when they have reached their peak. Second, the maxim assumes that the speculator is in a position to take the necessary action. For example, funds may not be available for a purchase at the vital moment.

The Stock Exchange is a highly sensitive market and stock prices fluctuate in response to a wide variety of pressures. Speculators should always be looking to the future and attempting to anticipate events. For example, businesses are interdependent to a large extent and will be affected by the general economic climate. Orders for ships lead to orders for steel which in turn leads to money in the pocket of shipbuilders and steel-workers to buy television sets and carpets. Conversely, the closing of a motor assembly plant causes a fall in the sale of beer which increases the number of redundancies, this time in the breweries.

Speculators pay attention when the Chancellor of the Exchequer introduces his Budget. This is the time when tax rates are changed, future government spending patterns are declared and the effect of the changes on their securities can be gauged.

The government also promotes its policies through the Bank of England, perhaps using the government broker to conduct open market operations. Government stocks are sold when the government wants to reduce the supply of money. This will pressurize the banking system to raise interest rates with the effect of reducing inflation. The government broker buying government stocks will have the opposite effect, lowering interest rates and reducing unemployment.

All these things will affect the price of shares on the Stock Exchange, as will the fact that some political parties are seen as more sympathetic to business interests. Prices will be particularly sensitive at the time of parliamentary elections.

- II. Translate from Russian into English in a written form.

A

1. Искусство спекуляции заключается в том, чтобы покупать ценные бумаги в наилучшее время.

2. Необходимо рассчитать, когда акции максимально упадут в цене и тогда покупать их.
3. Естественно, что продавать акции нужно по наивысшей цене.
4. Спекулянту необходимо обладать необходимой суммой денег в нужном месте в нужное время.
5. Следует уметь заглядывать в будущее и предсказывать события, учитывать общий экономический климат и тенденции развития экономики.
6. Следует следить за работой правительственного брокера, посредством которого правительство проводит свою политику.
7. Продажа правительственных акций вынуждает банки поднимать процентную ставку, что может уменьшить инфляцию.
8. Цены всех акций колеблются время от времени, особенно во время парламентских выборов.

В

Кредитная система государства складывается из банковской системы и совокупности так называемых небанковских банков, т. е. небанковских кредитно-финансовых институтов, способных аккумулировать временно свободные средства и размещать их с помощью кредита. В мировой практике небанковские кредитно-финансовые институты представлены инвестиционными, финансовыми и страховыми компаниями, пенсионными фондами, сберегательными кассами, ломбардами и кредитной кооперацией. Эти учреждения, формально не являясь банками, выполняют многие банковские операции и конкурируют с банками. Однако, несмотря на постепенное стирание различий между банками и небанковскими кредитно-финансовыми институтами, ядром кредитной инфраструктуры остается банковская система.

Вся совокупность банков в национальной экономике образует банковскую систему страны. В настоящее время практически во всех странах с развитой рыночной экономикой банковская система имеет два уровня.

Первый уровень банковской системы образует центральный банк (или совокупность банковских учреждений, выполняющих функции центрального банка, например Федеральная резервная система США). За ним законодательно закрепляются монополия на эмиссию национальных денежных знаков и ряд особых функций в области денежно-кредитной политики. Второй уровень двухуровневой банковской системы занимают коммерческие банки (частные и государственные).

I. Read the text and entitle it.

Text E

Technological innovations and increased competition in the face of deregulation are changing the face of British banking. Banks and other financial institutions are using computer technology now, that is why they can offer their clients different types of services:

1. Accept deposits from depositors.
2. Make loans to borrowers.
3. Conduct deposit and current accounts for customers.
4. Keep valuables in safe custody.
5. Give advice on income tax matters.
6. Give advice on overseas trading.
7. Buy and sell shares for customers.
8. Issue foreign currency and travelers' cheques.
9. Provide firms with change and sometimes "make up" cash wage pockets for customers.
10. Act as executors and trustees for deceased persons.
11. Change old bank-notes for new ones.

The bank's most important activity is the extension of credit. In order to provide a loan, a bank must have funds to lend. This comes from paid-in capital, earnings of previous years, borrowed funds and the bank's customers' deposits. The banker must always remember that the money he lends is not his bank's own money. It is the money deposited by the bank's customers. To evaluate the risk, a banker must first obtain certain basic information about the potential borrower. The banker must learn how much money the borrower needs, the purpose and the term of the loan, and how the borrower will repay the loan. The borrower's ability to repay depends on the purpose of the loan. Banks will lend money in two ways: - by a personal loan, - by an overdraft loan arrangement.

If the bank manager agrees to make a personal loan to a customer of say \$1000 and charges him an interest of 10% repayable over 11 months, then the customer would have to pay the bank a total of \$1100. The extra \$100 is the interest the bank has charged the borrower for the loan and is the profit that the bank makes for making the loan to the customer. Therefore the personal loan is charged at a fixed rate of interest repayable over a fixed period of time.

The overdraft is used mostly by businessmen. The advantage with overdrafts is that interest is repayable only on the amount owed at a particular time. Interest is calculated on a daily basis. The borrower will have to pay a lot of interest when the debt is large, but if he is able to make a good deposit and reduce the size of the overdraft then the interest charged will be lowered accordingly. Overdrafts may be recalled by the bank at a very short notice.

Commercial banks will issue reliable customers with cheque guarantee

cards. If the card number is written on the back of the cheque then the bank remembered that the cheque is not a legal tender and that if there are no funds on the account then the cheque will not normally be honoured by the bank.

The financial position of the borrower is determined on the basis of his financial statement. This consists of a detailed balance sheet and a profit and loss statement. The bank demands an audited financial statement covering the previous three years.

- II. Write down key words and phrases from each paragraph which best describe the atmosphere and its meaning.
- III. Write down possible headlines which best express the main idea of each paragraph.
- IV. Reduce the text to one third of its original length giving the most important information.
- V.

Writing

Use The Most Economical Wording Possible

- Where the original uses a whole clause, try to sum up the same idea in a phrase; where it uses a phrase, try to use a single word; where several near synonyms restate the same idea, choose the one that gives the central common meaning.
- Use a simple or complex sentence rather than a compound sentence to summarize a paragraph (unless the original paragraph itself is poorly organized). A compound sentence implies that there are two or more equally important ideas in the paragraph. If you find that you have written a compound summarizing sentence, recheck the paragraph to make sure that the author did not imply some subordinating relationship that you missed.
- In determining the author's intent, be alert to such writing techniques as parallel clauses and phrases (which indicate ideas of equal weight), and transitional words and phrases (which show relationships between ideas).

Unless the original page is already severely condensed, a summary of about one-third or one-fourth the length of the original can usually preserve the essential points. The shorter the summary, however, the greater the danger of oversimplification or outright misrepresentation. Be careful to preserve the essential conditions or distinctions:

- *if-* and *unless-* clauses;

- differences between *is*, *will*, and *might*;
- words like *only*, *almost*, or the phrase *on the whole*.

Moreover, preserve the relative emphasis of the original, giving more prominence to a point treated at length than to one mentioned in passing.

Grammar Study

I. Study the rule.

When we use a modal verb with the passive voice, we use the following structure:

Modal verb + 'be' + past participle

Example

Many materials can be recycled.

Pollution has to be prevented.

Poisonous chemicals shouldn't be dumped in the ocean.

The ozone layer mustn't be destroyed.

II. Complete the sentences using the verbs in brackets. Mind the use of the active or passive voice.

1. A partner in a professional partnership ... even liable for damages awarded in suits against other firm members. (may /hold)
2. A partner's withdrawal ... also ... problems. (can /create)
3. Until a buyer is found, the partner's investment (may /freeze)
4. Stockholders or ... the firm at will. (can /enter, leave)
5. A person shares in dozens of corporations. (can /own)
6. Transactions are typical business event which in monetary terms. (can /express)
7. The recording of a transaction in many ways. (may /perform)
8. The accounting system various types of accounting reports. (must /be able to provide)
9. The information of these reports in accordance with certain ground rules. (must /present)
10. Since the organization all consumer needs, it its efforts on potential consumers. (cannot /satisfy, must /concentrate)
11. These ideas into a marketing program to provide a good, a service or idea to buyers. (must /convert)

III. Complete the sentences using modal verbs and their equivalents. Mind the use of the passive voice.

- a) be/produce, have/derive, can/use, can/do, should/distribute;

b) can/state, must/arrange, can/dissolve, must/obtain, can/start, may/sell.

a)

1. What goods ... with the scarce resources?
2. What ... to reduce unemployment?
3. Income ... more equally?
4. Everything that we need to satisfy our wants ... from two sources - the natural resources and the human ability to make use of them.
5. General knowledge of economic behavior ... in formulating policies.

b)

6. To be meaningful, facts ... systematically, interpreted and generalized upon.
7. Our generalization ... with greater precision.
8. A sole proprietorship ... as easily as it
9. A charter ... through provincial governments or the federal government.
10. Should the holder of the bond wish to get back his money before the note is due, the bond ... to someone else.

IV. Fill in the gaps with the prepositions *to, from, at, in* or *for*.

1. They shift money ... one region to another.
2. Techniques of analysis are applied information to determine its implications.
3. With regard ... currencies the governing process is the interaction of supply and demand.
4. The over-production of oil will lead ... a fall in the price of the commodity.
5. What are that merits and demerits of the rights issue ... the shareholder's point of view?
6. They recommend to buy ... the bottom and sell ... the top.
7. The art of speculation is to buy securities ... the best time.
8. It is not easy as it sounds ... two reasons.
9. Stock prices fluctuate ... response to a wide variety of pressures.
10. Businesses are interdependent ... a large extent.
11. The closing of a motor assembly plant causes a fall ... the sale of beer.
12. Some political parties are seen as more sympathetic ... business interests.

UNIT VI Monetary and Fiscal Policy

Vocabulary Study

Word List

Nouns and noun phrases

1. community – общество, община, группа населения
2. disaster – бедствие
3. expansion – экспансия, расширение, подъём
4. governor – член правления
5. employment – работа, служба, занятие, применение
full employment – полная занятость
6. margin – маржа
profit margin – прибыль
7. output – выпуск, продукция, производство, производительность
8. rate – ставка
discount rate – учётная ставка
9. recession – спад, отступление
10. requirement – нужда, потребность
11. reserve – запас, резерв
12. restriction – ограничение
13. stability – стабильность
14. supervision – надсмотр, надзор
15. tool – инструмент, орудие
16. treasury – казна
17. vault – хранилище

Adjectives

1. optional – необязательный, добровольный
2. overlapping – параллельный, частично дублирующий
3. tight – ограниченный, тесный, тяжёлый
tight money – ограниченный кредит, стеснение кредита
4. unintended – ненамеренный, невольный, непредусмотренный

Verbs

1. administer – управлять
2. adopt – принимать
3. appoint – назначать, определять
4. charter – даровать хартию/привилегию, сдавать внаём по чартеру, фрахтовать
chartered bank – чартерный банк
5. complicate – осложнять, усложнять

6. erupt – извергаться
7. evolve – развивать(ся)
8. hamper – мешать, стеснять
9. hurt (hurt, hurt) – повредить, болеть, ушибать
10. manage – управлять, руководить
11. mount – расти
12. promote – продвигать, поддерживать, учреждать
13. reassert – снова подтверждать, снова выдвигать
14. regulate – регулировать, контролировать
15. set (set, set) aside – выделять, откладывать, аннулировать, отменять, отклонять
16. subordinate – подчинять

Adverbs

1. cautiously – осторожно

I. Read and translate the following words and word combinations. Mind the stress: a) on the first syllable; b) on the second syllable; c) on two syllables.

- a) Governor, margin, profit, output, treasury, optional, charter, hamper, manage;
- b) community, disaster, expansion, employment, recession, requirement, reserve, restriction, stability, supply, promote;
- c) supervision, overlapping, unintended, complicate, reassert, regulate, subordinate.

II. Mind the use of the words *hire*, *rent*, *let*, *lease* and *charter* which have certain similarities in meaning, but are not exactly the same.

1. If you *hire* something you pay the owner to be able to use it for a (usually short) length of time:

We *hired* a Mercedes for the weekend.

We *hired* a sales training film for a couple of weeks.

We decided to *hire* a projector rather than buy one.

2. You can use *rent* in much the same way as *hire* for a vehicle or a piece of equipment. You can also *rent* (= pay for the use of) property.

They've *rented* some office space in New York.

3. If you own property and allow others to use it in return for payment then you *let* it:

Mrs Welsh has decided to *let* her chalet to a Dutch couple.

(=The Dutch couple is renting the chalet from Mrs Welsh.)

4. It is possible to *lease* equipment for long periods of time; maintenance is included in the price:
Our firm has *leased* an off-set printer.
It is also possible to *lease* property:
He persuaded the local council to *lease* him the first and second floors of a tower block.
5. We use *charter* in the context of paying for the private use of a vessel, train or plane:
We plan to *charter* a special train to London.
6. The corresponding nouns are:
rent (for property), *a rental*, *a lease*, *a charter* (plane/boat/train)
We do not say * a hire or (except rarely) * a let.
Note the expressions: For Hire, To Let, Hire Purchase, Hiring and Firing.

Put a tick (✓) in the grid if the verb can be used with the noun in the top column.

	business premises	a video	a villa	office equipment	a car	a ship	a plane	a stand at an exhibition
hire		✓						
rent								
let								
lease								
charter								

III. Match the words with the definitions below.

Community, credit, employment, margin, output, the discount rate, treasury, recession.

1. Sum of money advanced or loaned (by a bank, etc.).
2. Group of persons having the same religion, race, occupation, etc. or with common interests.
3. Difference between cost price and selling price.
4. One's regular work or occupation.
5. The officially announced percentage at which a country's central bank is prepared to discount Bills.
6. Quantity of goods, etc, produced.
7. Slackening of business and industrial activity.
8. Place where funds are kept.

IV. Mind the use of the words *policy* and *politics* which have certain similarities in meaning, but are not exactly the same.

1. *Policy* has two main meanings.
 - 1.1. An agreed set of principles which form the basis of any decision:
Our *policy* is to keep inventory as low as possible.
 - 1.2. An insurance certificate:
You should always read the small print of your insurance *policy*.
2. *Politics* refers to the activity of government and the political parties in opposition:
Politics has been defined as the art of the possible.
The adjective is *political*.

Complete the blanks:

The international manager must understand the effect of ¹ _____ on business. A change in bilateral ² _____ relations can change strategic ³ _____ and modify investment decisions.

V. Mind the use of the words *bargain*, *bargaining*, *rebate*, *reduction*, *refund* and *discount*.

1. We say someone has got a *bargain* if something has been bought at an especially low price:
We got a good second-hand printer for only \$200; a real *bargain*!
 - 1.1 We use *bargain* with the verbs *strike* and *drive*.
40% off list price! You *drive* a hard bargain.
The unions and management *struck a bargain* over pay and productivity late last night.
 - 1.2 The verb *bargain* can be used in a variety of ways:
They *bargained* all day about prices. (=haggled/ negotiated)
I didn't *bargain* for her resignation. (=anticipate/ expect)
We are *bargaining on* your support. (=counting on/ depending on)
2. *Bargaining* means 'negotiation'. *Collective bargaining* consists of talks between unions and employers over pay and conditions.
The unions should try to secure their demands through *collective bargaining* rather than unofficial strikes.
3. *Discount* and *reduction* are very similar and both refer to a cut in cost. For example you could speak of a *quantity discount* or a *quantity reduction*. A *rebate* is a *refund* of money which has already been paid.
We prefer one of these words rather than another with some nouns:
a tax rebate *a reduction in price* *a discount rate*
4. The word *rebate* is not used as a verb. However, *refund* is used as both a verb and a noun:
Take it back to the store and they will *refund* your money.
I was overcharged and got a £35 *refund*.

Insert the appropriate word.

1. Those who are on low incomes are entitled to a tax _____ .
2. I got a second-hand Jaguar in perfect condition for the _____ price of only £10,000.
3. The store manager will _____ the money if you're not entirely satisfied.
4. They're going to drive a hard _____ over import quotas.
5. We came to an agreement on staff representation after some difficult _____ with the management.

VI. Using a dictionary add as many words as possible into the table.

Verbs	Adjectives	Nouns
1.		credit
2.		expansion
3.		governor
4.		employment
5.		recession
6. to administer		
7. to adopt		
8.	overlapping	
9.	tight	

VII. Make adjectives from the following nouns.

Nouns

Adjectives

intention
 complication
 regulation
 cautiousness
 margin

VIII. Make nouns from the following verbs.

Verbs

Nouns

to require
 to restrict
 to stabilize
 to appoint
 to complicate
 to erupt
 to manage

to promote

IX. Make verbs from the following nouns.

Nouns

Verbs

recession
requirement
reserve
supervision
tool
hurt
mountain
reassert
regularity

X. Choose the words with similar meaning from the two groups and arrange them in pairs.

A. Community, disaster, employment, expansion, output, recession, requirement, restriction, supervision, tool, treasury, overlapping, to evolve, to administer, to promote.

B. To support, to develop, to manage, parallel, society, work, demand, instrument, calamity, broadening, issue, slump, limitation, surveillance, public purse.

XI. What are the opposites?

Unemployment, boom, obligatory, intended, perpendicular, unlimited, to help, to set aside, incautiously.

XII. Complete the sentences with the words from the box below.

Is responsible, to strengthen, low interest rate, is appointed, supply, velocity, recessionary, output, tools.

