Министерство образования и науки Украины
Севастопольский национальный технический университет

МЕТОДИЧЕСКИЕ УКАЗАНИЯ

к практическим занятиям по дисциплине
«Английский язык»
для студентов I, II курсов экономических специальностей
дневной и заочной форм обучения

Севастополь
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Методические указания к практическим занятиям по дисциплине «Английский язык» для студентов I, II курсов экономических специальностей дневной и заочной форм обучения / Сост. Прибытков С.В. - Севастополь: Изд-во СевНТУ, 2008. - 72 с.

Целью методических указаний является развитие навыков коммуникативного общения на английском языке у студентов экономических специальностей – «Экономика предприятий»

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ВВЕДЕНИЕ

Сборник текстов составлен в соответствии с требованиями Программы по предмету «Английский язык как язык профессионального общения» для развития навыков речевой деятельности в пределах базовых тем для студентов экономических специальностей – «Экономика предприятий», «Учет и аудит», «Финансы и кредит», «Менеджмент» и предназначается для использования в качестве материала как для аудиторной работы студентов дневной формы обучения, так и для самостоятельной работы студентов – заочников. Тексты снабжены заданиями и упражнениями, направленными на развитие и закрепление навыков чтения, говорения, письма. Глоссарий, помещенный в каждом разделе, способствует расширению активного словарного запаса по английскому языку как языку профессионального общения.

Принятая структура представления и закрепления информации способствует снятию трудностей при восприятии и усвоении профессионально ориентированной информации, углублению переводоведческих знаний, совершенствованию умений и навыков коммуникативного общения на английском языке в рамках тематики по указанным специальностям. Глоссарий, помещенный в конце сборника, включает ключевые слова из всех текстов, что позволяет провести обобщающее повторение лексики.

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1. TEXT 1. WORLD ECONOMY

Look through the text before reading and point out its main idea. Then study notes and learn Glossary after it

In any society while wants of people are growing constantly, the economic resources required to satisfy those wants are limited and scarce. Economic resources may be classified as material resources (raw materials and capital) and labour resources (labour force and entrepreneurship). Scarcity of resources makes it necessary to save them. As a result any economic system is trying to find most effective and efficient ways of utilizing resources for the production of goods and services. The rational solution of the problem brings about the maximum economic growth, full employment, stable prices, equitable distribution of revenues, and social security of the needy.

There are different economic systems in the world today. Many economists argue that free enterprise, or the market economy is the most effective system, because businesses are free to choose whom to buy from and sell to on what terms, and free to choose whom to compete with.

It is done through a market, which is a set of arrangements through which buyers and sellers make contact and do business, in which choices concerning the allocations of resources and transactions among members of society involving factors of production, incomes, goods and services are left to countless independent decisions of individual consumers and producers acting on their own behalf.

One of the main laws of the market is the law of supply and demand. It says that if demand exceeds supply, the price tends to rise and when supply exceeds demand the price tends to fall. Given the scarcity of resources, the market functions as a rationing device with the price mechanism as its principal mechanism. In free markets, prices direct allocations of inputs of firms that make the most profitable use of them. The price mechanism also guides the decisions of producers concerning the compositions of their output. Finally, the price mechanism also governs the distribution process.

Thus, the market mechanism brings about an allocation of resources that reflects two basic factors: consumer preferences and production costs. The prices which play the coordinating role of the market mechanism are determined through the interaction of demand and supply.

Another important force of the market is competition. One the one hand, it protects the customers – they have the right of choice and they benefit from the fact that competition keeps prices close to costs; on the other hand, it makes producers and suppliers of scarce resources utilize them economically, using most sophisticated technologies. All businesses produce goods and services and seek profits. They all compete with other for inputs of labour, capital and natural resources, including foreign partners. Freedom of enterprise is not total in the market economy. Businesses are subject to laws and government regulations.

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Economic machines do not always run smoothly. They are subject to a business cycle that alternates between periods of recession in which outputs fall and unemployment rises.

Economic environment is determined by the economic policies of the government, fiscal and monetary policies being the major factors. So, if an economic system is to perform well it must deal with many economic challenges.

Notes:

the needy – нуждающиеся. Некоторые прилагательные могут употребляться в значении существительного. В этих случаях они употребляются в значении множественного числа, обозначая всех лиц или группу лиц, обладающих данным признаком. Они не принимают окончание -s и употребляются с определенным артиклем, e.g. the blind – *слепые ,* the sick – *больные,* the poor – *бедные,* the rich – *богатые.*

given the scarcity of resources – с учетом (в условиях) недостатка ресурсов. Здесь *given*- предлог, имеющий значение "if one takes into account" («с учетом», «в условиях»).

fiscal and monetary policies being the major factors - причем бюджетно-налоговая и кредитно-денежная политика являются основными факторами. Эта конструкция называется «Самостоятельный причастный оборот». Причастие в этом обороте выражает действие, не относящееся к лицу (предмету), обозначенному подлежащим предложения. Оно выражает действие, которое относится к лицу (предмету), обозначенному существительным в общем падеже или (значительно реже) местоимением в именительном падеже, стоящим непосредственно перед причастием, т.е. причастие как бы имеет свое собственное подлежащее. В русском языке такие причастные обороты соответствуют придаточным предложениям, а иногда и самостоятельным предложениям. Самостоятельный причастный оборот выражает различные значения, которые определяются контекстом, чаще всего время, причину действия главного предложения или сопутствующие ему обстоятельства.

If an economic system is to perform well – для того, чтобы экономическая система функционировала успешно. Здесь глагол **to be** употреблен в модальном значении и выражает необходимость совершения действия согласно предварительной договоренности или заранее намеченному плану.

Words to the text:

wants – потребности
raw materials – сырьевые ресурсы
economic resources – экономические ресурсы
labour resources – людские ресурсы
limited – ограниченный
entrepreneurship – предпринимательство
scarce – скудный, дефицитный, редкий
scarcity – недостаток, нехватка

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to save – копить, экономить
to utilize – использовать
production of goods and services – производство товаров и услуг
allocation – выделение (ресурсов)
transaction – сделка
factor of production – фактор производства
income – доход
consumer – потребитель
solution – решение
producer – производитель
the law of supply and demand – закон спроса и предложения
employment – занятость; занятие, служба, работа
distribution – распределение
to exceed – превышать
revenue – доход, получаемый от сбора налогов)
to tend – иметь тенденцию
free enterprise – свободное предпринимательство
market economy – рыночная экономика
to act – действовать
to compete (with) – конкурировать
to act on smb's / one's own behalf – действовать по чьему-либо поручению
to make contacts – устанавливать контакты
to do business – вести дела (от своего имени)
rationing device – механизм распределения
price mechanism – ценовой механизм
to guide – направлять, определять
composition – состав, структура
output – выпуск, продукция
to govern – управлять, регулировать
market mechanism – рыночный механизм
to reflect – отражать
consumer preferences – предпочтения потребителей
production costs – издержки производства
to determine – определять
interaction – взаимодействие
force of the market – фактор рынка
competition – конкуренция
to protect – защищать
to benefit (from) – извлекать (получать) выгоду
economically – (зд.) экономично
sophisticated technology – сложная современная технология
to sick profits – (зд.) стремиться получать прибыль
natural resources – природные ресурсы

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freedom of enterprise – свободное предпринимательство
to be subject to – подверженным, зависеть от
regulation – правило, предписание
business cycle – экономический цикл, цикл деловой активности
to alternate – чередовать(ся)
rapid expansion – быстрое расширение
recession – спад производства
unemployment – безработица
economic policy – экономическая политика
fiscal policy – бюджетно-налоговая политика
monetary policy – кредитно-денежная политика
to deal (with) – иметь дело (с чем-л; с кем-л.)
challenge – сложная задача, проблема; вызов

Discuss the text answering the questions.

1) How can economic resources be classified?
2) What is the most efficient economic system?
3) How does the market operate?
4) What is the price determined by?
5) What role does the price mechanism play in free-market economy?
6) What does the allocation of resources reflect?
7) Why is competition an important force of the market?
8) What do businesses compete for?
9) Are businesses totally free in their policies?
10) What is a business cycle?
11) What determines the economic environment?

Choose the correct explanation without using a glossary.

1. "scarce" means
   a) not plentiful; not sufficient to meet the demand; hard to get
   b) sufficient or more than enough; abundant
   c) holy; sacred; hallowed
   d) lacking refinement, elegance, polish or sophistication
2. "to save" means
   a) to make a deep, heavy, continuous, rolling sound, as thunder
   b) to avoid expense, loss, waste etc.; be economical
   c) to go rapidly, move swiftly
   d) to use up or spend without real need, gain or purpose
3. "solution" is
   a) the answer to a problem; an explanation, clarification, etc.
   b) mental image; creation of the mind; fancy
   c) decoration with lights
   d) a false idea or conception; belief or opinion not in accord with the facts
4. "stable prices" are
   a) shaky, changeable, inconstant prices

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b) high prices
c) firm, steady prices
d) low prices

5. "equitable" means
a) false, untruthful, dishonest
b) friendly, informal or intimate
c) disloyal, deceitful
d) fair, just

6. "to compete (with)" means
a) to enter into or be in rivalry
b) to end, finish, conclude
c) to make or become intricate, difficult or involved
d) to behave or conduct (oneself) in a specified manner

7. "income" is
a) the sum remaining after all costs
b) the rate of producing or amount produced
c) the money or other gain received by an individual, corporation, etc. for labour or services or from property, investments, operations etc.
d) a compulsory payment, usually a percentage, levied on income

8. "to exceed" means
a) to go or be beyond (a limit, limiting regulation, measure, etc.)
b) to be greater or better than, or superior toto give or receive (equivalent or similarthings)
c) to think, speak or write of as greater than is really so, magnify beyond the fact
d) to avoid or escape from by deceit or cleverness

9. "regulation" is
a) a fee paid for a license to carry on certain occupations, sports, etc
b) a rule, ordinance or law by which conduct, etc. is regulated
c) a tax or duty on the manufacture, sale or consumption of various commodities within a country
d) a treasury, as of a country or organization

10. "challenge" is
1) anything, as a demanding task, that calls for special effort or dedication
2) the state or quality of being important; significance, consequence
3) a loan or advance of money, as from government funds
4) a resolution, determination

Translate the words and expressions below from Russian into English and make up your own sentences with them.