1. The Federal Reserve Board of Governors by the president of the United States.
2. The Federal Reserve System ... directly ... to Congress.
3. Monetary policies affect the availability of credit, the ... of money and the ... of its circulation.
4. The Federal Reserve was created the supervision of the banking system and stop the periodic bank panics.

5. During World War II the Federal Reserve System helped the Treasury borrow money at
6. The Fed aimed to keep interest rates low in ... periods.
7. In the 1960s the Fed's policy stressed full employment and growth of
8. The Fed has three main ... for maintaining control over the total supply of money.

XIII. Make up your sentences using the following words and word combinations.

A mixture of, monetary policies, fiscal policies, to promote, full employment, price stability, the supply of money, to support, the nation's principal economic objectives.

XIV. Translate into English.

1. Правительство использует денежную и фискальную политику для достижения полной занятости и стабильности цен.
2. В периоды спада правительственный банк стремится держать процентную ставку низкой, а в периоды быстрого экономического подъёма высокой.
3. Правительство стремилось достичь стабильности цен и ограничить увеличение денежной массы (monetary growth).
4. Покупка и продажа правительственных акций являются операциями на открытом рынке.
5. Ограниченный кредит считается особенно мощным инструментом для борьбы с инфляцией.
6. Изменения в денежной массе не вызывают немедленных изменений в экономике.
7. Усилия по уменьшению безработицы иногда приводят к инфляции.
8. Необходимо осторожно использовать денежную политику, чтобы не получить непредусмотренный результат.

A. Text Study

- I. Read the text to get the gist of it.

Text A

THE FEDERAL RESERVE

The Federal Reserve System, also known as the "Fed," is an independent U.S. government agency. Its most important function is to manage the country's supply of money and credit.

The Federal Reserve System includes 12 regional Federal Reserve Banks and 25 Federal Reserve Bank branches. All nationally chartered commercial banks are required by law to be members of the Federal Reserve System; membership is optional for state-chartered banks. In general, a bank that is a member of the Federal Reserve System uses the Reserve Bank in its region in the same way that a person uses a bank in his or her community.

The Federal Reserve System is administered by the Federal Reserve Board of Governors, a group of seven individuals who are appointed by the president of the United States and serve overlapping 14-year terms. Although the Federal Reserve System is directly responsible to Congress, the governors are, by law, independent of political pressure from either Congress or the president. The board is expected, however, to coordinate its policies with those of the administration and Congress. Additionally, the Federal Reserve does not rely on Congress for funding: it raises all of its own operating expenses from investment income and fees for its own services. When a conflict arises between making a profit or serving the public interest, however, the Fed is expected to choose the latter.

The Fed's operation has evolved over time in response to major events. Established by Congress in 1913, the Federal Reserve was created to strengthen the supervision of the banking system and stop the periodic bank panics that erupted in the previous century. As a result of the Great Depression in the 1930s, Congress gave the Fed the authority to vary reserve requirements and to regulate stock market margins. In time, additional laws made it easier for the Fed to expand credit when a financial disaster seemed likely.

During World War II, Federal Reserve operations were subordinated to helping the Treasury borrow money at low interest rates. When the Korean conflict began and commercial banks sold large amounts of Treasury securities, the Fed bought heavily to keep security prices from falling. However, the Fed reasserted its independence in 1951, reaching an accord with the Treasury that Federal Reserve policy should not be subordinated to Treasury financing.

After 1951, the Fed focused more directly on domestic economic stabilization, aiming to keep interest rates low in recessionary periods and allowing them to rise in periods of rapid economic expansion. In the late 1950s, the Fed's emphasis was on price stability and restriction of monetary growth, while in the 1960s its policy stressed full employment and growth of output.

During the 1970s, credit expansion was too rapid, and mounting inflation hurt the economy. In 1979, the Federal Reserve adopted a policy aimed at more directly controlling the money supply rather than interest rates. This policy was successful in slowing the growth of the money supply, limiting the expansion of credit, and contributing to a lower rate of inflation. But it also contributed to recession in the early 1980s. In 1982, the Fed again de-

emphasized the controls on money supply growth and began working to bring about lower interest rates.

The Federal Reserve has three main tools for maintaining control over the total supply of money and credit in the economy. The first is the discount rate, or the interest rate that commercial banks pay to borrow funds from Reserve Banks. By raising or lowering the discount rate, the Fed can promote or discourage borrowing and, thus, alter the amount of revenue available to banks for making loans.

The second is the reserve requirement. These are percentages of deposits, set by the Federal Reserve, that commercial banks must set aside either as currency in their vaults or as deposits at their regional Reserve Banks. These percentages cannot be used for loans. In 1980 the Federal Reserve gained the authority to set reserve requirements for all deposit-taking institutions.

The third tool, which is probably the most important, is known as open market operations. It is the buying and selling of government securities. When the Federal Reserve buys government securities from banks, other businesses or individuals, it pays for them with a check (a new source of money that it prints) drawn on itself. When this check is deposited in a bank, it creates new reserves -- a portion of which can be lent or invested -- further increasing the money supply.

These tools allow the Federal Reserve to expand or contract the amount of money and credit in the U.S. economy. When there is more money to lend, credit is "loose" and interest rates tend to drop. In general, business and consumer spending tend to rise when interest rates fall. When there is less money to lend, credit is "tight" and interest rates tend to rise. Tight money is considered a particularly powerful tool for fighting inflation.

Yet certain factors complicate the ability of the Federal Reserve to use monetary policy to promote specific goals. First, it is hard to use monetary policy precisely because changes in the money supply do not cause immediate changes in the economy. An increase or decrease in the money supply may not affect the economy until other economic conditions have changed; the new conditions may interact with the change in the size of the money supply to create a totally unintended result. In fact, efforts to use monetary policy to achieve price stability sometimes have hampered efforts to achieve fuller employment, while efforts to use monetary policy to reduce unemployment sometimes have led to inflation. Additionally, the task of monetary policy is also complicated by the nation's balance of payments difficulties. For these reasons, the Federal Reserve tends to move cautiously, making very gradual changes in the money supply.

II. Find international words in paragraph 3 and translate them.

III. Choose the best endings to the following statements.

1. The Federal Reserve System is an independent
 - a) British government agency
 - b) U.S. private agency
 - c) U.S. government agency
2. The most important function of Fed is to manage the country's
 - a) monetary growth
 - b) supply of money and credit
 - c) market
3. The Fed is responsible to
 - a) the president
 - b) the Congress
 - c) all national banks
4. The Fed raises all its own operating expenses from
 - a) money for its own services
 - b) loans
 - c) funding of Congress
5. The Fed is aimed at keeping interest rates low in
 - a) recessionary periods
 - b) periods of rapid economic expansion
 - c) 1951
6. Was the policy of the Fed successful in controlling the money supply in 1970s?
 - a) yes
 - b) no
 - c) sometimes
7. The Fed can promote or discourage borrowing by
 - a) raising the discount rate
 - b) lowering the discount rate
 - c) raising or lowering the discount rate
8. When the Fed buys government securities from banks, it pays with
 - a) a check drawn on the other bank
 - b) a check drawn on itself
 - c) cash
9. When there is more money to lend, interest rates tend
 - a) to rise
 - b) to drop
 - c) to fluctuate
10. An increase or decrease in the money supply
 - a) affects the economy
 - b) doesn't affect the economy
 - c) may not affect the economy
11. Efforts to use monetary policy may create ...
 - a) only intended result
 - b) totally unintended result
 - c) partially unintended result

- IV.** Complete the unfinished questions in column A that are answered in column B.

A	B
What ...?	12 regional Federal Reserve Banks and 25 Federal Reserve Bank branches.
What ... by?	By the Federal Reserve Board of Governors.
How ... ?	14 years.
When ... ?	In 1913.
When ...?	In the 1930s.
When ...?	During World War II.
When ...?	In 1951.
When ...?	After 1951.
When ...?	In the late 1950s.
When ...?	During the 1970s.
When ...?	In 1979.
When ...?	In the early 1980s.
When ...?	In 1982.
When ...?	In 1980.

- V.** Identify the paragraphs in the text that talk specifically about the Fed's policy in the 1950s, 1960s and 1970s.
- VI.** The text contains 12 paragraphs. Which of them gives the main point?
- VII.** Find key words, phrases and the topic sentences which best express general meaning of each paragraph.
- VIII.** Using the information obtained from the paragraphs make an outline of the text.
- IX.** Speak about the Federal Reserve using key words, phrases and the topic sentences.

B. Text Study

- I.** Read the text and answer the following question.
What goals does fiscal policy promote?

Text B

FISCAL POLICY

The government can also use its own spending and taxing activities to achieve specific objectives. This is called fiscal policy. By increasing or decreasing its spending or taxing programs, the federal government may reduce or increase demand for goods and services. If the government reduces its own spending, it buys less from businesses, reducing sales and earnings, and people have less money to spend. Similarly, if the government raises taxes, people have less money to spend. Moreover, spending and taxing policies work together to increase or decrease aggregate demand. For example, if the government taxes to a greater extent than it spends, it causes a net reduction in the flow of income to people and businesses. Because this reduces aggregate demand for goods and services, it is a method for fighting inflation.

Fiscal policy uses budget deficits or surpluses to promote economic stability and growth. In the United States, some fiscal policy tools work automatically – without action being taken by the president or Congress. The progressive income tax, for example, is generally considered to promote stability automatically. It tends to reduce the government's collection of revenue when personal and business incomes are declining, and thus helps offset the cutbacks in spending that accompany declining incomes. During business expansions, however, federal tax collection tends to rise fairly quickly and thus reduce inflationary pressures. During postwar business declines, Congress has sometimes legislated emergency spending measures, such as temporary increases in public works expenditures, as additional means of offsetting cutbacks in private spending and preventing unemployment.

Yet there are also problems associated with the use of fiscal policy. Many object to a reduction in government spending because this could mean a reduction in funds used to help provide education, health care and other services. Higher taxes are unpopular with both individuals and businesses. In addition, the use of fiscal policy to cause a sharp reduction in demand is somewhat controversial because it tends not only to reduce inflation but also to increase unemployment.

II. Read the text again and decide which of the following statements are correct.

1. Fiscal policy is the government's spending and taxing policies.
2. The federal government reduces or increases demand for goods and services by increasing or decreasing its spending or taxing programs.
3. If the government reduces its own spending, it buys more from businesses, and people have more money to spend.
4. If the government taxes to a greater extent than it spends, it causes an increase in the flow of income to people and business.

5. All fiscal policy tools work automatically in the United States.
6. The progressive income tax promotes stability automatically.
7. The use of fiscal policy may not only reduce inflation but also increase unemployment.

III. Answer the following questions.

1. What is fiscal policy?
2. How may the federal government reduce or increase demand for goods and services?
3. What causes a net reduction in the flow of income to people and businesses?
4. What does fiscal policy use to promote economic stability and growth?
5. How does the progressive income tax work?
6. Why do many people object to a reduction in government spending?
7. Why are higher taxes unpopular with both individuals and businesses?
8. What can the use of fiscal policy cause?

IV. Which of the following expresses the main idea of the text best of all?

1. Fiscal policy and its objectives.
2. Spending and taxing activities of the government.
3. The use of budget deficits or surpluses by fiscal policy.
4. Problems of the use of fiscal policy.

V. Give the main points of the text in 5-9 sentences.

VI. Speak about the use of fiscal policy.

C. Text Study

I. Read the text and discuss the questions.

Text C

THE U.S. MONEY SUPPLY

A nation's money supply is based on either the production of a commodity or governmental fiat. Commodity money typically is based on valuable metals, particularly gold or silver. When a nation uses commodity money, the size of the money supply is determined by the cost of producing the commodity and the rate of production. During the late 1800s and early 1900s, U.S. currency was based on the gold standard, which is to say that the United States promised to redeem its currency for a specified amount of gold.

Fiat money, on the other hand, does not have intrinsic value. It has value because people are willing to accept it. To increase a fiat money's acceptability, a government may make the currency legal tender, which means people are required by law to accept the money at its face value. Today the United States is on a fiat money system, in which the national government through its central bank, the Federal Reserve System, controls the money supply. U.S. currency is legal tender.

Yet the money supply in the United States consists of more than just coins and paper money. Checking account deposits are considered a form of money because they are spent when people write checks. In fact, in the United States, about three-fourths of all payments are made by check. When commercial banks make loans, they can create checking deposit money by giving the borrowers additional credit in their deposit accounts. The Federal Reserve System maintains control over this money creation by administering reserve requirements, rules which require that commercial banks hold currency in their vaults – or deposits with Federal Reserve Banks – in a set minimum proportion to their deposit liabilities. By controlling the dollar amount of the reserves, the Federal Reserve thus controls the dollar volume of bank loans.

Economists measure the money supply in several ways that differ according to which assets are included in the measurements. One measure includes deposits in all interest-bearing accounts that can be used like checking accounts. Another includes savings accounts that cannot automatically be converted to make purchases. Banks can require advance notice of withdrawals from these accounts.

When the money supply increases, people have more money to spend, and demand for goods and services increases. As demand increases, businesses hire additional workers to increase output. This is an economic growth scenario. But, if output does not keep pace with demand, prices increase. When prices rise continuously, inflation results. This tends to cause problems for people whose incomes do not increase at a rate consistent with inflation.

1. What is commodity money?
2. What is fiat money?
3. What are the forms of money in the United States?
4. What is the role of the Federal Reserve System in money creation?

5. How do economists measure the money supply?
6. Can you describe the money supply in Belarus?

D. Text Study

- I. Read the English text and translate it into Russian in writing.

Text D

TAXATION

In the United States, federal, state and local governments cover their expenses mainly through taxation, with each level of government depending chiefly on one or two types. In general, local governments have received most of their tax revenues from property taxes, while state governments traditionally have depended on sales and excise taxes. Since World War II, however, state income taxes have grown more important.

The federal government's chief source of revenue has been the income tax, which in recent years has brought in about two-fifths of total federal revenues. Other federal taxes include the corporate profit tax and social insurance (Social Security) taxes.

The federal income tax is levied on the worldwide income of U.S. citizens and resident aliens, and on certain types of U.S. income of non-residents. The first U.S. income tax law was enacted in 1862 in order to support the Civil War. A forerunner of the modern income tax, it was based on the principle of graduated, or progressive, taxation. The 1862 tax law also established the Office of the Commissioner of Internal Revenue, which was given the power to assess, levy and collect taxes, and the right to enforce tax laws through property and income seizures and through prosecution. The commissioner's powers and authority have remained much the same.

The income tax was declared unconstitutional by the Supreme Court in 1895 because it was not apportioned among the states in conformity with the Constitution. It was not until 1913, with the passage of the 16th Amendment to the Constitution, that Congress was authorized to levy an income tax without apportionment. The 16th Amendment resulted in a revenue law that taxed both individual and corporate incomes; but, except during World War I, the income tax system was not a major source of federal revenue until the 1930s.

In fiscal year 1918 annual internal revenue collections passed the billion dollar (thousand-million-dollar) mark for the first time. During World War II, the modern system for managing federal income taxes was introduced, income tax rates were raised to very high levels, and these taxes became the principal sources of federal revenue. The withholding tax on wages was introduced in 1943, and this was significant in increasing the number of taxpayers to 60 million and tax collections to \$43 thousand-million by 1945.

In October 1986, the president signed into law the Tax Reform Act of 1986 – perhaps the most massive reform of the U.S. tax system since the beginning of the income tax. With this act, Congress promised individuals and businesses lower tax rates on their income, provided they gave up or reduced many popular income tax deductions.

The Tax Reform Act replaced the previous law's 15 tax brackets, which had a top tax rate of 50 percent, with a system that had only two tax brackets – 15 percent and 28 percent. Increases in the personal exemption, or the amount of income exempted from taxes for each person dependent on the income tax filer, and the standard tax deduction, which is used by filers who do not itemize deductions, was designed to eliminate taxes for millions of low-income Americans. In fact, most filers with taxable incomes of less than \$20,000 pay a lot less in taxes; so do high-income filers, who have an effective tax rate of 31 percent due to the phasing out for the wealthy of the personal exemption and the portion of income taxable at the 15-percent rate.

A major feature of the tax reform is that many itemized tax deductions that were permitted under the previous law were reduced or eliminated, including sales tax deductions and deductions for interest paid on credit cards, store charge cards, installment loans or auto loans. Deduction of up to \$2,000 put in an Individual Retirement Account is still permitted, but – under the new law – it is limited to filers not covered by a retirement plan at work, or filers whose annual income is below \$25,000 for individuals or \$40,000 for married couples. In addition, a minimum tax of 21 percent will be imposed on any individuals or businesses who would seek to make extensive use of deductions to reduce their tax liability.

Many supporters of the 1986 Tax Act say that reform was driven by a desire to improve the fairness of the federal income tax system. Although the federal income tax had been implemented by Congress according to the principle of progressivity, the proliferation of tax exemptions, exceptions and loopholes had made progressivity an illusion – one allowing many rich people and businesses to pay lower taxes than less affluent ones. The new law sharply reduces progressivity but aims to restore confidence in the system by eliminating inequities. The new law reasserts the objective of collecting tax revenue fairly, deemphasizing the idea of using taxes to accomplish some other social or economic good.

II. Translate from Russian into English in a written form.

A

1. Источниками государственных доходов федерального правительства являются подоходный налог, корпоративные налоги с прибыли и налоги по социальному страхованию.
2. Первый закон о подоходном налоге основывается на постепенном или прогрессивном налогообложении.
3. Современная система управления федеральными подоходными налогами была введена во время второй мировой войны.
4. Подоходный налог, взимаемый путем регулярных вычетов из зарплаты, введенный в 1943 году, позволил значительно увеличить количество налогоплательщиков и сумму налоговых сборов.

5. Новые правила налогообложения позволили уменьшить налоговый пресс на американцев с низкими доходами.
6. Отличительной особенностью налоговой реформы было уменьшение или упразднение удержания налогов, включая налог с продаж, процент, выплачиваемый по кредитным картам, кредиты с платежом в рассрочку и др.
7. Количественный рост налоговых льгот, исключения и лазейки в налоговом законодательстве позволяют многим богатым людям и предприятиям платить более низкие налоги, чем менее богатые.
8. Целью нового закона о налогах является восстановление доверия и справедливости путем устранения неравенства.

В

Мероприятия государства по мобилизации финансовых ресурсов, их распределению и использованию на основе финансового законодательства страны называются финансовой политикой. Направления финансовой политики зависят от экономического состояния страны. Кризисное положение экономики предопределяет финансовую политику, направленную, с одной стороны, на прекращение спада производства и на стимулирование производства (например, в виде отдельных налоговых льгот производителям), на мобилизацию финансовых ресурсов в целях их эффективного вложения в отдельные отрасли экономики, а с другой — на сдерживание всех социальных программ, сокращение расходов на оборону и т. п. Соответственно при переходе экономики в другое состояние меняются направления финансовой политики.

Правильность выбранной финансовой политики, несомненно, зависит от критической оценки складывающейся в стране экономической ситуации, от соблюдения «золотого правила» экономической теории — при разработке прогнозов и рекомендаций оценивать экономическую ситуацию в стране такой, какая она есть, а не такой, какой хотелось бы ее видеть. Это тем более важно, поскольку общей тенденцией развития является усиление роли правительства в регулировании национальной экономики через финансовую систему, а именно — расходы государства на программы по социальному, обеспечению, на поддержание среднего уровня доходов, на здравоохранение и т. п.

С

Фискальная политика предполагает использование возможностей правительства взимать налоги и расходовать средства государственного бюджета для регулирования уровня деловой активности и решения различных социальных задач.

Основным рычагом фискальной политики государства является изменение налоговых ставок в соответствии с целями правительства. Проведение фискальной политики — прерогатива законодательных

органов власти страны, поскольку именно они контролируют налогообложение и расходование этих средств.

В мировой практике хорошо известны эффективные способы регулирования экономического развития с помощью налогов и государственных расходов.

E. Text Study

I. Read the text for general comprehension.

Text E

INFLATION, SAVINGS AND BUDGET IMBALANCES

Despite economist's confidence in the use of monetary and fiscal policies, inflation soared into the double-digits in the late 1970s, becoming the main economic concern in the United States. But, by the middle of the next decade, inflation had fallen dramatically, easing consumer concerns. How was this accomplished?

Several factors have been credited with contributing to the reduction in inflation. Two very important contributors were the sharp recessions of 1980 and 1982, which reduced much of the upward pressure on prices. They were triggered by the Federal Reserve's unusually tight control of money and credit. At the same time, worldwide food and fuel shortages eased. In particular, increases in the world supply of oil drove energy prices far below the levels that producers wished to maintain.

Yet the end of the recessions did not eliminate U.S. federal budget deficits. To what were these economic conditions due?

In general, the economic factors behind growth in the U.S. federal deficit have existed for several decades. Most basically, the federal deficit has grown because federal spending as a share of the gross national product (GNP) has risen substantially since the 1960s, while federal revenues (primarily taxation) as a share of GNP have risen modestly. Federal spending rose from 19 percent of GNP in the 1960s to 23.2 percent in 1990; federal revenues also rose but by a smaller increase, from 18.2 percent of GNP in the 1960s to 19.1 percent in 1990.

But most postwar U.S. government spending has followed a pattern. During recessions, the federal government runs a budget deficit to stimulate the economy. As economic expansion takes hold, the result over time is, or should be, a balanced federal budget. In the economic recovery of the 1980s and early 1990s, however, the federal government continued to run substantial budget deficits. Many economists and policymakers attributed this mainly to a decline in national saving, or a surge of consumption. Domestic private savings were insufficient to finance both exceptional federal deficits and a big investment boom. Inflows of capital from abroad have been used to help fill the gap between U.S. savings and investment levels.

Congressional concern with reducing the federal budget deficit in the 1980s led to enactment of the so-called Gramm-Rudman-Hollings deficit-reduction law, which mandated staged cuts in the annual deficit to culminate in a balanced budget in 1993. This law was generally credited with cutting the federal budget deficit from a record \$221 thousand-million in 1986 to \$149 thousand-million in 1987.

Although it may appear that a tax increase would be the simplest way to offset federal spending and reduce the federal budget deficit – and thus reduce the drain on savings that is behind the savings-investment imbalance – the administration and many congressional policymakers feared that increasing taxes and undoing tax reform would impair incentives to work, invest and produce, which would negatively affect future economic growth. Moreover, increases in taxes without effective restraint on spending growth could be insufficient for reducing the federal budget deficit, as was the case in the years from 1960 to 1980.

In the early 1990s, the federal budget deficit was heading upward again for a variety of reasons. It appeared almost certain that the Gramm-Rudman-Hollings targets could not be achieved without requiring massive cuts in federal spending which would reduce or eliminate many important programs, and possibly tip the economy into a serious recession. To prevent this, Congress and the Bush administration agreed on the Omnibus Budget Reconciliation Act of 1990. It raised to 31 percent the maximum income tax rate imposed on the wealthiest taxpayers (creating three income tax brackets), imposed a miscellany of other taxes, and imposed strict new “pay-as-you-go” guidelines for government spending (so that any new spending would have to be matched by offsetting new revenues or spending cuts). The act’s aim is to cut the budget deficit by roughly \$500 thousand-million relative to what it otherwise would have been over a five-year period, reducing the deficit from about 5 percent of GNP to less than 2 percent.

But nothing is certain when it comes to tax policy in the United States, and in the 1990s the Bush administration was pushing for a reduction in the long-term capital gains rate, which it argued would increase economic growth by stimulating saving, lowering the cost of capital, and encouraging investment. With the economy in the doldrums, advocates of cutting tax rates for middle-class Americans were again being heard.

- II. Write down key words and phrases from each paragraph which best describe the atmosphere and its meaning.
- III. Write down possible headlines which best express the main idea of each paragraph.
- IV. Reduce the text to one third of its original length giving the most important information.

Writing

Sometimes you will need to write more than one paragraph to get your ideas across. When you do, write a topic sentence for each paragraph. The details in each paragraph should tell something about each topic.

Prewrite - Jot down the name of your topic. Then make a list of details. Put the details that go together into groups. Each group will become a paragraph. Write a topic sentence for each one.

Compose – Use your organized notes to write your article. Put all the details that go together into a single paragraph. Be sure to write them as sentences. Decide where the topic sentence for each paragraph should go – at the beginning, middle or end. Write a title.

Review and Revise – Read your article. Do all your details in a paragraph belong together? Would you like to add any? Should any be taken out or moved to another paragraph? Does each paragraph have topic sentence?

Edit – Check your spelling, punctuation, and grammar.

Publish – Make a neat final copy of your article. Then share it. See a friend can find the topic sentence in each paragraph.

INTRODUCTIONS

Introductions should anticipate the points to be developed in the essay, thus creating proleptic coherence and momentum. This is represented in the following diagram which also illustrates how conclusions draw together the threads of the argument (page 116).

When creating these larger structures of coherence the rules of redundancy reduction still apply. It is no good simply to repeat the point made in the introduction before developing it. Consider this point from our example introduction: The leading proponents of jointness have been Americans. This is natural because America is now the only military superpower. Any subsequent paragraph must take this as read and immediately develop it. For example: This doctrine of jointness, developed during America's rise to the status of military superpower, is intended to facilitate American intervention in ...

Here the introduction mentions five points which the essay will

deal with in turn.

This paragraph develops point one.

This paragraph develops point two. Note that there is no need here to establish coherence between these paragraphs because the introduction has already established their relationship.

Ideally the development of the final point should also anticipate the conclusion. The conclusion refers back to each point and shows the implications of their relationship.

Grammar Study

I. Study the rule.

To express a likely or possible condition, we use this structure :

' if + present tense + future tense

Examples:

If it rains, we won't go out.

If I miss the ten o'clock train, I'll be late.

II. A manager of a firm competing with another firm for a very important order is being interviewed. Complete the interview. Put the verbs in brackets into the correct tense.

Interviewer: Do you think that you'll have a success?

Manager: Well, if we ... tomorrow, we ... no problems. (win/have).

Int.: What ... if you ... tomorrow?(happen/lose).

M.: Well, if we ... tomorrow, things ... very difficult for us.(lose/be).

Int.: Who ... replace you if you ... all right? (replace/ not be).

M.: I ... about that if it ... , but not before. (think/happen).

III. Complete the sentences using the verbs in brackets.

1. If a company's financial health ... good and its assets sufficient, it ... capital. (be, raise)
2. If the market ... to buy the issue at a minimum price, the banker ... them and ... the loss. (refuse, take, absorb)
3. If profits ..., the owners of preferred stock ... dividends before those with common stock. (be/limit, pay)
4. If money ... scarce, interest rates ... to rise because those seeking loans will be competing for fund. (be, tend)
5. If plenty of money ... available for loans, the rate ... to move downward. (be, tend)
6. If the debt-equity mix ... too out of balance, the firm ... bankrupt. (be, go)
7. If he ... employees or creditors on time, he ... into bankruptcy. (can/not/pay, be/force)
8. If the ship ... to drift to port, he ... it back onto course. (begin, bring)
9. A man's credit ... good if his assets ... to be considerable. (be, know)
10. If his assets ... in doubt, it ... difficult for him to obtain large sums of credit. (be, be)
11. If too much money ... available, its value (be, decrease)
12. If the Bank of England ... that the interest rates will have to rise then the commercial banks ... also their interests rates. (recommend, raise)
13. If borrowing ... more expensive, businessmen ... more reluctant to borrow and develop their business. (become, become)
14. Advertising ... for a small firm and for a corporation, if you ... it correctly. (work, use)

IV. Fill in the gaps with *of, on, to, in, as, at, over* or *with*.

1. The governors are independent ... political pressure from either Congress or the president.
2. The Federal Reserve does not rely ... Congress for funding.
3. The Fed's operations has evolved overtime in response ... major events.
4. ... a result of the Great Depression in the 1930, Congress gave the Fed the authority to vary reserve requirements.
5. During World War 2 , Federal Reserve operations were subordinated ... helping the Treasury borrow money at low interest rates.
6. After 1951, the Fed focused ... domestic economic stabilization.
7. In the late 1950, the Fed's emphasis was ... price stability and restriction of monetary growth.

8. In 1979 the Federal Reserve adopted a policy aimed ... more directly controlling the money supply.
9. This policy was successful ... slowing the growth of the money supply.
10. It contributed ... recession in the early 1980.
11. It has three main tools for maintaining control ... the total supply of money and credit in the economy.
12. The Fed can alter the amount of revenue available ... banks for making loans.
13. The Fed pays for securities ... a check drawn on itself.
14. The new conditions may interact ... the change in the size of the money supply.
15. Efforts to use monetary policy to reduce unemployment sometimes have led ... inflation.

UNIT VII

Advertising

Vocabulary Study

Word List

Nouns and noun phrases

1. ambiguity – двусмысленность, туманность, неясность
2. anxiety – беспокойство, тревога
3. appearance – появление
4. argument – аргумент, довод, спор, аргументация
5. claim – притязание, утверждение, заявление, требование
6. credibility – способность вызвать доверие, правдоподобие, достоверность, убедительность
7. decency – приличие, благопристойность
8. disregard – пренебрежение, игнорирование
9. essence – сущность
10. evaluation – оценка
11. exaggeration – преувеличение
12. fear – страх, боязнь
13. judgement – мнение, суждение, осуждение
14. loyalty – верность, преданность, лояльность
15. omission – пропуск, упущение
16. performance – исполнение, действие, характеристика
17. persuasion – убеждение
18. prejudice – предубеждение, предрассудок
19. substantiation – обоснование, доказательство

20. trust – доверие, вера
21. violence – насилие

Adjectives

1. ascertainable – устанавливаемый
2. compatible – совместимый
3. decent – приличный, пристойный
4. distinguishable – различимый, заметный
5. honest – честный
6. inescapable – неизбежный
7. justifiable – оправданный
8. offensive – оскорбительный, отвратительный
9. truthful – правдивый, верный
10. valid – веский, обоснованный

Verbs and verbal phrases

1. abuse – злоупотреблять, ругать
2. be available – быть доступным, в наличии, в распоряжении
3. condone – прощать
4. deceive – обманывать
5. depict – изображать
6. discredit – дискредитировать
7. disguise – маскировать
8. exaggerate – преувеличивать
9. mislead (misled, misled) – вводить в заблуждение
10. misuse – неправильно употреблять, дурно обращаться
11. originate – причинять, порождать, создавать
12. reason – доказывать, обосновывать, убеждать
13. rely (on, upon) – полагаться, надеяться
14. trigger – вызывать

Adverbs

1. solely – только, единственно, исключительно
2. unfairly – нечестно, несправедливо

I. Read and translate the following words and word combinations. Mind the stress: a) on the first syllable; b) on the second syllable; c) on two syllables.

- a) Argument, decency, essence, judgement, loyalty, prejudice, decent, truthful, valid, trigger, solely;

- b) appearance, anxiety, omission, performance, persuasion, compatible, distinguishable, offensive, abuse, available, condone, deceive, depict, discredit, disguise, mislead, misuse, rely, unfairly;
- c) ambiguity, credibility, disregard, evaluation, exaggeration, ascertainable, inescapable, justifiable, exaggerate, originate.

II. Mind the use of the words *advertising*, *publicity*, *marketing* and *public relations* which have certain similarities in meaning, but are not exactly the same.

1. *Advertising* means making a product or service known to the public (through the press, television, cinema, etc.) in order to sell it.
 - 1.1. *Advertising* is uncountable (* 'an advertising' is incorrect). The countable noun is *advertisement*: I've placed an *advertisement* in The Financial Times.
2. *Publicity* involves attracting the public's attention but not necessary to sell anything specific.

The sponsorship of a boat in the America's Cup gave them a lot of *publicity*.

The scandal of the President's love affair attracted a vast amount of *publicity*.
3. *Marketing* involves all the activities intended to stimulate demand for products and services: e.g. advertising, sales promotion, branding, consumer tests, market surveys and so on.
 - 3.1. The *marketing mix* refers to the combination of promotion, product, price and place needed to ensure a product's success in the market place.
4. *Public relations* has been defined as the 'deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its public'. (Institute of Public Relations). Although it is part of marketing and promotion, PR has no direct involvement in selling. Its function is to build up a good image and reputation, to show that the firm is socially aware and has the public interest at heart.

Which of these adverts is for: *advertising*, *marketing* or *public relations*?

 - a. We are a dynamic young company selling capital equipment to the catering industry. We wish to appoint an energetic and innovative _____ professional to initiate, develop and test out ideas for widening our customer base. The work also involves commissioning and interpreting research together with providing sales support services.
 - b. We are an independent _____ agency seeking a senior account executive to control a number of consumer and business-to-business accounts. The ideal candidate should have at least three to four years' experience, good communication skills and a sound understanding of the media.
 - c. As Press and _____ officer you'll be responsible for

- improving our overall corporate image
- developing and maintaining media contacts
- organizing and overseeing exhibitions and events

You are likely to be in your mid-30s and have experience in copywriting, media liaison and conference organization. You are, above all, an excellent communicator and

III. Mind the use of the words *brand*, *trademark*, *logo*, *patent* and *copyright* which have certain similarities in meaning, but are not exactly the same.

Brand and *make* are very similar words and refer to the names of products.

1. *Make* tends to be used to refer to the name of the firm that produces the product. The product itself is usually one that requires assembly.
Indesit is a *make* of washing machine.
Mercedes is a German *make* of car.
There are hundreds of *makes* of micro-computers.
2. A *brand* is not necessarily the name of the manufacturer:
Unilever markets many *brands* of washing powder and foodstuffs. *Camel* is a famous *brand* of cigarettes.
 - 2.1. However, the expression *brand name* identifies a group of products sold by the same firm:
Miele is the *brand name* of a line of household appliances.
 - 2.2. Note the expression *brand new* (= completely new).
3. The *trademark* is the word or symbol that a manufacturer always uses on a product or range of products to distinguish them from others. It is usually registered and protected by law.
4. The *logo* is the symbol, design or special way of writing a company uses on its products, notepaper, advertisements, etc. This word is very similar to *trademark*. However, we would probably prefer the word *logo* when referring to an emblem or purely pictorial representation.
5. Any intellectual property can be protected. Most firms will take out a *patent* for industrial designs or inventions and *copyrights* can be obtained for literary, musical or artistic work. The *Paris Convention for the Protection of Industrial Property* sets minimum standards and is recognized in about 100 countries.

Comment on the following.

For example

Coca-Cola and Coke are registered trademarks.

IV. Match the words with the definitions below.

Ambiguity, anxiety, credibility, exaggerate, implication, loyal, prejudice, persuasion.