1) Потребности
2) Скудный, дефицитный, редкий
3) Копить, экономить, беречь
4) Людские ресурсы
5) Предпринимательство

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6) Производство товаров и услуг
7) Вызывать, приводить (к чему-либо)
8) Занятость; занятие, служба, работа

Find in the text English equivalents for the following Russian phrases:

1) Потребности людей растут
2) Ресурсы, необходимые для удовлетворения потребностей людей, ограничены
3) Нехватка ресурсов делает необходимой их экономию
4) Использовать ресурсы наиболее эффективным образом
5) Вызывать максимальный экономический рост
6) Справедливое распределение доходов
7) Социальное обеспечение нуждающихся
8) Свободное предпринимательство – наиболее эффективная экономическая система
9) Цена имеет тенденцию к повышению (понижению)
10) Действовать от своего имени
11) Ценовой механизм является основным инструментом рынка

Single out the main points of the text. Use the following opening phrases:

1) The text looks at (the problem of...)...;
2) The text deals with the issue of.,.;
3) It is clear from the text that...;
4) Among other things the text raises the issue of...;
5) The problem of... is of great importance.
6) One of the main points to be singled out is ...;
7) Great importance is also attached to ...;
8) In this connection, I'd like to say ...;
9) It further says that... ;
10) I find the question of... very important because ...;
11) We shouldn't forget that... ;

Match the verbs from (a) with the nouns from (b) below;

a) to satisfy b) wants
to distribute factors of production
to save goods
to produce services
to utilize policy
to perform enterprise
to run " allocation of inputs
to conduct functions
to choose resources
to pursue needs

Make a translation of the extract from newspaper, putting the phrases in brackets in necessary form :

Economic structure.

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In market economies economic systems are typically subdivided into three sectors. This subdivision *(to be based)* in part on economic activities pursued and in part on the type of wants satisfied. The primary sector comprises basic activities, the extraction of economic goods from nature: agriculture, forestry, hunting and fishing, though the extraction of minerals frequently (to *be assigned)* to the secondary sector which comprises handicrafts and industrial manufacturing of goods and certain material services such as fuel and power and the provision of water. Lastly, the tertiary sector *(to consist of)* all final services: trade, transport, banking and insurance, public services, etc.

In this context it is worth analysing the development of British economy since the British were Europe's first industrial nation.

Anyone who (to *study)* economics knows that in every country the first resource is land. Densely-populated Britain has not much of it, but until the 18th century England's economy (to be based) on agriculture and the manufacture of woolen cloth. In the late 18th century, the Industrial revolution *(to allow)* Britain to become the first industrialized trading nation. For 200 years manufacturing has been more important, but by the 1970s it (to *be)* clear the Britain's old manufacturing industries were less progressiÿÿÿÿ□□□□□□□□□□□□ÿÿÿÿ□□□□□□□□□u@□□9\□□œ;□□□□ □□□Î□□□□□X□□□□□□□□□□□□□□□□□□□□ □□□□□□□□□□

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Secondly, industries are asked to comply with these plans and each industry and factory is set a production target to meet. If each factory and farm meets its target, then the state will meet its targets as set out in five-year plans. You could think of the factory and farm targets to be objectives which, if met, allow the nation' overall aim to be reached.

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according to how skilled they are and how many firms wish to employ them. They spend their wages on the products and services they need. Consumers are willing to spend more on products and services, which are favoured. Firms producing these goods will make more profits and this will persuade more firms to produce these particular goods rather then less favoured ones.

Thus, we can see that in a market economies consumers decide what is to be produced. Consumers will be willing to pay high prices for products they particularly desire. Firms, which are privately owned, see the opportunity of increased profits and produce the new fashionable and favoured products.

Such a system is, at first view, very attractive. The economy adjusts automatically to meet changing demands. No planners have to be employed, which allows more resources to be available for production. Firms tend to be highly competitive in such an environment. New advanced products and low prices are good ways to increase sales and profits. Since all firms are privately owned they try to make the largest profits possible. In a free market individual people are free to pursue their own interests. They can become millionaires, for example. Suppose you invent a new kind of car. You want to make money out of it in your own interests. But when you have that car produced, you are in fact moving the production possibility frontier outwards. You actually make the society better-off by creating new jobs and opportunities, even though you become *a* millionaire in the process, and you do it without any government help or intervention.

Not surprisingly there are also problems. Some good will be underpurch'ased if the government did not provide free or subsidized supplies. Examples of this type of good and services are health and education. There are other goods and services, such as defence and policing, that are impossible to supply individually in response to consumer spending. Once defence or a police force is supplied to a country then everyone in this country benefits.

A cornerstone of the market system is that production alters swiftly to met changing demands. These swift changes can, however, have serious consequences. Imagine a firm, which switches from labour-intensive production to the one where new technology is employed in the factory. The resulting unemployment could lead to many social as well as economic problems. In a market economy there might be minimal control on working conditions and safety standards concerning products and services. It is necessary to have large-scale government intervention to pass laws to protect consumers and workers.

Some firms produce goods and then advertise heavily to gain sufficient sales. Besides wasting resources on advertising, firms may also duplicate one another services. Rival firms, providing rail services, for example, could mean that two or more systems of rail are laid.

Finally, firms have to have confidence in future sales if they are to produce new goods and services. At certain times they tend to lack confidence and cut back on production and the development of new ideas. This decision, when taken by many

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firms, can lead to a recession. A recession means less spending, fewer jobs and a decline in the prosperity of the nation.