1. Persuading or being persuaded; power of persuading; conviction; belief.
2. Opinion, like or dislike, formed before one has adequate knowledge or experience.
3. State of being ambiguous; expression, etc. that can have more than one meaning.
4. Emotional condition in which there is fear and uncertainty about the future.
5. The ability to be believed in.
6. Stretch (a description) beyond the truth; make sth. seem larger, better, worse, etc. than it really is.
7. What is implied; sth. hinted at or suggested, but not expressed.
8. True and faithful.

V. Using a dictionary add as many words as possible into the table.

Verbs	Adjectives	Nouns
1.		argument
2.		claim
3.		credibility
4.		fear
5.		judgement
6.to deceive		
7.to discredit		
8.	compatible	
9.	decent	

VI. Make adjectives from the following nouns.

Nouns

Adjectives

honesty
 escape
 offense
 truth
 validation

VII. Make nouns from the following verbs.

Verbs

to appear
to evaluate
to exaggerate
to omit
to perform
to persuade
to substantiate

Nouns

VIII. Make verbs from the following nouns.

Nouns

trust
abuse
condone
disguise
misuse
origination
reason
trigger

Verbs

IX. Choose the words with similar meaning from the two groups and arrange them in pairs.

A. Argument, essence, evaluation, ambiguity, judgement, performance, violence, offensive, honest, to deceive, to depict, to originate.

B. Implication, truthful, to lie, to portray, to cause, controversy, the point, estimation, opinion, fulfilment, force, insulting.

X. What are the opposites?

Disappearance, regard, disloyalty, incompatible, indecent, indistinguishable, honesty, to credit, to lead, to use, unfairly.

XI. Complete the sentences with the words from the box below.

Being deceived, essence, production, fear, violence, discredit, depicting, mislead.

1. The ... of advertising is persuasion.
2. The consumer wants to be protected from and misinformed by advertisements.
3. Most people have little knowledge of the actual ... of what they buy.
4. Advertisements should not play on

5. Advertisements should not contain acts of
6. Advertisements should not ... the consumer about the product.
7. Special care should be taken in advertisements ... children or young people.
8. Advertisements should not ... other products.

XII. Make up your own sentences using the following words and word combinations.

Advertising, persuasion, evaluation and selection of items, to make judgements of quality, a valid form of propaganda, emotional responses, to deceive, to misinform.

XIII. Translate into English.

1. Оценивая и выбирая наилучшие изделия, некоторые люди полагаются на рекламу.
2. Убедить покупателя выбрать тот или иной товар – это основная задача рекламы.
3. Эмоциональный отклик на рекламу может быть связан с личными надеждами, страхами и предрассудками человека.
4. Реклама не должна неправильно информировать или обманывать покупателя.
5. Реклама не должна нарушать нормы приличия общества.
6. Реклама не должна искажать результаты исследований или информацию из научной и технической литературы.
7. Необходимо соблюдать принципы честной конкуренции.
8. Нельзя дискредитировать другие изделия прямо или намеком.
9. Реклама должна быть легко различима в средствах массовой информации.

A. Text Study

- I. Read the text to get the gist of it. Answer the following questions.
 - a) Why is the importance of advertising high?
 - b) What does advertising appeal to?

Text A

ADVERTISING AND ADVERTISEMENTS

The importance of consumer discrimination in domestic life is clear. Indeed, the evaluation and selection of manufactured items – from soap

powders to cars – is an inescapable part of life in today's society. But most people have little knowledge of the actual production of what they buy and are therefore unable to make first-hand judgements of quality. So where do ideas of value for money originate? On what basis do we discriminate between two comparable products? Ideally, judgement is based on the type and quality of materials, construction, performance, appearance and price. Often, however, first-hand knowledge of these factors is not available and we rely on advertisements.

The essence of advertising is persuasion. To use reasoned argument in order to persuade people to buy a particular product seems a valid form of propaganda and, indeed, could be expected to assist the process of discrimination. But the advertiser's concern cannot be solely to assist discrimination. His appeal is therefore rarely directed towards reason alone but also towards the more emotional responses that may be triggered by associating a product with the private hopes, fears, prejudices, and anxieties that beset the average human being. And if these appeals can be disguised within a reasoned argument, so much the better.

The British Code of Advertising Practice exists to protect the consumer from being deceived and misinformed by advertisements. Their slogan is:

**“ALL ADVERTISEMENTS SHOULD
BE LEGAL, DECENT, HONEST
AND TRUTHFUL”**

and in their own advertisement they invite consumers to exercise discrimination and to report to the authorities any advertisements which do not fulfil their requirements advertising Practice is based on.

General Principles

1. Advertisements should not contain statements or visual presentations offensive to the standards of decency prevailing among those who are likely to be exposed to them.
2. Advertisements should not be so framed as to abuse the trust of the consumer or exploit his lack of experience or knowledge.
3. Advertisements should not without justifiable reason play on fear.
4. Advertisements should not contain anything which might lead or lend support to acts of violence, nor should they appear to condone such acts.
5. All descriptions, claims and comparisons which relate to matters of objectively ascertainable fact should be capable of substantiation, and advertisers and advertising agencies are required to hold such substantiation ready for production without delay to the CAP Committee of the Advertising Standard Authority.
6. Advertisements should not contain any statements or visual presentation which, directly or by implication, omission, ambiguity, or exaggerated

claim, is likely to mislead the consumer about the product advertised, the advertiser, or about any other product or advertiser.

7. Advertisements should not misuse research results or quotations from technical and scientific literature.
8. Consumers should not be led to overestimate the value of goods whether by exaggeration or through unrealistic comparisons with other goods or other prices.
9. All comparative advertisements should respect the principles of fair competition and should be so designed that there is no likelihood of the consumer being misled as a result of the comparison, either about the product advertised or that with which it is compared.
10. Advertisements should not unfairly attack or discredit other products, advertisers or advertisements directly or by implication.
11. Advertisements should be clearly distinguishable as such whatever their form and whatever the medium used. When an advertisement appears in a medium which contains news, editorial or programme matter it should be so designed, produced and presented that it will be readily recognized as an advertisement.
12. Advertisements should not, without justifiable reason, show or refer to dangerous practices or manifest a disregard for safety. Special care should be taken in advertisements directed towards or depicting children or young people.
13. Advertisements addressed to children or young people or likely to be seen by them, should not contain anything whether in illustration or otherwise, which might result in harming them physically, mentally or morally, or which exploits their credulity, their lack of experience, or their natural sense of loyalty.

II. Find international words in paragraph 1.

III. Choose the best endings to the following statements.

1. Most people are unable to make first-hand judgements of
 - a) price
 - b) colour
 - c) quality
2. The advertiser appeals to reason and
 - a) emotional responses
 - b) the producer
 - c) another advertiser
3. The British Code of Advertising Practice protects the consumer from
 - a) being informed
 - b) being controlled
 - c) being deceived and misinformed
4. Advertisements should not without justifiable reason play on

- a) fear
 - b) positive emotions
 - c) experience
5. Advertisements should not contain anything that is likely to mislead the consumer about
 - a) the programme
 - b) the product
 - c) the market
 6. Consumers should not be led to overestimate
 - a) the beauty of goods
 - b) the value of goods
 - c) the attractiveness of goods
 7. Advertisements should be readily recognized as
 - a) news
 - b) advertisements
 - c) games
 8. Advertisements should not manifest disregard for
 - a) jokes
 - b) humour
 - c) safety
 9. Advertisements addressed to children or young people should not contain anything which might result in
 - a) harming them
 - b) entertaining them
 - c) teaching them

IV. a) Complete the unfinished questions in column A that are answered in column B.

How many ... ?	13 principles.
What ... ?	Persuasion.
What ... for?	To protect the consumer.
What ... ?	A form of propaganda.

- b) Ask questions about the following and answer them:
- advertisements addressed to children or young people;
 - advertisements depicting children;
 - prohibition to mislead the consumer about the product advertised;
 - prohibition to contain something offensive to the standards of decency;
 - respect for the principles of fair competition.

V. Name the principles about misleading and misinforming the consumer.

VI. Find the sentences giving the main point of the text.

- VII.** Find key words, phrases and the topic sentences which best express general meaning of each paragraph.
- VIII.** Using the information obtained from the paragraphs make an outline of the text.
- IX.** Speak about the essence of advertising and its general principles.

B. Text Study

- I.** Read the text and answer the following questions.
- Do you know any alternatives to advertising?
 - What will happen in the world without advertising?

Text B

ADVERTISING

Businesses need to advertise. If they did not advertise no-one would even learn of the existence of their wares. In part, advertising is aimed at conveying information to potential customers and clients, but it is also used to persuade the public to buy. This is the area in which advertising is often criticized. Advertisements are sometimes misleading. Although it is illegal for advertisers to make untrue statements about their goods, services or prices, they still make their wares seem unduly attractive. They pander to our egos and our vanities. They create a demand which would not otherwise exist.

It is easy to say, 'I'm not influenced by the adverts!'. Everyone is influenced to a certain extent. There was recently some research on subliminal advertising. The word 'coffee' was flashed on to the television screen. It happened so quickly that no-one was aware it had happened. For just a fraction of a second it registered on the viewers' subconscious. The result? A surprising number of people chose to make coffee at that precise moment. Of course, it could have been a coincidence but it was highly unlikely.

Yet, for the typical manufacturer advertising is a form of insurance. The nature and extent of consumer's needs have to be constantly assessed. If the needs are over-estimated it is possible, through advertising, to soak up the surplus goods which have been produced. As a demand for a product sags, it can be stimulated. There are all sorts of useful by-products. Without the possibility of advertising, workforces would have to be laid off when sales fell. The warehouses would become overfilled and the stocks would deteriorate, perhaps even becoming obsolete.

An alternative to advertising would be to lower prices when sales fall. This would suit the purchasers but introduce an element of uncertainty for the

manufacturers. They are always concerned to ensure that their revenue exceeds their costs, and where would they be if there were daily fluctuations in the prices of their products?

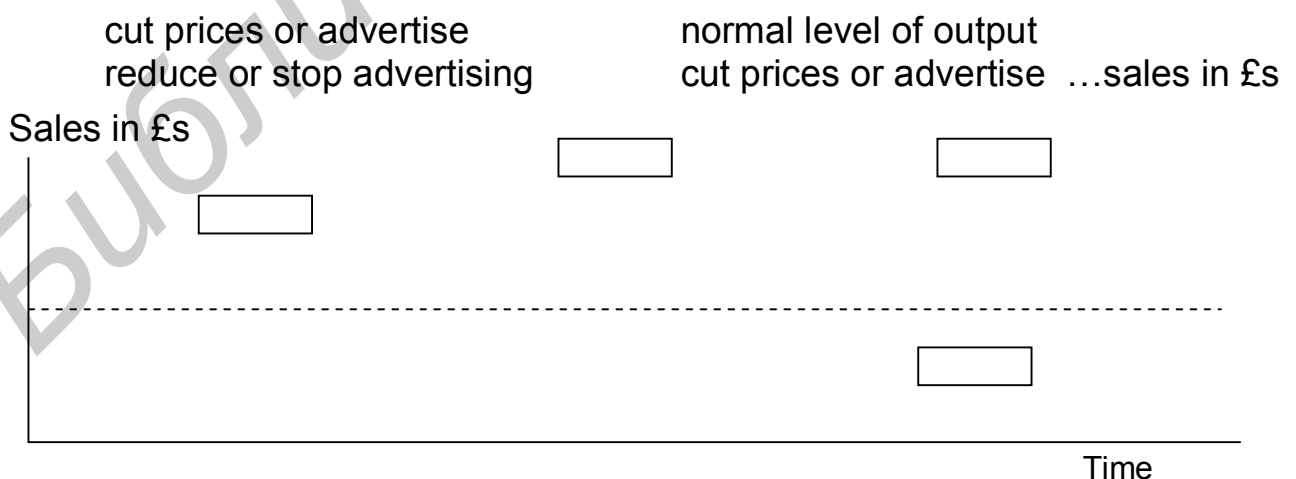
Advertising goes far beyond television and hoardings, newspapers and magazines. The manager of a clothes store is advertising by putting models wearing the store's clothes in the window. A bicycle manufacturer is advertising when he sends a new price-list through the post to his retailers. How could trading be carried on without such devices?

Some would even go so far as to say that advertising actually enriches our lives. Commercial television is able to provide us with free programmes thanks to its advertising revenues. National newspapers derive much of their revenue from advertising. Look at a typical newspaper and you will discover the proportion of the pages devoted to advertisements. We also have advertisers to thank for the free colour supplements accompanying the Sunday newspapers.

II. Answer these questions.

- a) What is meant by informative advertising?
- b) Why is persuasive advertising criticized?
- c) What is subliminal advertising?
- d) What should be done to counter a fall in sales?
- e) How do national newspapers benefit from advertising?
- f) How can window-dressing be seen as a form of advertising?
- g) How does advertising help the workforce?
- h) Why is it expensive to hold stocks unnecessarily?

III. Complete the diagram below by placing the appropriate words in the four different boxes.



IV. Decide which of the following statements are correct.

1. It is legal to make untrue statements about goods.
2. Adverts influence all the people.

3. Advertising creates an extra demand.
 4. The manufacturers want their revenue to exceed their costs.
 5. Advertising enriches our economy.
- V.** Which of the following expresses the main idea of the text best of all?
1. Businesses need to advertise.
 2. Aims of advertising.
 3. Types of advertising.
 4. What advertising is and how it works.
- VI.** Give the main points of the text in 5-8 sentences.
- VII.** Speak about the notion of advertising and its functioning in our life.

C. Text Study

- I. Read the passage and share your opinions on the problem of choosing an ad agency. Discuss the questions in twos or threes.

Text C

CHOOSING AN AD AGENCY

Any company that spends more than \$ 500,000 to \$ 1 million on advertising should seriously consider employing an agency to facilitate its advertising needs.

Ad Week and Advertising Age are the two magazines that thoroughly cover the advertising industry. These sources, combined with the tips listed below, may help narrow the range of what you should be looking for and clarify how to evaluate what you've seen.

Finding the agency that is best suited to your company's needs can be a tricky business. Many agencies do a better job of selling themselves than the companies they represent, and the burden falls on the client to find a selection process that works.

10 Questions to Ask Yourself Before Hiring an Ad Agency:

Are we more interested in creative or in short-term market share results?

Does our agency need a media-buying capability or will we handle that separately?

Do we want to pay our agency a flat fee or a percentage of our budget?

Are we looking for a particular campaign or for a company?

How important is to have regular access to the head of the agency we choose?

Which medium do we need our agency to handle?

Do we need our agency to handle existing projects only or new product launches as well?

Does it matter if our agency is conveniently located?

Do we want a company with a particular philosophy or one that is willing to work with the philosophy of its clients?

Whom do we want to be in charge?

Evaluate each agency by asking the following:

Does it understand our company's objectives?

Does it address our company's objectives?

Does it have the necessary credentials and experience?

Does it have a knowledge of our business?

Does it have an interest in our business?

Does it have a knowledge of our competitive situation?

Does it present sound marketing strategies?

Does it present clear, creative solutions?

Does it have good internal resources?

Does it have a strong account management team?

Can we work together?

II. Below you'll read about some techniques used in advertising. Decide which appeal to you and which don't.

Persuasive Advertising

1. Repetition. The simplest kind of advertising. A slogan is repeated so often that we begin to associate a brand name with a particular product or service.
2. Endorsement. A popular personality is used in the advertisement.
3. Economical appeal. Advertising often appeals to basics such as mother-love, sex, manliness, femininity.
4. Scientific authority. Sometimes the adverts show a person in a white coat (i.e. a scientist) telling us about a product. More often it mentions "miracle ingredients" or "scientific testing" to persuade us.
5. "Keeping up with the Jones's". An appeal to pure snob value. You want to appear to be richer or more successful than your neighbors.
6. Comparison. The advert lists the qualities of a product in direct comparison with rival products.
7. An appeal to fear or anxiety. This type is similar to 3, but works on our fear.

8. Association of ideas. This is usually visual. Until it becomes illegal in Britain, cigarette advertising should be attractive: healthy people smoking in beautiful rural situations.
9. Information. If a product is new, it may be enough to show it and explain what it does.
10. Special offers/free gifts. This is a very simple and direct appeal – it's half price!
11. Anti-advertising. This is a modern version which appeals to the British sense of humour. It makes fun of a techniques of advertising.

D. Text Study

- I. Fill in the blanks from the words below and translate the text in writing.
Text D

ADVERTISING AGENCIES

An agent is a person or firm with authority to act for another (the principal) in order to a contractual relationship between the and a third party. However, advertising are an exception to this rule, acting as principals for the services they purchase on of their clients. What sorts of services do they provide? They will book advertising space and and produce material for them. A business may generate and control the of its advertisements, or it may use the services of an agency. Some firms find it easier not to their own advertisements. Take the case of an engineering firm. No doubt they have a talented staff, but their training will be in the of engineering. They could not be expected to an eye-catching advertisement any more than the advertising agency staff could be expected to a bridge or design a gas turbine.

The advertising agency will have developed its own of expertise which it then makes available to its clients. There will be various of scale. Commercial artists can be employed. They will do nothing else but create called for in advertisements. The agency's managers will be able to develop an strategy for clients - and it. They will be able to produce a media schedule setting out a of planned insertions, showing Costs, timing, nature of media and the booking to be reserved. They will know the basic made by advertising for use of their services or facilities. Furthermore, because they are big of the newspapers and and the television networks, they will be able to principals. For these reasons the agency fees will usually be amply covered by the savings they are able to achieve for their clients.

Among the staff in an advertising agency will be the media buyer who is responsible for timely and purchasing of media time and space to discharge the requirements of a client's media schedule. Another in the agency, the media planner, will be charged with formulating plans all types of media in such a way as to enable a client to reach out to the potential markets with efficiency and minimum expense.

economies	obtain	brand	design
prepare	build	involving	maximum
artwork	detailed	create	establish
principal	agencies	production	behalf
normally	executive	customers	charges
economical	specialist	programme	magazines
media	implement	field	advertising

I. Translate from Russian into English in a written form.

A

Реклама представляет собой любую оплачиваемую форму представления и продвижения продукции, услуг или идей каким-либо конкретным человеком или организацией. Она процветает в основном в странах со свободной экономикой, ориентированной на получение прибыли. Это один из главных факторов ускорения сбыта товаров, способствующих подъёму жизненного уровня. Реклама не может превратить плохой товар или услугу в хороший. Однако то, что она может сделать - и делает – это сообщает о старых и новых товарах и услугах. Поэтому три основные задачи рекламы – это: 1) дать информацию о товаре или услуге; 2) создать для них приоритет; 3) стимулировать мысли и действия потребителя на их приобретение.

Работа в рекламе включает выполнение заказов рекламодателей, работу в средствах массовой информации, рекламных агентствах, снабжении или особых видах обслуживания.

B

Корни рекламы уходят в седую древность. Хотя основными ее пользователями являются частные предприятия, реклама находит применение во всем мире. Реклама - рентабельный способ распространения обращений, будь они рассчитанными на создание всемирного предпочтения к марке "Кока-кола" или на формирование у потребителей мотивации к потреблению молока.

Организации подходят к проведению рекламы по-разному. В мелких фирмах рекламой обычно занимается один из работников отдела сбыта, время от времени вступающий в контакт с рекламным агентством. Крупные фирмы учреждают у себя отделы рекламы. Управляющий таким отделом подчиняется вице-президенту по маркетингу. В функции

рекламного отдела входят разработка общего бюджета на рекламу, утверждение представляемых агентством объявлений и кампаний, проведение мероприятий по прямой почтовой рекламе, устройство рекламного оформления дилерских заведений и осуществление прочих форм рекламы, которыми рекламные агентства обычно не занимаются. Большинство фирм пользуются услугами сторонних рекламных агентств, поскольку такая организация работы предлагает целый ряд преимуществ.

E. Text Study

I. Read the text for general comprehension.

Text E.

HOW TO DEVELOP AN ADVERTISING PROGRAM

Advertising will work as well as for a small firm as for a major multimillion-dollar corporation, if you use it correctly. To use advertising correctly, you must have an advertising program. To develop an advertising program, you must take the following steps:

1. Analyze the market.
2. Set concrete goals and objectives.
3. Set a budget.
4. Develop a creative strategy.
5. Choose your medium or media.
6. Evaluate the results.

To analyze the market, you've got to view your own product or service in terms of who can use it. That "who", whether it be male or female, child or senior citizen (or all of the above), is your target consumer. Now, how are you going to reach him and/ or her?

Along these lines, marketing and advertising experts have developed a very useful concept called market segmentation. If you use the market segmentation concept, instead of trying to sell to the entire market, you zero in on a specific segment of the population who are most interested and can best be served by buying your product or service. The segmentation concept makes sense. You cannot satisfy the entire market with one specific item, and further, you will always have limited resources with which to advertise and promote your products or services.

Advertisers use segmentation through their application of strategy: positioning strategy, media strategy, and creative strategy. *Positioning strategy* refers to how your product is positioned in comparison to the competition. For example, Colonel Sanders' Kentucky Fried Chicken was successful when aimed at buyers who are mainly housewives with a

contemporary state of mind, busy, active, finding it hard to prepare meals for their family on a daily basis. Yet, at first, Kentucky Fried Chicken was a failure when positioned mainly as a countrified, folksy product.

Use of *media strategy* by advertising means selecting the appropriate medium or media to reach the segment that is most interested or would be most interested in buying your product. For example, why are beer, razors, and similar male-oriented products advertised on television during sporting events? Clearly because this is when and where the main user of these products is available as an audience for the advertising.

Creative strategy concerns the copy (writing) in the advertisement, the graphics, pictures, or photographs, and the ideas that combine these into an effective ad. For example, Mark O. Haroldsen wrote a book called *How to Wake Up the Financial Genius Within You*. His message for the opportunity-seeker's market in magazines such as *Salesman Opportunity*, *Spare Time Opportunities*, and the like, used the title of the book as the headline. Yet, in advertising in the *Wall Street Journal*, Haroldsen used an entirely different advertisement; the headline read: "How to Avoid Paying Taxes Legally". Why did he use this different creative strategy for the *Wall Street Journal*? In the first case he was appealing to individuals who wanted to grasp an opportunity to make money. In the *Wall Street Journal* he was appealing to professional managers and entrepreneurs who were already making money and were interested in reducing their considerable taxes.

- II. Write down key words and phrases from each paragraph which best describe the atmosphere and its meaning.
- III. Write down possible headlines which best express the main idea of each paragraph.
- IV. Reduce the text to one third of its original length giving the most important information.

Writing

USING THE MAIN IDEA TO WRITE AN AD

Objective: Identifying the main idea in an advertisement.

A. Creating an ad is a special kind of writing. You want to attract the reader's attention quickly. You have to state your points clearly in a small amount of space. You also need to make the main idea as clear as possible.

What is this ad all about? Use the details to discover the main idea.

A GREAT NEW BICYCLE SHOP IS HERE!

The GRAND OPENING is on June 10th.

Come in for a FREE GIFT! See the largest collection of bikes in town. CITY BIKES RACERS TRAIL BIKES A full line of accessories Complete biking service EASY RIDER BIKE SHOP 225 Sunnyside Road Open Monday-Saturday, 10:00

A.M. to 9:00 P.M.

B. The author of the ad states the main idea in the beginning of the ad. "A Great New Bicycle Shop Is Here" tells you what the ad is about. "Grand Opening" and "Free Gift" tell more about the main idea. Some of the details tell you what the store sells, where it is located, and when it is open. Notice that words and phrases as well as sentences are used to get the point across. Read the ad again. Then answer these questions.

1. What is the main idea of the ad?
2. When is the Grand Opening?
3. What is the name of the store?
5. During which hours and on what days is the store open?

C. Write an ad. Choose one of the following topics, or make your own.

- A new pet store is opening.
- You want to sell your old bike.
- A stereo store is having a sale.
- Your group is giving a play.
- You are offering a special trip or tour.
- A new movie is about to open.

Even though you are not writing a paragraph, you should use steps in the writing process.

Prewrite—Jot down the main idea of your ad. Then list something that will attract the attention of your readers. Write any information your readers will need to take advantage of the ad.

Compose—Use your notes to write your ad. Use words and phrases that will attract attention. Include some complete sentences.

Review and Revise—Read your ad. Have you kept to the point or you add or change any word or phrase to make the ad sound more interesting? Have you included all the necessary information? Is the main idea of your ad clear?

Edit—Check your spelling and punctuation.

Publish—Make a neat final copy of your ad. Then share it. Ask a friend what is the main idea of your ad.

Creating an ad is a special way of presenting a main idea. You need to attract the reader's attention quickly. You have to state your points early in a small amount of space. You also want to make the main idea of the ad as clear as possible.

Read the ad below. In your notebook, write down the main idea of *the* ad. Then jot down four details that support the main idea.

THE PET STORE YOU HAVE BEEN WAITING FOR IS HERE!
The GRAND OPENING is on July 15th. Come in for a FREE GIFT!

Wide variety of pets and pet supply products.
ANIMAL FRIENDS PET SHOPS 25 Maple Drive
Open Monday-Sunday, 11 a.m. to 10 p.m.

Now create an ad of your own. Choose one of the following topics, or

think up one of your own.

a new video store is opening

a new bicycle shop is opening

you want to have a garden or garage sale

you are offering a historical tour of your town

Imagine that you are writing the ad to run in your local newspaper.

Be sure to include all the information your readers will need.

Grammar Study.

I. Study the rule.

To express a condition that is untrue, uncertain or improbable, we use this structure:

'if' + past tense + conditional tense

Example:

If I had a lot of money, I wouldn't go to work any more.

II. Complete the sentences using 'if' + past tense + conditional tense structure.

1. We ... if we ... (make more money/ have better equipment).
2. If he ... he ... (be/ not always late/ start on time).
3. If he ... he ... (start on time/get more practice).
4. We ... if we ... (get more money/have a manager).
5. If we ... more people ... (make better advertisement/know about us).
6. If interest rates ... during that period, borrowers ... a higher rate. (go up, pay).
7. If the rate ... , the lender ... (go down, benefit).

III. Complete the sentences with if using: a) go up, pay; there/be, need/not; be, be/lower; b) get, sell; reduce, buy; advertise/not, learn; raise, have; be, there/be.

a)

1. If ... enough of everything we wanted we ... to bother how each of us gets a share.
2. If interest rates ..., borrowers ... a higher rate in order to hold additional funds.
3. If the economy ... stagnant then the interest rate

b)

4. How much you ... for your rights to new shares if you ... them instead of

- taking them up?
5. If the government ... its own spending, it ... less from businesses, reducing sales and earnings.
 6. If the government ... taxes, people ... less money to spend.
 7. If they ... no-one ... even of the existence of their wares.
 8. Where they ... if ... daily fluctuation in the prices of their products?

IV. Fill in the gaps with *on, towards, from, to, in, at, for, off* or *with*.

1. We often rely ... advertisements.
2. His appeal is rarely directed ... reason alone.
3. It protects the consumer ... being deceived and misinformed by advertisements.
4. Advertisements should not contain statements offensive ... the standards of decency.
5. They should not play ... fear.
6. Advertisements addressed to children should not contain anything which might result ... harming them.
7. Advertising is aimed ... conveying information to potential customers and clients.
8. It is illegal ... advertisers to make untrue statements about their goods.
9. As a demand ... a product sags, it can be stimulated.
10. Without the possibility of advertising, workforces would have to be laid ... when sales fell.
11. How could trading be carried ... without such devices?
12. Commercial television is able to provide us ... free programmes.
13. We also have advertisers to thank ... the free colour supplements.
15. We are looking ... a particular company now.

UNIT VIII Marketing

Vocabulary Study

Word List

Nouns and noun phrases

1. conception – концепция, понятие
2. consumer – потребитель
3. customer – покупатель, заказчик, клиент
4. distribution – распределение, раздача
5. exchange – обмен

6. household – дом, домашний круг
7. marketer – продающий, продавец, торговец на базаре
8. marketing – торговля, продажа, сбыт, маркетинг, система сбыта
marketing mix – комплекс маркетинга
9. means – способ, средства
10. merchant – купец, торговец
merchandise - товары
11. possession – владение, имущество, собственность
12. resale – перепродажа
13. retailer – розничный торговец
14. utility – полезность, эффективность
15. wholesaler – оптовый торговец, оптовое предприятие

Adjectives

1. perspective – перспективный
2. prospective – будущий, предполагаемый, ожидаемый
3. wasteful – расточительный, неэкономный

Verbs and verbal phrases

1. be aware of – сознавать, знать
2. convert – превращать, обращать
3. disprove – опровергать
4. execute – выполнять, оформлять, исполнять
5. induce - убеждать, воздействовать, вызывать
6. perform – выполнять, исполнять
7. pull – тянуть, ехать, двигаться

I. Read and translate the following words and word combinations. Mind the stress: a) on the first syllable; b) on the second syllable; c) on two syllables.

- a) Customer, marketer, marketing, merchant, retailer, valuable, wasteful;
- b) conception, consumer, exchange, possession, resale, utility, perspective, prospective, convert, disprove, induce, perform;
- c) distribution, target market, form utility, be aware of.

II. Match the words with the definitions below.

Conception, consumer, distribution, merchant, utility, wholesale, to disprove.

1. Person who uses goods.

2. Conceiving of an idea or plan.
3. Trader, esp. one doing business with foreign countries.
4. Distributing or being distributed.
5. Prove to be wrong or false.
6. Selling of goods (esp. in large quantities) to shopkeepers, for resale to the public.
7. Quality of being useful.

III. Mind the use of the words *agent*, *broker*, *distributor*, *retailer*, *dealer* and *representative* which have certain similarities in meaning, but are not exactly the same.

1. An *agent* is a person or organization who acts on behalf of a principal in order to sell the principal's goods or services to third parties.
2. A *broker* brings together a seller and a client. For this service he/she is paid a commission called brokerage.
3. A *distributor* is someone who has arranged with one or more suppliers to sell a product. He /She is not strictly speaking an agent because he/she buys and sells the goods for himself/herself and not as the representative of a principal.
4. A *retailer* is someone who buys goods (often in quite small quantities) from a wholesaler and then sells them to consumers in retail outlets (shops, stores, etc.).
5. The word *dealer* implies a one-person operation of buying and selling for individual profit. For example, we may refer to a *dealer* in horses, in antique furniture or art. A *dealer* is not likely to buy from a wholesaler though he/she may buy goods in bulk at an auction or clearance sale. The word *dealer* is also used to describe someone who buys and sells securities on his/her own account.
6. A *representative* or *sales rep* is a member of a sales team and is employed to travel from one place to another in order to encourage potential customers to buy. The synonym *sales engineer* is now seen quite frequently.

Which of these are incorrect?

car dealer	car retailer	car representative
sole distributor	sole agent	sole retailer
company rep	insurance broker	company dealer
stockbroker	insurance retailer	foreign exchange dealer

IV. Using a dictionary add as many words as possible into the table.

Verbs	Adjectives	Nouns
1		consumer
2		exchange
3		possession
4		utility
5 to convert		
6 to execute		
7	prospective	
8	wasteful	

V. Make adjectives from the following nouns.

Nouns

Adjectives

perspective
conception
possession

VI. Make nouns from the following verbs.

Verbs

Nouns

to retail
to induce
to perform
to pull

VII. Choose the words with similar meaning from the two groups and arrange them in pairs.

- A. Prospective, conception, consumer, distribution, means, possession, to convert, to execute, to induce, to pull.
B. Notion, future, customer, ownership, to change, to perform, to cause, allocation, facilities, to draw.

VIII. What are the opposites?

Collection, harm, harmful, economical, to confirm, to find.

IX. Complete the sentences with the words from the box below.

Provide, advertising, consumers, marketing, merchandise, prospective, valuable, satisfy.

1. Some people think that the objective of marketing is to induce customers to buy low-quality ... at high price.
 2. Manufacturers and merchants ... the goods and services we desire.
 3. Marketing is not the same thing as ... or personal selling.
 4. Potential ... are people with their desire and ability to buy a product.
 5. ... manager takes action and develops a complete marketing program to reach consumers.
 6. A marketing program is a plan that integrates the marketing mix to provide a good, a service or idea to ... buyers.
 7. People who manufacture or grow products are often considered more ... than the merchants.
 8. Marketing creates exchanges that ... individual and organizational objectives.
- X.** Make up your own sentences using the following words and word combinations.

Conception, marketing, the process of planning, promotion, distribution, to satisfy individual and organizational objectives, advertising, personal selling, to discover wants and needs of customers, the idea of exchange.

XI. Translate into English.

1. Понятие маркетинга подразумевает продвижение и организацию продажи изделий покупателю.
2. Отдел маркетинга занимается продвижением товара, рекламой и исследованием рынка.
3. Быстро меняющийся мир является головной болью для тех, кто занимается маркетингом.
4. Маркетинг занимается обнаружением потребностей будущих покупателей и удовлетворением их.
5. Потенциальными покупателями являются люди с их желанием и способностью купить определенные изделия.
6. Люди, занимающиеся маркетингом, нацелены на определенную группу или группы потенциальных покупателей.
7. Управляющий маркетингом разрабатывает полную маркетинговую программу.

A. Text Study

- I. Read the text to get the gist of it. Entitle the text. Answer the following questions.
 - a) Is marketing equal to advertising?
 - b) Is marketing necessary to get high profit?

Text A

Some people think of marketing as an evil, wasteful practice of marketers as manipulators who enjoy taking advantage of customers in the marketplace. According to this view, the objective of marketing is to induce customers to buy low-quality merchandise at high price. For some reason people who manufacture or grow products are often considered more valuable in the society than the merchants who distribute them, although both groups provide the goods and services we desire. To disprove this, let's see what marketing is and what functions it performs.

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges, that satisfy individual and organizational objectives.

Many people incorrectly believed that marketing is the same thing as advertising or personal selling. To serve both buyers and sellers, however, marketing seeks 1) to discover the needs and wants of perspective customers and 2) to satisfy them. These prospective customers include both individuals buying for themselves and their households, and organizations that buy either for their own use (such as manufactures) or for resale (such as wholesalers or retailers). The key to achieving these two objects is the idea of exchange, which is the trade of things of value between a buyer and a seller so that each is better off after the trade.

For marketing to occur, at least four factors are required: 1) two or more parties with unsatisfied needs, 2) a desire and ability on their part to be satisfied, 3) a way for the parties to communicate, and 4) something to exchange.

Potential consumers make up a market, which is 1) people 2) with their desire and ability to buy a specific product.

People who are aware of their unmet needs may have the desire to buy the product. People must also have the ability to buy such as the authority, time, and money.

Marketing doesn't stop with the ideas obtained from discovering consumer needs. Since the organization obviously cannot satisfy all consumer needs, it must concentrate its efforts on certain needs of a specific group of potential consumers toward which an organization directs its marketing program.