Words to the text:

Inhabitants – жители, население
to own – владеть
a large amount – большой объем
central planning and direction – центральное планирование и руководство
consumption – потребление
obviously – очевидно
complicated – сложный
to have a number of common features – иметь ряд общих черт
intention – намерение
an overall aim – цель, задача, общая цель
to enjoy a basic standard of living – иметь основной уровень жизни
to duplicate production – дублировать производство
to divert – отвлекать (напр., ресурсы на другие цели)
to abandon – отказываться отчего-либо
a major problem faced by command or planned economies – основная проблема, стоящая перед командой или плановой экономикой
changes in tastes and fashions – изменения вкусов и моды
to underproduce – недопроизводить
to regard smth as ... – воспринимать что-либо, относиться к чему-либо как...
obsolete (syn. out of date) – устарелый, вышедший из употребления
to overproduce – перепроизводить
delays and queues – перебои(с товарами)и очереди
to own and run (manage, operate) businesses – владеть и управлять бизнесом
private ownership (property) of the means of production – частная собственность на средства производства
public property, common ownership – общественная собственность
personal property – личная собственность
state-owned property, state ownership – государственная собственность
private supplies of capital – частный капитал
surplus income available for investment in new business activities – дополнительный доход (излишек дохода), который можно вложить (инвестировать) в новое дело
to employ – нанимать; предоставлять работу
employer – работодатель
employee – служащий
employment – занятость
to persuade – убеждать
at first view (at first sight) – на первый взгляд
to adjust automatically – автоматически приспосабливаться
to pursue one's own interests – преследовать свои интересы

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to make money out of it – заработать деньги на этом
to move the production possibility frontier outwards – продвинуть вперед предел производственных возможностей
to underpurchase – недостаточно раскупать
to provide free or subsidized supplies – обеспечить бесплатное или субсидированное предоставление товаров и услуг
in response to (in answer to) a cornerstone – в ответ на краеугольный камень
to alter swiftly – быстро меняться
consequences – последствия
conditions safety standards – нормы техники безопасности
large-scale intervention – широкомасштабное вмешательство
to pass laws – принимать законы
to gain sufficient sales – добиться достаточного объема продаж
rival firms – фирмы-конкуренты, соперники
to have confidence – иметь уверенность

Answer the following questions

1) What is an economic system?
2) What does a standard of living depend on?
3) Describe a planned economy.
4) What are the advantages of a planned economy?
5) What causes delays and queues for some products?
6) What is a market economy?
7) Discuss the mechanism of producing goods and services in a market economy.
8) What are the advantages of a market economy?
9) In what way do changing demands affect production in a market economy?
10) What is the main difference between a market and a planned economy?
11) What are the disadvantages of a market economy?

Find the Russian equivalents for the following:

1) Each factory is set a production target to meet
2) To divert resources to wherever it wants
3) New ideas rarely come forward
4) Tend to be slow when responding to changes
5) New advanced products
6) Products which are favoured
7) They try to make the largest profits possible
8) Provide free or subsidized supplies
9) Produce goods and then advertise heavily
10) A firm which switches from labour-intensive production to a new one
11) A decline in the prosperity of the nation

Translate the sentences into English

1. Если хозяйство плановое, то работа промышленности подчиняется плану, в котором государство определяет производственные задачи и планирует развитие на 5 лет вперед.

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2. В плановой экономике покупатели лишены возможности влиять на производство товаров.

3. Поскольку значительная доля полученной прибыли должна быть выплачена государству, то в условиях плановой экономики стимулы работать эффективно невелики.

4. Промышленность часто выпускает непривлекательные и старомодные товары, поскольку невозможно предсказать изменения моды на 5 лет вперед.

5. Государство в условиях плановой экономики может гарантировать своим гражданам образование и медицинское обслуживание.

6. В рыночной экономике невелика или очень мала необходимость в планировании, контроле и широкомасштабном вмешательстве со стороны государства (правительства) в экономический процесс.

7. В условиях рыночной экономики изменения потребительского спроса играют заметную роль в формировании политики фирмы.

8. Чтобы быть конкурентоспособным и увеличивать доходы, фирмы должны постоянно изучать спрос и менять свою деятельность в ответ на его изменения.

9. Некоторые виды услуг, например, здравоохранение и образование, не могут быть полностью обеспечены только частными фирмами.

10. В такой системе каждый ее участник волен преследовать свои собственные интересы; каждая экономическая единица стремится получить наибольший возможный доход на основе индивидуально принятого решения.

Read the article below quickly to pick out the main economic indicators. Then study the vocabulary given after it.

The UK Economy

The UK economy has recently experienced economic growth combined with low inflation and falling unemployment. In 1997 it achieved the first surplus on the current account of the balance of payments since 1985. Nevertheless, the economy continues to face problems, such as low levels of investment and productivity, and income per head is below that of many other major industrialized nations. The Government's economic policies are directed towards the achievement of high and stable levels of growth and employment, enabling everyone to share in higher living standards and greater job opportunities. Extra resources are being allocated to priority concerns, notably health, education, public transport, and the regeneration of urban areas and housing.