Having selected the target market consumers, the firm must take steps to satisfy their needs. Someone in the organization's marketing department, often marketing manager, must take action and develop a complete marketing program to reach consumers by pulling a combination of four levels:

- Product: a good, a service, or idea to satisfy the consumer's needs.
- Price: what is exchanged for the product.
- Promotion: a means of communication between the seller and buyer.
- Place: a means of getting the product in to the consumer's hands.

These are the elements of the marketing mix.

After discovering what prospective customers need the marketing manager must translate the ideas from consumers into some concepts for the products the firm might develop. These ideas must then be converted into marketing program – a plan that integrates the marketing mix to provide a good, a service or idea to prospective buyers.

Marketing creates utility, the value to consumers for using the product. The utility is the result of the marketing exchange process. There are four different utilities: form, place, time and possession. The production of the good or service constitutes form utility. Place utility means having the offering available where consumers need it. Time utility means having it available when needed. Possession utility is getting the product to consumers so they can use it.

II. Find international words in paragraphs 1 and 2 and translate them.

III. Choose the best endings to the following statements.

1. Some people think that the objective of marketing is to induce customers to buy low-quality merchandise at
 - a) high price
 - b) low price
 - c) mean price
2. People who manufacture or grow products are often considered
 - a) clever
 - b) more valuable
 - c) less valuable
3. Many people incorrectly believe that marketing is the same thing as
 - a) management
 - b) accounting
 - c) advertising or personal selling
4. Marketing seeks to satisfy the needs and wants of
 - a) perspective customers
 - b) the board of directors
 - c) marketing manager

5. These prospective customers include both individuals and
 - a) organizations
 - b) owners of the firm
 - c) government
6. Exchange is the trade of things of value between a buyer and
 - a) a customer
 - b) a consumer
 - c) a seller
7. For marketing to occur, at least
 - a) 4 factors are required
 - b) 2 factors are required
 - c) 3 factors are required
8. The organization must concentrate its efforts on certain needs of a specific group of
 - a) its employees
 - b) potential customers
 - c) its managers
9. Marketing manager must develop
 - a) a complete marketing program
 - b) a design of a product
 - c) a budget statement
10. The production of the goods or service constitutes
 - a) place utility
 - b) time utility
 - c) form utility

IV. Complete the unfinished questions in column A that are answered in column B.

A	B
How many ...?	4 factors.
How many ...?	4 levels.
What ... ?	A marketing program.
What ... ?	Utility.
How many ...?	4 different utilities.
What ... ?	Marketing.

- V.** Identify the sentences in the text that talk specifically about two objects of marketing and translate them into Russian.
- VI.** The text contains ten paragraphs. Which of them gives the main point?
- VII.** Find key words, phrases and the topic sentences which best express general meaning of each paragraph.

- VIII. Using the information obtained from the paragraphs make an outline of the text.
- IX. Speak about market and its functions using key words, phrases and the topic sentences.

B. Text Study

- I. Read the text and answer the following questions.
- What is the meaning of correct marketing research?
 - Is marketing research more necessary for big companies or small firms?

Text B

MARKETING RESEARCH

Marketing research – what it is and how it can make money for you

Marketing research is the gathering, recording, and analyzing of information about problems relating to marketing. It will help you to identify who your market is as well as which methods will best satisfy the needs of your market. But it encompasses many other aspects of marketing, including new product introductions, pricing, advertising, consumer behavior, and so on. So important is marketing research that certain basic marketing strategies such as market segmentation, in which you identify a specific portion of the market and concentrate your resources on selling to that one segment, or product differentiation, in which you differentiate your product from that of a competitor in such a fashion as to best appeal to potential buyers, would be absolutely impossible without it.

Among the many things marketing research will tell you are the following:

- Who are your customers and who are your potential customers?
- What kinds of people are your customers? (This includes demographic categories, such as age, income, and education, and psychographic categories such as interests and preferences.)
- Where do your customers live?
- Why do your customers buy?
- Do they have the ability to pay?
- Are you offering the kinds of goods and services that your customers want?
- Are you offering your products or services at the best place, at the best time, and in the correct amounts?
- Are your prices consistent with the value your customers place on the product or service that you are selling?
- How are your promotional programs working?

10. What do your customers think of your business and its image?
11. How do your business and your business procedures compare with those of your competitors?

Correct use of marketing research can mean amazing profits for your business and tremendous advantages over your competitors. A famous example of correct use of marketing research took place in the early 1960s. Ford, along with two other major American motor companies, had developed cars to compete with foreign cars such as the Volkswagen. Ford's entry had been the Falcon, introduced in 1959. As the years passed, the numbers of Ford Falcons that were sold began to decrease as a percentage of Ford's total sales. This was also true for the competing cars offered by the two other American companies. Ford might simply have concluded that American small cars were no longer wanted. Instead, Ford did marketing research to find out more about the falling off of Falcon sales. During this research, Ford discovered an interesting and important fact: while sales of the Falcon were declining, sales of sporty options such as bucket seats and a special interior were increasing. This was due primarily to the greater numbers of young adults who were purchasing the vehicle. Ford's careful study of the market research findings led the company to put out the Ford Mustang, introduced in 1965. This sporty vehicle demolished all previous records for sales and developed a new market after which competitors followed as best they could, some two to three years behind. The head of Ford's Mustang project was none other than a young engineer by the name of Lee Iacocca.

But successful use of marketing research is not limited to major companies such as Ford. Thousands of small firms and entrepreneurs have used marketing research successfully to carve out huge shares of their respective markets. An optical firm totally turned its company around and doubled sales within a year by identifying its customers. A mail order entrepreneur sold \$10 million worth of a single product through marketing research techniques. A small computer firm successfully took on IBM a segment of the total computer market and won through the correct application of marketing research.

II. Read the text again and decide which of following statements are correct.

1. Marketing research shows who your market is and which methods will best satisfy the needs of your market.
2. Some basic marketing strategies are possible without marketing research.
3. Correct use of marketing research can bring high profits for business and advantages over competitors.
4. A famous example of correct use of marketing research took place in the early 1950s.
5. Ford had developed cars to compete with other American companies.

6. Ford discovered that sales of sporty options were decreasing due to young adults.
7. The Ford Mustang was introduced in 1964.
8. The Ford Mustang didn't demolish previous records for sales.
9. Successful use of marketing research is practiced by thousands of small firms.

II. Answer the following questions.

1. What is marketing research?
2. What will marketing research help you to do?
3. Why is marketing research so important?
4. What things will marketing research tell you?
5. Why did the Ford Mustang demolish all previous records for sales?
6. Do small firms use marketing research successfully?

III. Which of the following expresses the main idea of the text best of all?

1. Marketing research, its functions and use.
2. Marketing research conducted by big companies.
3. Marketing research and small firms.
4. Marketing research and its successful use.

IV. Give the main point of the text in 3-5 sentences.

V. Speak about marketing research, its functions and use.

C. Text Study

I. Read the text and discuss the questions.

Text C

Having made a product the problem becomes to find someone who will buy it. It is the responsibility of the marketing department to promote and organize the sale of products to the purchaser. Broadly speaking, activities such as sales promotion, advertising and market research are covered. It would be possible for the factory simply to produce a motor car and then hope that it sells. However, it takes a long time to set up a production line for a car assembly plant and even minor modifications can prove difficult and expensive. It is much better to discover what people are looking for when they buy a car and then try to satisfy their needs. Do car drivers want speed – or safety? Are they looking for the power to accelerate – or comfort? Is their aim to impress their neighbours and other road users, or are they just concerned

with getting from A to B and back? How important is the price, and the cost of petrol and maintenance? Which designs and colours are preferred? Who is buying the car? Is it a company or an individual? It is questions like these the marketing department will have to answer even before production commences.

It becomes obvious that making and selling are two facets of the same undertaking. The marketing manager and the production manager are two members of the same team, depending on each other in much the same way as the players in the Liverpool football team. What good does it do if our strikers are scoring goals but our goalkeeper keeps having to pick the ball out of the back of the net? This situation could be compared to the marketing team who make great efforts to find customers for their cars, only to find the cars cannot be delivered on time, or that the cars develop faults as soon as they arrive.

The problem facing any business is that the market for goods – and services – is ever changing. Take the case of a company manufacturing cigarettes. Not so long ago the market for cigarettes was assured. Then the medical researchers discovered the link between cigarette smoking and lung cancer and many other diseases. Prospects for further growth evaporated as many people decided both to save money and live longer to spend it. The government joined in by restricting advertising and sponsoring their own anti-smoking campaign. The government is also understandably involved in campaigns to discourage drinking and driving, much to the chagrin of the breweries whose sales of wines and spirits are thereby reduced.

New technologies have an even more devastating effect on the markets. Once upon a time there was a very successful company which made gas mantles. The whole country was lit by gas. Then came electric light. The sales of gas mantles plummeted. Today we look to oil for our energy. Our oil companies prosper, but for how long? The day before yesterday we used typewriters. Yesterday we used electric typewriters. Today we use word processors. And tomorrow?

The rapidly changing world is both a headache and an exciting challenge to those engaged in marketing. If they predict correctly their business will survive and prosper. If they misread the signs the business will fail and, perhaps more importantly for all of us, valuable economic resources will be wasted.

- a) What is the purpose of the marketing department?
- b) Why do the marketing and production departments need to co-operate?
- c) What needs to be done before a production line is set up?
- d) What do businesspeople and footballers have in common?
- e) In what ways do the marketing team depend on the production team?
- f) Why is the design of a product so important?
- g) Why is the rapidly changing world a challenge to the marketing team?
- h) What does a business need to do to survive and prosper?

- i) In what ways can a government help or hinder a business?
- j) How do we all benefit (or suffer) from the activities of business firms?

D. Text Study

- I. Read the English text and translate it into Russian in writing.

Text D

MARKETING MANAGEMENT

The purpose of this text is to provide you with an understanding of the fundamental concepts and techniques of marketing decision making. Although we will begin with a discussion of individual elements of a marketing program, our ultimate goal is the improvement of your ability to integrate these individual elements into a well-reasoned and practical marketing plan. Such a plan connects the organization's aims and abilities with the customers' needs and wants in the context of an environment. Several of these terms merit classification at the outset.

There have been innumerable definitions of marketing management - no individual phrasing has captured universal acceptance. Most contemporary definitions include the following notions:

1. Marketing management is purposeful - those in it are attempting to accomplish organizational objectives such as dollar profit, share of market, political candidate's success, charity donation goals, etc. The most common goal is profit, but it is not the goal in all situations.
2. Marketing management is designed to satisfy the needs and/or wants of constituencies; for management to achieve organizational goals, some constituency (hereafter referred to as customer group or consumer group) must buy a product, service, or idea from the organization.
3. Marketing management involves trade-offs - an organization's resources (dollars, skills, location, costs) impose limits on how well it can meet the requirements of its customers. No organization can be all things to all people. Thus, marketing managers must decide upon a specific customer group to whom to cater (called the market target) and decide what, of the several alternative possibilities, it will offer to that group.
4. Marketing management is competitive - with rare exceptions, organizations must compete for the attention, initial patronage, and continued patronage of their customers. Sometimes the competition is very direct (one shaving cream versus another) and sometimes very indirect (the relative share of milk versus other beverages in individuals' daily fluid intake). Usually there is a spectrum of competitive offerings a manager must "better" to obtain and maintain customers' patronage.

5. Marketing decision making can be improved via a combination of experience and academic discipline; while only a few would maintain marketing management is a science, most knowledgeable individuals would agree that there are some conventional wisdom and "fundamental concepts."

The above five points are all essential to an understanding of what modern marketing management entails. Marketing does not equal selling, nor does it equal advertising. Marketing is an approach to improving the relationship between an organization and its existing (or sought-after) clientele. Most business observers can cite countless examples of successful marketers and unsuccessful ones.

II. Translate from Russian into English in a written form.

"...Мы не продаем товары, мы удовлетворяем потребности... Наш высокий жизненный стандарт обеспечен тем, что мы приняли на вооружение маркетинг..." - говорят американцы. Термин "маркетинг" происходит от английского слова "market" - рынок и означает - "рыночная деятельность".

Однако маркетинг как система экономической деятельности - понятие более широкое. С одной стороны, оно означает тщательное и всестороннее изучение рынка спроса, вкусов и потребностей покупателей, ориентацию производства на эти требования, адресность выпускаемой продукции, с другой - активное воздействие на рынок и существующий спрос, на формирование потребностей и покупательских предпочтений. Этим определяется основа маркетинга, содержание его наиболее важных элементов и функций. К их числу относятся:

- 1) комплексное изучение рынка;
- 2) планирование товарного ассортимента;
- 3) разработка мероприятий для более полного удовлетворения существующих потребностей;
- 4) выявление неудовлетворённости спроса, т.е. потенциальных потребностей;
- 5) планирование и осуществление сбыта продукции;
- 6) воздействие на организацию и управление производством.

E. Text Study

I. Read the text for general comprehension.

Text E

MARKETING PLAN

Marketing has been established as a key ingredient in the strategy of a

small business, even if the owner-manager has no great ambitions beyond long term survival. Yet many small business owners would probably say that they do not "do much marketing" or that they "leave that to the larger companies."

In fact, small firms cannot avoid marketing, even if they would prefer to do so. Customers will receive marketing communications from a small business whether they are intended or not. Patterns emerge from the way a small firm presents and prices its products or services, and how these are sold and delivered to a customer. These patterns amount to the marketing strategy of a small firm, even if only in the perception of the customer. The owner-manager who has no time to consider marketing strategy will be adopting one by default.

Managers of small firms may shy away from positive applications of marketing because:

- They lack specialized knowledge and skills; often owner-managers are more familiar with the product or technical aspects of their business, and have no training or experience in marketing.

- They lack interest because of their personal motivations. Some owner-managers do not want to grow their business. Others find impersonal marketing communication distasteful. Most are so busy with day to day operational problems, they have no time to consider longer term marketing plans.

- They believe it to be too expensive. A shortage of funds and high costs in other areas, particularly in the start up phase of a new business, can mean that marketing expenditure is considered as something of a luxury, which only larger companies, achieving economies of scale, can justify.

- They believe it to be ineffective. Some small firms are highly specialized, serving very narrow market segments. In these circumstances the appropriate marketing approach may be obvious and standard promotions may be wasteful and ineffective.

Regardless of the level of marketing effort, a small enterprise will benefit from a marketing plan. Without one they will be leaving their strategy to emerge in ways which may not be advantageous.

There is evidence that the marketing style of many small firms is different to larger organizations as marketing is often:

- restricted in scope and activity;

- simplistic and haphazard;

- product and price oriented;

- centralized on the experience of the owner-manager. The main components of a marketing plan are:

- The marketing environment: A background analysis of the strengths and weaknesses of the small firm, in relation to the opportunities and threats in the market place, including competitive and external influences and a definition of the customer and their needs.

- The marketing objective: A precise summary of the results that a small enterprise expects from its marketing activities -what products or services are to be sold in which markets, in what quantities and when.

- The marketing methods: A plan of how the elements in the marketing mix are to be used - what product, at which prices, in what place, supported by which promotions.

II. Write down key words and phrases from each paragraph which best describe the atmosphere and its meaning.

III. Write down possible headlines which best express the main idea of each paragraph.

IV. Reduce the text to one third of its original length giving the most important information.

Writing

Paraphrasing Techniques

The most frequent and serious mistake made by students trying to paraphrase is automatically to seek vocabulary alternatives. Sometimes this is possible, and if an alternative immediately springs to mind it will probably be acceptable. However, there are arguably no absolute synonyms in English. If you substitute one word for another you will inevitably change the meaning to some extent. Some students realize this, but see it as an excuse not to try to paraphrase at all but simply to quote. Others quote because vocabulary alternatives do not immediately spring to mind.

Instead of seeking for alternative vocabulary, you should look for an alternative syntax and sequence. In this respect paraphrase is similar to the conversions we practised as one of the redundancy reduction techniques. You should consider changing the original verbs into nouns or adjectives, the original nouns into verbs and so on. You should try starting with the middle or end of the original.

Here is the example that relies more on syntactic conversion:

In spite of periodic reports that Algeria was negotiating with European manufacturers to produce weapons systems under license, the country continues to depend heavily on outsiders to supply the ANP.

Beginning again near the end, *outsiders to supply*, can become *foreign suppliers*, while *to depend heavily* can become *is heavily dependent*. Thus:

The ANP remains heavily dependent on foreign suppliers despite Algeria's periodic attempts to obtain weapons production licenses from European manufacturers.

Grammar Study.

I. Study the rule.

Verbs have two participles : a present participle and a past participle.

verb	present participle	past participle
ask	asking	asked

The present participle has an active meaning.

Example:

The asking student.

This means : The student asks.

The past participle has a passive meaning.

Example:

The asked student.

This means : Somebody asks the student.

II. Complete the sentences. Use a present or a past participle.

1. Current assets include cash within an ... cycle.(operate)
2. The persons ... accounting reports are termed the users of accounting information. (receive)
3. The standards ... in the preparation of an accounting report must relate to the information needs of the user.(employ)
4. These prospective customers include both individuals ... for themselves and organizations.(buy)
5. ... the market consumers, the firm must take steps to satisfy their needs. (have/select)
6. The mass media ... include magazines, direct mail, radio, television, newspapers, etc. (use)
7. Strategic decisions, ... by the board of directors, are concerned with the disposition of resources. (make)
8. Employees are happier in a workplace ... by managers who enjoy themselves, their work, and their employees. (run)

III. Complete the sentences with present or past participles formed from these verbs: a) design, exist, own, operate, affect, call, make; b) sail, involve, face, take, transmit, become, decline, aim.

a)

1. Economists continuously check ... principles and theories against the changing economic environment.
2. The creation of specific policies ... to achieve the broad economic goals of our society is not a simple matter.
3. A sole proprietorship is a business ... and usually ... by a single individual.
4. Strategic decisions ... by the board of directors, are concerned with the disposition of resources.

5. Some corporations, usually ... “growth companies” prefer to invest most of their profits in research and expansion.
6. The general manager makes decisions ... company welfare.

b)

7. Many managers encounter a mental block when ... an interview.
8. It is a bit like the captain of a liner ... across the Atlantic to New York.
9. The manager has to keep these targets in mind when he is ... in the decision-making process.
10. Modern information technology had led to news ... world-wide quicker than even before.
11. Some fiscal policy tools work automatically without action ... by the president or Congress.
12. The progressive income tax tends to reduce the collection of revenue when personal and business incomes are
13. Inflation soared into the double-digits in the late 1970s, ... the main economic concern in the United States.
14. When ... at buyers who are mainly housewives, this company was successful.

IV. Fill in the gaps with the prepositions *to*, *at*, *of*, *into* or *with*.

1. They induce customers to buy low-quality merchandise ... high price.
2. People who are aware ... their needs may have the desire to buy the product.
3. These ideas must be converted ... marketing program.
4. His product best appeals ... potential buyers.
5. They compare their business ... that of their competitors.
6. Successful use of marketing research is not limited ... major companies.
7. Our goalkeeper keeps having to pick the ball ... of the back of the net.
8. The government is involved ... campaigns to discourage drinking and driving.
9. The changing world is a challenge ... those engaged in marketing.
10. The text provides you ... an understanding of the concepts of marketing decision making.
11. The above five points are essential ... an understanding of marketing.
12. Marketing is an approach ... improving relationship between an organization and clientele.

UNIT IX Accounting

Vocabulary Study

Word List

Nouns and noun phrases

1. accounting – учёт, бухгалтерский учёт, бухгалтерское дело
2. appointment – назначение
3. assumption – предположение, допущение, исходное положение
4. benefit – польза, выгода, преимущество
5. cash – наличные деньги
6. contract – контракт, договор
labour contract – трудовой договор
7. entity – существо, организм, организация
8. executive – (руководящий) работник
9. intent – намерение, цель
10. maker – производитель, изготовитель
decision maker – лицо, принимающее решение
11. narrative – изложение фактов, событий
12. outsider – постороннее лицо
13. record – запись, учёт, р/ документация, учётные документы
accounting records – бухгалтерские счета
14. recording – запись, регистрация
15. scene – сцена
16. track – след, путь
17. user – пользователь, потребитель

Adjectives

1. compact – компактный, сжатый
2. competitive – конкурирующий
3. profitable – полезный, выгодный, доходный, прибыльный
4. reasonable – недорогой, умеренный
5. regulatory – нормативный
6. usable – применимый, удобный, пригодный

Verbs

1. assess – оценивать, определять сумму
2. classify – классифицировать
3. communicate – сообщать, передавать
4. compare – сравнивать
5. compile – собирать, составлять, компилировать
6. depend (on, upon) – зависеть, полагаться, рассчитывать

7. incur – навлекать, подвергаться
8. interpret - толковать, истолковывать, интерпретировать
9. levy – взимать, набирать
10. sign – подписывать(ся), расписывать(ся)
11. summarize – суммировать, резюмировать, подводить итог

I. Read and translate the following words and word combinations. Mind the stress: a) on the first syllable; b) on the second syllable; c) on two syllables.

- a) Benefit, contract, entity, maker, narrative, record, user, usable, levy;
- b) accounting, appointment, assumption, executive, intent, decision, outsider, recording, compact, competitive, assess, compare, depend, incur, interpret;
- c) regulatory, classify, communicate, summarize.

II. Match the words with the definitions below.

Contract, credit, executive, benefit, cash, record, transaction.

1. Any senior person in the hierarchy of a firm. He/she makes important decisions that are carried out by subordinates.
2. Agreement to supply goods, do work, etc. at a fixed price.
3. Money in coin or notes.
4. Belief of others that a person, business company, etc. can pay debts, or will keep a promise to pay.
5. Advantage, profit, help.
6. Written account of facts, events, etc.
7. Piece of business.

III. Mind the use of the words *salary*, *wages* and *perks* which have certain similarities in meaning, but are not exactly the same.

1. A *salary* is paid monthly and usually by bank transfer. We use the word *salary* for monthly payments to professional employees.
2. *Wages* are paid weekly to manual or unskilled workers: In many countries workers are paid a legal minimum *wage*. A *wage packet* is the envelope containing *wages*.
3. *Perks* (also known as *fringe benefits*) are extra payments made in kind e.g.: a company car, free accommodation etc. In many job advertisements the combination of salary plus perks is called a *remuneration package*.

Complete this extract from a job advertisement.

We are offering an attractive _____, including basic _____ of 60K p.a., plus numerous _____ such as subsidized accommodation, free medical insurance etc.

IV. Mind the use of the words *sell*, *sale*, *sales*, *seller* and *selling*.

1. If you *sell* something you put it on the market at a stated price: They have agreed to *sell* us the property. We have *sold* the last one in stock.
 - 1.1 If something *sells*, it is bought by customers:
Our products *sell* in 25 countries.
 - 1.2 If something *sells* something else, it makes people want to buy it:
Good software *sells* computers.
 - 1.3 If you *sell* an idea, you convince someone you are right: He *sold* me on the idea of a new brand of snack biscuits.
 - 1.4 If you *sell yourself short*, you do not present yourself to your best advantage: If you didn't get the job it's probably because you *sold yourself short* at the interview.
 - 1.5 *Sell* can be followed by *off*, *out* or *up*:
They're *selling off* their assets at bargain prices.
Here the implication is that the price is low because they need to *sell* quickly. Sorry, we've *sold out*.
I'm afraid we've *sold out of* this model.
This means there are none left.
She's decided to *sell up* her business.
This implies she's selling everything in order to do something new.
 - 1.6 *Sell* can be used as a noun in two expressions:
a hard sell is an aggressive way of selling, a *soft sell* is more gentle and persuasive.
2. The noun derived from *sell* is usually *sale*:
Many economies in the Third World depend on the *sale* of cash crops to obtain foreign currency.
 - 2.1 Something can be *for sale* (property or an asset) or *on sale* (available for purchase in a shop):
The premises are up for sale. Our latest model is on *sale* in most department stores.
 - 2.2 A *sale* is organized by a shop when it wants to move stock quickly by offering goods at lower prices:
They're having a clearance *sale*. The *sale* price is marked down 50%.
 - 2.3 The *point of sale* is the place where a consumer actually buys an article:
We've recently spent £250,000 on *point-of-sale* advertising - display stands, posters and so on.
3. *Sales* are the quantity of goods sold over a given period of time:
Car *sales* have gone up in the third quarter. Our *sales* grew by 120% in the first two years.
 - 3.1 *Sales* can be used with a number of nouns:
clerk
conference

department man
 person
 talk
 target

3.2 An *after-sales service* organizes the maintenance and repair of goods sold by a producer or distributor.

4. We do not usually use the word *seller* to refer to a person who sells a company's products. However, it can be used to refer to a private individual:

She's a *seller* of second-hand books.

4.1 If something is a *good seller* then it sells well:

The Ford Model T was a *best-seller* in its time.

5. *Selling* commonly occurs in three combinations: *selling price* (the price at which goods are sold), *selling point* (a feature which makes an article particularly attractive), *unique selling proposition* (the special feature which makes product a must for a potential customer).

- V. Using a dictionary add as many words as possible into the table.

Verbs	Adjectives	Nouns
1.		Accounting
2.		Benefit
3.		Contract
4.		Executive
5.		Narrative
6. to assess		
7. to classify		
8.	competitive	

- VI. Make adjectives from the following nouns.

Nouns

Adjectives

compactness
 reason
 regulation
 use
 executive
 narrative

- VII. Make nouns from the following verbs.

Verbs

Nouns

to appoint

to assume
to make
to decide
to record
to track
to use

VIII. Make verbs from the following nouns.

Nouns

Verbs

communication
comparison
compilation
dependence
incursion
interpretation
levy
sign
summary

IX. Choose the words with similar meaning from the two groups and arrange them in pairs.

A. Assumption, benefit, contract, executive, intent, maker, narrative, recording, track, to communicate, to compile.

B. To compose, to report, advantage, producer, trace, treaty, supposition, senior worker, purpose, account, writing down.

X. What are the opposites?

Disadvantage, expensive, irregular, unprofitable, useless, subordinate.

XI. Complete the sentences with the words from the box below.

Record, monetary terms, is summarized, accounting reports, are classified, communicating, profitable, users, operating costs, assumptions.

1. The results of the daily business activities are summarized in
2. One of the functions of an accounting system is to create a systematic ... of the daily business activity, in terms of money.
3. Transactions can be expressed in and be entered in accounting records.
4. Transactions and events into related groups or categories.

5. The classified information into accounting reports to meet the information needs of decision makers.
6. The accounting process also involves ... information to interested parties.
7. From comparison of financial statements we can determine which company is more
8. The persons receiving accounting reports are termed the ... of accounting information.
9. Managers need detailed information about daily
10. The information of reports must be presented in accordance with certain ground rules and

XII. Make up your own sentences using the following words and word combinations.

Accounting reports, to summarize the results, an accounting system, to create a systematic record, the recording of a transaction, to classify into groups or categories.

XIII. Translate into English.

1. Все граждане нуждаются в некотором знании бухгалтерского учета.
2. Целью бухгалтерского учета является обеспечение финансовой информации.
3. Финансовая информация необходима владельцам, кредиторам, потенциальным инвесторам, правительству и др.
4. Бухгалтерский учет – это основа для деловых решений.
5. Почти каждый человек практикует бухгалтерский учет в ежедневной жизни.
6. Одной из функций бухгалтерской системы является создание систематического учета ежедневной деловой деятельности в денежном выражении.
7. Бухгалтерская система предприятия должна быть способна обеспечивать различные виды бухгалтерских отчетов.
8. Стандарты, используемые в подготовке бухгалтерского отчета, должны соотноситься с информационными потребностями пользователя.

A. Text Study

- I. Read the text and entitle it. Answer the following questions.
 - a) What are accounting reports used for?
 - b) Why are accounting reports presented in accordance with certain ground rules?

Text A

ACCOUNTING SYSTEM

In order to provide useful financial information about a business enterprise, we need some means of keeping track of the daily business activities and then summarize the results in accounting reports. The methods used by a business to keep records of its financial activities and to summarize these activities in periodic accounting reports comprise the accounting system.

The first function of an accounting system is to create a systematic record of the daily business activity, in terms of money. For example, goods and services are purchased and sold, credit is extended to customers, debts are incurred, and cash is received and paid out. These transactions are typical business events which can be expressed in monetary terms, and be entered in accounting records. The mere expression of the intent to buy goods or services in the future does not represent a transaction. The term transaction refers to a completed action rather than an expected or possible future action. The *recording* of a transaction may be performed in many ways: i.e. by writing with a pen or pencil, by printing with mechanical or electronic equipment, or by making magnetic expression on cards or tape, etc.

Of course not all business events can be measured and described in monetary terms. Therefore, we do not show an accounting record the appointment of a new chief executive, the signing of a labour contract, or the appearance of a new competitive business on the scene.

In addition to compiling a narrative record of events as they occur, we *classify* transactions and events into related groups or categories. Classification enables us to reduce mass of detail into compact and usable form. For example, grouping all transactions in which cash is received or paid out is a logical step in developing useful information about cash position of a business enterprise.

To organize accounting information in a useful form, we summarize the classified information into accounting reports designed to meet the information needs of decision makers.

These three steps we have described -recording, classifying and summarizing – are the means of creating accounting information. It is important, however, to recognize that the accounting process is not limited to the function of *creating* information. It also involves *communicating* this information to interested parties and *interpreting* accounting information as it relates to specific business decisions.

Often we will want to compare the financial statements of Company A with those of Company B. From this comparison, we can determine which company is more profitable, which is financially stronger, and which offers the better chance of future success. You can benefit personally by making this

kind of analysis of a company you are considering going to work for – or investing in.

The persons receiving accounting reports are termed the *users* of accounting information. The type of information that a specific user will require depends upon the kinds of decisions that person must make. For example, managers need detailed information about daily operating costs for the purpose of controlling the operations of the business and setting reasonable selling prices. Outsiders, on the other hand, usually need summarized information concerning resources on hand and information on operating results for the past year to use in making investment decisions, levying income taxes, or making regulatory decisions.

Since the information needs of various users differ, it follows that the accounting system of a business entity must be able to provide various types of accounting reports. The information of these reports must be presented in accordance with certain ground rules and assumptions, so that users of the reports will be able to interpret the information properly. For example, if a report indicates that a business owns land with an accounting value of \$90 000 what does this dollar amount represent? Is it the original cost of the land to the business, the current market value of the land, or the assessed value for purpose of levying property taxes? Obviously the user of any accounting report needs to understand the standards and assumptions which have been used in preparing that report. In turn, the standards employed in the preparation of an accounting report must relate to the information needs of the user.

II. Find international words in paragraph 2 and translate them.

III. Choose the best endings to the following statements.

1. The methods to keep records of financial activities and to summarize these activities in reports comprise
 - a) the communication system
 - b) the accounting system
 - c) the monetary system
2. The first function of an accounting system is to create
 - a) a systematic record
 - b) standards
 - c) property
3. To organize accounting information in a useful form, accountants summarize information into
 - a) cheques
 - b) cash
 - c) accounting reports
4. The accounting process involves creating information, its communicating and

- a) interpreting
- b) collecting
- c) predicting
5. From comparison of financial statements we can determine which company is ...
 - a) older
 - b) younger
 - c) more profitable
6. The persons receiving accounting reports are termed ...
 - a) the users
 - b) the workers
 - c) the employees
7. The accounting system must be able to provide various types of ...
 - a) computers
 - b) accounting
 - c) money
8. The information of accounting reports must be presented in accordance with ...
 - a) accountant's wish
 - b) accountant's salary
 - c) ground rules

IV. Make questions and answer them:

- what the accounting system comprises;
- about the first function of an accounting system;
- what can be expressed in monetary terms;
- how the recording of a transaction may be performed;
- how we classify transactions and events;
- why we summarize the classified information;
- what the accounting process involves;
- about the term 'users';
- about presenting information in accordance with certain ground rules.

V. Identify the paragraph in the text that talks specifically about the users of accounting information.

VI. The text contains nine paragraphs. Which of them gives the main point?

VII. Find key words, phrases and the topic sentences which best express general meaning of each paragraph.

VIII. Using the information obtained from the paragraphs make an outline of the text.

- IX.** Speak about accounting system using key words, phrases and the topic sentences.

B. Text Study

- I.** Read the text. Answer the following questions.
- Why does a good accountant save a lot of money?
 - What is a shoebox approach to record keeping?

Text B

WHY RECORDS ARE VITAL

Records are crucial to the success of your business. Even if you are successful initially, it is unlikely that you will be able to sustain this success without good records, since you will not know what is making your business successful. You need records to ensure that your business is profitable, and they should be kept from the very first day that you open your doors until such time as you sell your business to someone else or retire from it. Good records and record keeping are needed to make future plans for your company and to evolve strategies that will enable your business to grow rapidly and be successful in the future as well as to survive in the present. Without such records, your competition will eventually evolve strategies that you cannot counter since you will not know your position in the market or what is going wrong. Unfortunately, despite its importance, many small businesspeople use the shoebox approach to record keeping. That is, the only record of a sale or a purchase they make is a piece of paper tossed in a shoebox. At the end of the year, someone attempts to analyze the contents of the box. This isn't record keeping. It cannot enable a business to respond successfully to the day-to-day demands, problems, and opportunities that appear.

It is necessary to avoid the shoebox approach and show you methods you can use not only to survive but also to make your business highly profitable. That these methods are made available to you does not mean that you shouldn't use the services of a good accountant. On the contrary, a good accountant can save you much additional money. A combination of using the methods and consulting an expert accountant will save you thousands and thousands of dollars throughout your business career, and may very well make the difference between mere survival and tremendous growth and success in your small business.

- II.** Read the text again and decide which of the following statements are correct.
- It is likely to be able to sustain business success without good records.

2. Good record keeping is needed to make future plans and to evolve strategies.
3. Without records you will be able to evolve good business strategies.
4. The shoebox approach can enable a business to respond successfully to demands and problems.
5. Methods of record keeping and consulting an expert accountant will make your business successful.

III. Answer the following questions.

1. Will you sustain the success of your business without good records?
2. Why do you need records?
3. What strategies will you evolve without such records?
4. What do many businesspeople use unfortunately?
5. What record keeping cannot enable a business to respond successfully to problems and opportunities?
6. What can a good accountant save?
7. What combination will save you a lot of money?

IV. Give the main points of the text in 4-7 sentences.

V. Speak about the vitality of good records.

C. Text Study

- I. Working in pairs discuss the questions. Share your opinions on the problem of choosing an accountant.