The value of all goods and services produced in the economy is measured by gross domestic product (GDP). In1997, GDP at current market prices totalled £801,972 million. Between 1987 and 1997, GDP at constant prices increased by 24%. In 1997, GDP grew by 3.5%. Growth slowed during 1998, with a slower rise in domestic demand- under the influence of tighter monetary and fiscal policy.

Recent decades have generally seen the fastest growth in the services sector which now accounts for around two-thirds of GDP, compared with about a half in

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1950. Oil and gas production has had *a* major impact on the UK economy since substantial production of gas started in the late 1960s and oil began to be produced in significant quantities in 1976. Manufacturing now contributes less than a quarter of GDP, compared with over a third in 1950. The level of productivity in the UK has been lower than in many other industrialized countries. Households' final consumption expenditure in 1997 amounted to £500,616 million at-current market prices.

Over the longer term, as incomes"rise, people tend to spend increasing proportions of their disposable income on durable goods and certain cervices. Spending on leisure pursuits and tourism, communications, health and financial services have all shown significant growth in recent years. Declining proportions are being spent on food, alcoholic drink, and tobacco.

Unemployment in the UK has fallen in recent years and is below that in many other European countries. In the three months to August 1998, unemployment, according to the International Labour Organisation measure, was 1.8 million, some 226,000 fewer than a year earlier, and this represented 6.3% of the workforce. Employment in this period rose by around 307,000 to 27.2 million and has now recovered to the level at the beginning of the 1990s.

Words to the text:

to experience – испытывать
economic growth – экономический рост
to combine – объединяться, сочетаться
surplus – излишек, остаток
current account – текущий счет
the balance of payment – платежный баланс
productivity – производительность
income per head – доход на душу населения
to enable – давать возможность, право
to allocate – размещать, распределять, направлять
priority concern – первостепенное значение
regeneration – восстановление
to measure – измерять
gross domestic product (GDP) – валовой национальный продукт (ВВП)
to total – равняться, насчитывать (о сумме)
tighter – более жестки
decade – десятилетие
to account – оценивать, рассматривать как
a major impact – большое влияние
substantial – существенный, значительный
manufacturing – производство
household – домашнее хозяйство
expenditure – потребление, расход, трата
term – срок

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disposable income – имеющийся в распоряжении доход
durable goods – товары длительного пользования
declining proportions – пропорционально меньше
to recover to the level – возвратиться к уровню

Choose the correct explanation without using a glossary

1. to come or bring into union; to act or mix together; to unite is...
   a) to combine
   b) to product
   c) to join
   d) to relate
2. a quality or amount over and above what is needed or used is a ...
   a) tax
   b) surplus
   c) demand
   d) productivity
3. to provide with means, opportunity, power or authority (to do something) is...
   a) to purchase
   b) to compete
   c) to sell
   d) to enable
4. to set apart for a specific purpose; to distribute in shares or according to a plan is..
   a) to abandon
   b) to allocate
   c) to share
   d) to specify
5. a being renewed, reformed or reconstituted is a ...
   a) reflection
   b) degradation
   c) regeneration
   d) expenditure
6. to consider or judge to be; to deem, to value is...
   a) to account
   b) to think
   c) to enable
   d) to allocate
7. of considerable worth or value; important is ...
   a) subtle
   b) tight
   c) substantial
   d) declining
8. the amount of money, time etc. expended is ...
   a) a surplus
   b) an expenditure

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c) a regeneration

d) an income

9. a set date , as for payment, termination or tenancy, etc. is ...

a) a duration

b) a contract

c) an agreement

d) a term

Read the article once again. Single out the main facts and present them in a short review.

3. TEXT 3. MAIN ECONOMIC LAWS

Look through the text before reading and point out its main idea. Then learn Glossary after it

Supply, demand and market price. Every society must provide answers to the same three questions:

– What goods and services will be produced?

– How will those goods and services be produced?

– Who will receive them?

Societies and nations have created different economic systems to provide answers to these fundamental questions. Traditional economies look to customs and traditions for their answers while others, known as command economies, rely upon governments to provide the answers. In free enterprise systems, market prices answer most of the What, How, and Who questions. Because market prices play such an important part in free enterprise systems, those systems are often described as "price directed market economies". Supply and demand are the forces that determine what prices will be. **Prices in a market economy.** Prices perform two important economic functions: they ration scarce resources, and they motivate production. As a general rule, the more scarce something is, the higher its price will be., and the fewer people will want to buy it. Economists describe this as the rationing effect of prices. In a market system goods and services are allocated, or distributed, based on their price. Price increases and decreases also send messages to suppliers and potential suppliers of goods and services. As prices rise, the increase serves to attract additional producers. Similarly, price decreases drive producers out of the market. In this way prices encourage producers to increase or decrease their level of output. Economists refer to this as the production-motivating function of prices. But what causes prices to rise and fall in a market economy? The answer is Demand!

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The Law of Demand. Demand is a consumer's willingness and ability to buy a product or services at a particular time and place. The law of demand describes the relationship between prices and the quantity of goods and services that would be purchased at each price. It says that all else being equal, more items will be sold at a lower price than at a higher price. Demand behaves the way it does for some of the following reasons: More people can afford to buy an item at a lower price than at a higher price. Let's see the law of demand from the point of ice-cream selling: at a lower price some people will substitute ice-cream for other items (such as candy bars or soft drinks), thereby increasing the demand. At a higher price some people will substitute other items for ice-cream. How many ice-creams can a man eat? One, two, more? Some people will eat more than one if the price is low enough. Sooner or later, however, we reach the point where enjoyment decreases with every bite no matter how low is the cost. What is true of ice-cream applies to most everything. After a certain point is reached, the satisfaction from a good or service will begin to diminish. Economists describe this effect as diminishing marginal utility. "Utility" refers to the usefulness of something. Thus "diminishing marginal utility" is the economist's way of describing the point reached when the last item consumed will be:less satisfying than the one before.