Text C

CHOOSING AN ACCOUNTANT

THE TERM ACCOUNTANT CAN MEAN many different things, depending on a company's size and needs. A huge company like IBM thinks of an accountant as not just one person but rather as a large professional team of consultants. The team may consist of specialists who audit financial statements, prepare tax returns, and give tax advice, or analyze and improve sophisticated computer and information systems.

A smaller company might need just one individual, probably a tax expert who periodically reviews the company's financial statements.

Finding an accountant whose specialties and interests match your needs is a critical step in setting up a long-term financial structure.

Here are fifteen questions you can ask when interviewing a prospective accountant:

1. *Have you helped a client in a similar situation?*

It saves time to work with an accountant who has already dealt with similar situations. Probe to discover exactly how he has dealt with problems similar to yours.

2. *Will our firm be serviced by a partner or by junior accountants?*

Many firms train new associates at the client's expense. Be sure that you get what you pay for.

3. *What is the nature, scope, and timing of your work, and what will it cost me?*

Often, an accountant's work plan can be more extensive and more expensive than you might expect. Get the accountant to be specific about what he or she will do, and get a detailed written engagement letter and cost estimate.

4. *Can you give me two or three quick ideas on how you might be able to save our company money?*

A good accountant should have sharp business acumen and be willing to be creative. A question like this can show whether the accountant can call on his or her many skills to truly help you to increase profits, improve productivity, trim costs, enhance return, and lower taxes.

5. *Can you tell me a little about your practice, and your successes and failures?*

Open-ended questions can elicit a wealth of information. Let the accountant talk. You will also learn a lot about the accountant's priorities, risk-tolerance levels, and various personality characteristics, all of which can be helpful in gauging compatibility.

6. *How are your fees calculated? Will you be charging me for every phone discussion?*

To avoid friction later, it is essential to discuss the accountant's fee structure, including the hourly rate of the accountant and staff, overhead expense reimbursement (how much should you pay for a fax?) and whether certain time is not billed.

7. *What can I do to help you with your work and keep your fees to a minimum?*

A great deal of your accountant's time can be saved by preparing information beforehand. Find out if your accountant is willing to work with you to offload this work to your firm.

8. *How will you be communicating the results of your work to me?*

The results of an audit usually take the form of an audit report, and tax return preparation yields tax returns. But this work also can lead to many suggestions by the accountant on how to cut taxes, increase income, restructure investments, build business, and improve information flow. Some accountants are more comfortable with interactive discussions and others prefer written action reports.

9. *Do you perceive any conflicts of interest?*

Accountants work for dozens of firms, and you should probe to see if any of your direct competition is represented by the firm. If so, inquire as to how this conflict is handled.

10. *Are you a Certified Public Accountant, and what other licenses do you hold?*

If the accountant is certified, you should inquire with the state CPA organization to discover if there have been any disciplinary actions entered. Some accountants also have credentials as financial planners, securities representatives, even lawyers.

11. *How well have you integrated computers into your practice, and has it enabled you to do more for clients at less cost?*

Integrating your computer files with those of your accountant's can save time and money, and increase accuracy.

12. *Will you need to overhaul our current system?*

Your internal bookkeeping and cost-accounting systems are expensive to alter. Find out upfront whether you can integrate with the firm's systems.

13. *Are you conservative or aggressive in interpreting tax laws and regulations, and accounting and auditing standards?*

Save yourself the hassle and be certain that your accountant approaches your books in the same way you would.

D. Text Study

- I. Read the English text and translate it into Russian in writing.

Text D

BASIC REQUIREMENTS

The basic requirements for your record-keeping system are four:

1. Your record system must be simple to use and to understand. If it's not simple to use, it will take much time and trouble to keep it updated, and if it is not easy to understand, you will waste time as will your accountant trying to figure it out. Since time is money, make sure your system is comprehensible.

2. Your record-keeping system should be accurate and relevant. "Accurate" means free of errors and conforming to whatever standards you have set for your record-keeping system. "Relevant" means pertinent to your business; be sure you are not wasting time recording information that you do not need.

3. Your record-keeping system should be consistent throughout. This means that whatever standard and structure you decide on should be adhered to throughout the system. This is not to say that if you find deficiencies in what you are doing you cannot change them. But it does mean that you should deviate from your standard methods only for good reasons and should maintain only one method of doing things.

4. Your system should ensure that records are kept in a timely fashion. This means that you must keep them current. If you do not, you will not be able to use this information effectively.

II. Translate from Russian into English in a written form.

Для того, чтобы правильно управлять деятельностью предприятия, принимать правильные и своевременные решения о ходе и результатах хозяйственной деятельности, надо иметь достаточный объем информации, и в первую очередь учетной информации. Эта информация о фактическом повседневном состоянии хозяйственной деятельности появляется в процессе хозяйственного учета, когда с помощью цифр происходит наблюдение и регистрация всех фактов и явлений в деятельности предприятия.

Таким образом, под хозяйственным учетом понимается количественное отражение и качественная характеристика всех фактов и событий хозяйственной деятельности. С помощью учета обрабатываются полученные сведения для нужд управления предприятием. Поэтому учет является органической функцией системы управления. Регистрация, отражение происходящих фактов в хозяйственной деятельности может производиться путем записи на бумаге (документы и регистры), а также с помощью технических средств (магнитные ленты, диски и другие носители информации)

E. Text Study

I. Read the text for general comprehension.

Text E

THE FOUR BASIC RECORDS REQUIRED

Just as there are four basic requirements, there are four basic records that are required for any good small business record-keeping system. These are:

1. Sales records
2. Cash receipts
3. Cash disbursements
4. Accounts receivable

Let's look at each in turn.

Sales Records

Sales records should be subdivided into convenient categories so that you can analyze them more easily later on. For example, you may subdivide your sales records into wholesale and retail sales, or you may subdivide them by geographic areas or by some other market segmentation.

Cash Receipts

Cash receipts represent cash actually received in the form of sales as well as collection of accounts receivable from monies formerly owed to you.

Cash Disbursements

Cash disbursements are monies paid out by you for your business. In general, you should pay by check except for small items which you can pay out of a petty cash fund. In keeping track of cash disbursements, always list the date, the check number, the amount, and the purpose for which the disbursement was made. Also, you may break the heading into different categories such as office supplies, advertising, rent, utilities, and so forth.

The petty cash fund is set up simply by drawing a check for a certain amount, say, \$50. The check is cashed and logged under the general heading of checks for the petty cash fund. The money is then placed in some convenient location that you can use it easily as required. As payments are made for small items as postage, bus fares, small amounts of supplies, and so forth, each item is listed on a special form that again lists the date of expenditure, the amount and the purpose for which the money was spent. When the fund is nearly spent, items are summarized and a check is drawn to cover the exact amount. In this way, when the new check is cashed, the fund is replenished. Doing this also means that at all times the cash that you have on hand in the petty cash fund, plus listed expenditures, will equal the amount of the fund.

Accounts Receivable

Accounts receivable are monies owed to you for services or goods supplied for which you have not yet been paid. To control the accounts receivable, be sure that all bills are sent when goods are shipped or services rendered and that they are mailed to correct addresses. Be especially careful of the larger accounts in your accounts receivable ledger. At the end of every month, you will age your accounts receivable. This means that you list accounts and enter amounts that are current, those unpaid for 30 days, and those unpaid for 60 days and longer. For those that are unpaid for 60 days or longer, you must find out exactly why these accounts are unpaid. In this way your system will help you in account control and collection. You should also pay attention to customer complaints about bills that you have sent. If you feel the complaint is justified, perhaps you should negotiate and propose a special adjustment or in some other way reach agreement with your customer. Do not delay in doing this. If the customer has not paid and is delinquent in his or

her payment, then try to get a promise of payment on a specific date. If the payment is not received by that date, then you should again contact the customer and ask the customer to explain why, and obtain a new promise if necessary. If funds are still not forthcoming, many states have provisions for a small claims court for which a lawyer is not required and through which it is fairly easy to take a delinquent to task for nonpayment. You may try other means of intimidating the customer and getting him or her to pay, depending on the situation, the size of the account, future business anticipated with the same customer despite slowness in payment, whether you feel that you will ultimately be paid, and various other factors.

You should establish a definite figure below which you will not bother going after monies owed. Let us say you have decided that this figure is \$10, and so you ask twice for the amount from the individual owing this to you and then you drop it. You do this because the trouble and time spent collecting are worth more than this amount. On the other hand, if letting one customer get away with nonpayment may lead others to expect they can do the same thing, then maybe even a small account will have to be gone after. Large accounts, of course, should be pursued vigorously to obtain payment.

Sometimes a new customer whom you do not know asks for credit. In this case, have your customer complete a simple form which lists the name, address, telephone number, place of employment, and bank and credit references of the individual who would like this credit. Make sure that the credit is warranted before you grant it, especially with larger amounts. Obviously, if the customer is an old customer of yours and has not paid his bill promptly, then you should think twice before granting credit or require a substantial amount up front.

- III. Write down key words and phrases from each paragraph which best describe the atmosphere and its meaning.
- IV. Reduce the text to one third of its original length giving the most important information.

Writing

Introducing the work of others

Attention should be paid not only to how you incorporate the work of others, but how you introduce the quotation, paraphrase or summary. Many students, who otherwise have a wide vocabulary, lose all imagination and precision here, thoughtlessly repeating 'points out' and 'argues'.

To contrast the two favourites:

'Points out' automatically means that the statement is true, a demonstrable fact that you and everyone else should accept.

'Argues', in contrast, suggests that an argument is going on and that no agreement on the facts has been established.

Each verb should be selected carefully to convey any or all of the following elements:

1. your attitude towards the quotation you are including
2. the author's attitude towards the subject
3. the academic community's attitude towards the author's views.

Here is a list of some of the many verbs that can be used:

suspect	demonstrate	argue	complain
consider	prove	assert	accept
hypothesize	point out	contend	concede
question	note	claim	reflect believe
deduce	suggest	insist	
feel	conclude	recommend	

It is not simply the verb itself that is important. The tense is also significant. Usually quotations are introduced in the present tense: this suggests that the statement is still important and a living issue. A shift into the past tense indicates that the statement is of historical interest only, that no-one bothers with the idea anymore. For example, you would not write Plato believes the earth is flat, but rather Plato believed the earth was flat. The present perfect can be used to indicate a significant recent development that has changed perceptions significantly. For example:

Smith (1960) argued that X was caused by Y.

However, Jones (1980) has demonstrated the importance of Z.

Hall (1987) suggests that the two factors in combination...

In addition to tense the use of *as* is very important. It indicates that you agree completely with the view expressed. Consider how the three elements of verb, tense and *as* operate in this example.

As Hawkins (1963) suspected, P is necessary for Q.

Grammar Study.

I. Translate the following sentences. Mind the use of the infinitive.

1. Should America adopt mandatory price and wage controls to restrain inflation?
2. Should we pass a constitutional amendment requiring the Federal government to balance its budget?
3. Should we attempt to break up the huge corporations?
4. The executive who understands the causes of inflation is better equipped during inflationary periods to make more intelligent decisions.
5. Their job is to gather and interpret economic information.
6. A second important job of economist is to apply economic analysis to the real world.
7. Economists working for government business and consulting firms are supposed to do such applied work.

8. We must state and recognize the possible effects of policies designed to achieve the goal.
9. The chairman of the board will be expected to account for the previous year at the company's annual general meeting.
10. Large corporations have the financial strength to research, develop and produce new goods.
11. To perform this role the general manager must be able to appraise the company objectively.
12. A manager gives orders and tells other people what to do.
13. Sometimes they are given considerable freedom to achieve the targets in the way they see best.
14. Managers are expected to get results of one sort or another in one way or another but they get results through people.
16. Everyone in the team is expected to co-operate to get the ball in the back of the opposing team's net.

II. Complete the sentences. Use the following infinitives: to grow, to reduce, to survive, to recognize, to organize, to induce, to disprove, to serve, to reach, to be.

1. ... , companies need employees ... innovative and take initiatives in creating value for customers.
2. Forming a partnership is one way for a proprietorship
3. Classification enables us ... mass of details into compact and usable form.
4. ... information in a useful form, we summarize information into reports.
5. It is important ... that the accounting process is not limited to creating information.
6. The objective of marketing is ... customers to buy low-quality merchandise at high price.
7. ... this, let's see what marketing is and what functions it performs.
8. They do everything ... both buyers and sellers.
9. Marketing manager must take action and develop a complete marketing program ... consumers.

III. Fill in the gaps with the prepositions *in, to, into, with, at, on, from* or *out*.

1. Transactions can be expressed ... monetary terms.
2. In addition to compiling a record of event, we classify transactions ... related groups.
3. The information of these reports must be presented in accordance ... certain ground rules.
4. Records are crucial ... the success of your business.
5. He saves time to work with an accountant who has already dealt ... similar situations.

6. Many firms train new associates ... the client's expense.
7. A question can show whether the accountant can call ... his many skills to help you to increase profits
8. I can help you with your work and keep your fees ... a minimum.
9. Find ... if your accountant is willing to work with you.
10. He will communicate the results of his work ... me.
11. Some accountants are more comfortable ... discussions and others prefer written action reports.
12. We have integrated computers ... our practice.
13. You should not deviate ... your standard methods.
14. Records should be kept ... a timely fashion.
15. Sales records should be subdivided ... convenient categories.

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scarce – adj, I
scarcity – n, I
scene – n, IX
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security – n, V
seek – v, V
sell – v, IV
service – n, IV
set aside – v, VI
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shareholder – n, II
shift – v, V
sign – v, IX
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solely – adv, VII
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summarize – v, IX
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tax – n, II
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welfare – n, I
whim – n, II
wholesaler – n, VIII
withdraw – v, V
workload – n, III

Библиотека БГУИР

Key

Unit I. Grammar Study

III. a) 1–is; 2–have; 3–means; 4–is; 5–are appearing; 6–are not going to have; 7 – do economists do; б) 8–is going to take; 9–involves; 10–does it mean; 11–is going; 12–should always be looking ... and attempting; 13–are changing; 14–are using.

IV. 1–in; 2–of; 3–to; 4–with; 5–of, by; 6–of; 7–with; 8–in; 9–with.

Unit II. Grammar Study

III. a) 1–has developed; 2–have assembled; 3–have produced; 4–has made; 5–has been; 6–have risen; 7–Have you ever worked; б) 8–have you been most frequently criticized; 9–have you done; 10–have already seen; 11–has generally been replaced; 12–has become; 13–have become; 14–has led; 15–has only gained; 16–have either been paid.

IV. 1–to; 2–for; 3–in; 4–to; 5–for; 6–for; 7–on; 8–for; 9–to; 10–in; 11–to.

Unit III. Grammar study.

III. a) 1–will be; 2–will permit; 3–will have; 4–will be employed; 5–will do; б) 6–will make; 7–will be motivated; 8–will check; 9–will be influenced; 10–will make; 11–will normally give.

IV. 1–of; 2–for; 3–in short; 4–with; 5–to; 6–on; 7–in; 8–in; 9–in; 10–on; 11–at; 12–of; 13–in; 14–with.

Unit IV. Grammar Study.

III. a) 1–was published; 2–is concerned; 3–are determined; 4–are usually examined; 5–is sometimes called; 6–are based; б) 7–have been recently gathered; 8–are faced; 9–are used; 10–is being made; 11–will be affected.

IV. 1–with; 2–in; 3–on; 4–to; 5–for; 6–for; 7–on; 8–of; 9–on; 10–to; 11–to.

Unit V. Grammar Study.

III. a) 1–are to be produced; 2–can be done; 3–should income be distributed; 4–has to be derived; 5–can be used; б) 6–must be systematically arranged; 7–can be stated; 8–can be dissolved, can be started; 9–must be obtained; 10–may be sold.

IV. 1–from; 2–to; 3–to; 4–to; 5–from; 6–at, at; 7–at; 8–for; 9–in; 10–to; 11–in; 12–to.

Unit VI. Grammar Study.

III. 1–is, will raise; 2–refuses, will take and absorb, 3–are limited, will be paid; 4–is, will tend; 5–is, will tend; 6–is, will go; 7–cannot pay, will be forced; 8–begins, will bring; 9–will be, are known; 10–are, will be; 11–is, will decrease; 12–recommends, will also raise; 13–becomes, will become; 14–will work, use.

IV. 1-of, 2-on, 3-to, 4-as, 5-to, 6-on, 7-on, 8-at, 9-in, 10-to, 11-over, 12-to, 13-with, 14-with, 15-to.

Unit VII. Grammar Study.

III. a) 1–there were, should not need; 2–went up, would pay; 3–was, would be lowered; б) 4–would you get, sold; 5–reduced, would buy; 6–raised, would have; 7–did not advertise, would even learn; 8–would they be, there were.

V. 1-on; 2–towards; 3–from; 4–to; 5–on; 6–in; 7–at; 8–for; 9–for; 10–off; 11–on; 12–with; 13–for; 14–for.

Unit VIII. Grammar Study.

III. a) 1-existing; 2–designed; 3–owned, operated; 4–made; 5–called; 6–affecting; б) 7-facing; 8–sailing; 9–involved; 10–being transmitted; 11–being taken; 12–declining; 13–becoming; 14–aimed.

IV. 1–at; 2–of; 3–into; 4–to; 5–with; 6–to; 7–out; 8–in; 9–to; 10–with; 11–to; 12–to.

Unit XII. Grammar Study.

III. 1–in; 2–into; 3–with; 4–to; 5–with; 6–at; 7–on; 8–to; 9–out; 10–to; 11–with; 12–into; 13–from; 14–in; 15–into.

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