Diminishing marginal utility helps to explain why lower prices are needed to increase the quantity demanded. Since your desire for a second ice-cream is less than it was for the first, you are not likely to buy more than one, except at a lower price. At even lower prices you might be willing to buy additional ice-creams and give them away. **Elasticity of Demand.** The shape and slope of demand curves for different products are often quite different. If, for example, the price of a quart of milk were to triple, form $.80 to $2.40 a quart, people would buy less milk. Similarly, if the price of cola drinks were to jump from $1 to $3 a quart (an identical percent increase), people would buy less cola. But even though both prices changed by the same percentage, the decrease in milk would probably be far less than the decrease in cola sales. This is because people can do without cola more easily than they can do without milk. The quantity of milk purchased is less sensitive to changes in price than is the quantity of cola. Economists would explain this by saying that the demand for cola js more elastic than the demand for milk. Elasticity describes how mush a change in price affects the quantity demanded. **Substitutes.** When two goods satisfy similar needs, they are described as substitutes. A change in the price of one item will result in a shift in the demand for a substitute. **Complementary goods**. Goods that are often consumed together, like peanut butter and jelly, are complements. If the price of peanut butter should increase the quantity of peanut butter consumed will decrease. Since peanut butter and jelly are consumed together, the quantity of jelly demanded at each and every price will also decline, and the demand curve for jelly will shift in. What are some other factors that might cause the demand to increase or decrease? How would these changes be reflected in the demand curve? The following is a brief list of factors that might affect the curve:

– Change in the environment.

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– Change in the item's usefulness
– Change in income
– Change in the price of a substitute product,
– Change in the price or availability of complementary products
– Change in styles, tastes, habits, etc.

Words to the text:

scarce resources – недостаточные ресурсы
to motivate production – мотивировать производство
as a general rule – как правило
rationing effect of prices – нормирующий эффект цен
price increase – рост цен
price decrease – падение цен
to send message – извещать
a potential supplier – потенциальный поставщик
serves to attract – служит для привлечения
additional producer – дополнительный производитель
similarly – также, подобным образом
to encourage – поощрять
to drive out of the market – вытеснять с рынка
the level of output – уровень производства
the production-motivating – мотивирующая производство
function of prices – функция цены
willingness – готовность
all else being equal – при всех равных
item – отдельный продукт
to afford – позволить себе
to substitute – заменять
soft drinks – безалкогольные напитки
bite – кусок (пищи)
to apply – касаться, относиться
to diminish – уменьшаться, убавляться
diminishing marginal utility уменьшение крайней полезности
to consume – потреблять
to give away – отдавать, дарить, раздавать
the shape and slope – форма и наклон
demand curve – кривая спроса
to triple – утроить
far less – намного ниже
to do without something – обходиться без чего-либо
elasticity of demand – эластичность спроса
item's price – цена изделия
shift – сдвиг, смещение
peanut butter and jelly – арахисовое масло и желе

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complements – дополнения
to decline – уменьшаться, идти на убыль
income – доход
availability – зд. наличие

Answer the following questions.

1) What roles do prices play in a market economy?
2) What affects the demand for goods and services in a market economy?
3) To what questions do every society must provide answers?
4) What systems do societies and nations have created to provide answers to these questions?
5) What are economic functions of prices?
6) What is the production-motivating function of prices?
7) What causes prices to rise and fall in a market economy?
8) What is a demand?
9) What goods are described as substitutes?
10) What are complementary goods?

Choose the correct explanation without using a glossary.

1. "demand" is
   a) the desire for a commodity together with the ability to pay for it
   b) the amount of a commodity available for purchase at a given price
   c) the amount of money, time etc. expended
   d) the sum remaining after all costs
2. "to encourage" means
   a) to hold back the motion or action of; hinder; hamper
   b) to give hope or confidence to; to give support to; foster help
   c) to try, often by imitating or coping, to equal or surpass
   d) to fill with love and desire; charm
3. "similarly" means
   a) nearly but not exactly the same or alike; having a resemblance
   b) easy to do, solve or understand
   c) having only one part; not complex or compounded
   d) in a simple manner; with simplicity
4. "to afford" means
   a) to manage (to do something) without risking serious consequences
   b) to insult openly or purposely; offend
   c) to say positively; declare firmly
   d) to have an effect on; influence
5. "to substitute" means
   a) to shake forcibly
   b) to overthrow or destroy (something established)
   c) to put or use in place of another
   d) to undermine or corrupt, as in morals
6. "to apply" means

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a) to think well of; understand and enjoy
b) to take into custody; capture or arrest
c) to come forth; be visible
d) to apply to a person or thing with (an epithet or suitable term)

7. "to consume" means
a) to seek an opinion from; ask an advice
b) to enter into or be in rivalry
c) to buy goods and services for one's personal needs
d) to use up or spend without real need, gain or purpose

8. "to affect" means
a) to have an effect on; influence; produce a change in
b) to frighten; terrify
c) to avoid expense, loss, waste etc.; be economical
d) to behave or conduct (oneself) in a specified manner

9. "shift" is
a) the rate of producing or amount produced
b) change; transfer, substitution
c) compulsory payment, usually a percentage, levied on income
d) a set date , as for payment, termination or tenancy, etc

10. "to rely upon" means
a) to have confidence; trust
b) to stay while others go
c) to notice; observe; perceive
d) to back out of an arrangement; to go back on a promise

Translate the words and expressions below from English into Russian and make up your own sentences with them.

1) To look to customs and traditions
2) Supply
2) To determine
4) To motivate production
5) Rationing effect of prices
6) Price increase
7) To send message
8) Additional producer
9) To drive out of the market
10) The level of output
11) Willingness
12) Item
13) To afford
14) To substitute

Translate the words and expressions below from Russian into English and make up your own sentences with them.

1) Нормировать недостаточные ресурсы
2) Нормирующий эффект цен
3) Падение цен
4) Потенциальный поставщик
5) Также, подобным образом
6) Мотивирующая производство функция цен
7) При всех равных
8) Продажа

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9) Уменьшение крайней полезности
10) Кривая спроса
11) Обходиться без чего-либо
12) Эластичность спроса
13) Цена изделия

Find in the text English equivalents for the following Russian phrases:

1. Товары, которые часто потребляются вместе, как, например, арахисовое масло и желе, называются дополнения. 2. Изменение в цене на один из товаров приведет к смещению спроса на его заменитель. 3. Форма и наклон кривой спроса на разные продукты часто очень отличается. 4. Эластичность описывает насколько изменение цены влияет на объем спроса. 5. Мотивирующая производство функция цен помогает объяснить, почему понижение цен необходимо для того, чтобы увеличить объем спроса. 6. Спрос – это готовность и желание потребителя приобрести товар либо услугу в определенное время в определенном месте. 7. Подобным образом падение цен на товар вытесняет производителя с рынка. 8. Цены осуществляют две важные экономические функции. 9. Спрос и предложение – это движущие силы, которые определяют, какими будут цены. 10. Традиционные экономики обращаются к своим обычаям и традициям, чтобы найти ответы на эти вопросы.

Single out the main points of the text. Use the following opening phrases:

1) The text looks at (the problem of...)...;
2) The text deals with the issue of...;
3) It is clear from the text that...;
4) Among other things the text raises the issue of...;
5) The problem of... is of great importance.
6) One of the main points to be singled out is ...;
7) Great importance is also attached to ...;
8) In this connection, I'd like to say ...;
9) It further says that... ;
10) I find the question of... very important because ...;

Match the verbs from (a) with the nouns from (b) below;

a) to provide b) needs
to produce the level
to perform the point
to ration message
to motivate producers
to send production
to attract functions
to increase resources
to reach answers
to satisfy goods

Open the brackets, putting the verbs in the correct active or passive forms.

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Supply.

Thus far we (to speak) only about the effects of prices on buyers. But it takes two parties to make a sale: buyers and sellers. To the economists, supply (to refer) to the number of items that sellers will offer for sale at different prices at a particular time and place. **The law of Supply.** The law of supply states that sellers will offer more of a product at a higher price and less at a lower price. Why does the quantity of a product supplied change if its price rises or falls? The answer is that producers supply things to make a profit. The higher the price, the greater the incentive to produce and sell the product. **Changes in Supply.** When supply changes, the entire supply curve (to shift) either to the right or to the left. This is simply another way of saying that sellers will be offering either more (if supply has increased) or less (if simply has decreased) of an item at every possible price. Any or all of the following changes are likely to affect the quantities supplied: – Changes in the cost of production. If it cost sellers less to produce their products, they will be able to offer more of them for sale. In increase in production costs will have the opposite effect-supply will decrease – Other profit opportunities. Most producers can make more than one product. If the price of a product they have not been producing (but could if they choose to) increases, many (to shift) their output to that product. – Future expectations. If producers expect prices to increase in the future, they may increase their production now to be in position to profit later. Similarly, if prices (to expect) to decline in the future, producers may reduce production, and supply will fall. **Equilibrium.** Supply and demand schedules tell us how many items buyers would purchase and how many items sellers (to offer) at different prices. But themselves they do not tell us at what prices goods or services would actually change hands. When the two forces (to bring) together, however, something quite significant takes place. The interaction of supply and demand will result in the establishment of an equilibrium or market price**. The market price** is the one at which goods or services will actually be exchanged for money. The price at which supply exactly equals demand is known as the market price, or the point of equilibrium.

The market price is the only price that can exist for any length of time under perfect competition conditions. Perfect competition exists when the following conditions prevail: – Buyers and sellers have full knowledge of the prices quoted in the market. – There are many buyers and sellers so that no individual or group can control prices. – The products are identical with one another. Therefore, it would not make sense for buyers to pay more than the market price, nor for sellers to accept less. – Buyers and sellers are free to enter or leave the market at will.

But why is the equilibrium price the only one that can exist for any length of time? The reason is: Because of **Excess Quantity Demanded or Excess Quantity Supplied.** The process of changes of demand and supply would continue until the quantity supplied exactly (to equal) the quantity demanded. We may conclude that an excess quantity supplied will result in price decreases until a new equilibrium (to reach). **Summary.** Market economies (to direct) by prices. As the price of an item rises, sellers (to encourage) to increase production, and consumers are discouraged

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from purchasing the item. When the price (to fall), the opposite is true. In this way prices send out "signals" to-buyers and sellers, keeping the economy responsive to the forces of supply and demand.

In a free market economy, prices (to determine) by the interaction of the forces of supply and demand. Perfectly competitive markets are those in which many buyers and sellers, with full knowledge of market conditions, buy and sell products that are identical to one another. Demand is the quantity of goods or services that buyers would purchase at all possible prices. Demand (to vary) inversely with price. That is , at a higher price, fewer items (to buy) than at a lower one. The degree to which price changes affect demand will depend upon the elasticity of demand for a particular item. Supply, which is the quantity of goods or services that sellers would offer for sale at all possible prices at a particular time and place, varies directly with price. In other words, at a higher price, more goods and services (to offer) for sale than at a lower one, and vice versa. The price at which goods and services actually change hands is known as the equilibrium, or market price. It is the point at which the quantity demanded exactly equals the quantity supplied. Market price can be represented graphically as the point of intersection of supply and demand curves.

Shifts in demand or supply will affect market price. When everything else (to hold) constant, an increase in demand will result an increase in market price, and vice versa. Similarly, an increase in supply (to result) in a decrease in price, and vice versa.

Words to the text:

it takes two parties – требуется две стороны
to refer – иметь отношение, относиться
incentive – стимул
entire – весь, полный
output – выпуск, продукция
expectations – ожидания
to profit – получать прибыль
to decline – снижаться
to reduce production – снизить объем продаж
schedule – график
to change hands – переходить из рук в руки
interaction – взаимодействие
establishment – основание
market price – рыночная цена
actually – фактически
the point of equilibrium – точка равновесия
to prevail – преобладать
to quote – назначать цену, давать расценку
at will – пожеланию
excess quantity – дополнительное количество
to conclude – заключить

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responsive – легко реагирующий
inversely – обратно пропорционально

4. TEXT 4. The functions of an Economic systems

Look through the text before reading and point out its main idea. Then study notes and learn Glossary after it

The functions of an economic systems may be defined as follows:

1) to match supply to the effective demand for goods and services in an efficient manner;
2) to determine what goods and services are to be produced, and in what quantities;
3) to distribute scarce resources among the industries producing goods and services;
4) to distribute the products of industry among members of the community;
5) to provide the maintenance and expansion of fixed capital investment;
6) to fully utilize the resources of society.

Depending on how decisions are made and how the above functions are fulfilled different economic systems can be singled out. Many countries like Britain, Sweden and France operate a mixed system (mixed economy) splitting the economy into public and private sectors. In Britain, for example, about two-thirds of the economy and about five-sixth of commerce is conducted by private firms. The remainder of the activities of the economy are conducted by socially-owned enterprises. Some, like the Army, Navy, and Air Force are clearly the sort of institutions that the state itself should control. Others have tended to be performed by the state because they are non-profitmaking, and as such are unlikely to be attractive to businessmen. Such activities as education and medical care are best operated as socially provided amenities for the benefit of all citizens. In the commercial field certain goods and services are by their nature monopolies. Among these natural monopolies are gas, electricity, and water supply. The capital costs of such enterprises are too great for competition to be possible.

Transport is another natural monopoly. It would be uneconomic to run two railway lines from one place to another, or two different sets of half-empty buses along a country road. These natural monopolies have, for economic, political, or social reasons, come to be run in the United Kingdom by nationalized institutions, or the municipal authorities, who provide the services required at reasonable prices.

Words to the text:

to define – определять
to match – приводить в соответствие, выравнивать
effective demand – действительный (фактический) спрос
efficient – эффективный
to determine – определять
to distribute – распределять
to provide – обеспечить
maintenance – поддержание

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fixed capital investment – вложения в основной капитал
to fully utilize – использовать в полной мере
depending on – в зависимости от
to fulfill – выполнять, реализовывать, претворять в жизнь
to single out – выделять, выбирать
mixed – смешанный
to operate – придерживаться, претворять в жизнь
to split – разделять, подразделять
to conduct – управлять, контролировать
remainder – остаток
non-profitmaking – некоммерческий
amenities – удобства; обслуживание
for the benefit – на благо
natural monopoly – естественная монополия
capital costs – капитальные затраты
competition – конкуренция
the services required – требуемые услуги
reasonable prices – разумные цены

Answer the following questions

1) What functions of an economic system do you know?
2) What economic systems can be singled out? What does it depend on?
3) What countries operate a mixed system splitting the economy into public and private sectors?
4) What are socially-owned enterprises?
5) What sort of institutions do you know that the state itself should control?
6) What activities do we call non-profitmaking? What are they best operated as?
7) What natural monopolies do you know?
8) Is transport a natural monopoly or not?
9) Whom have these natural monopolies come to be run in the U K by?
10) Describe the economic systems existing in the world today. Which is the most effective system from your point of view?

Find the Russian equivalents for the following:

1) To match supply to the effective demand
2) To distribute scarce resources
3) To provide the maintenance and expansion
4) To fully utilize the resources
5) To operate a mixed economy
6) The economy is conducted by private firms
7) Unlikely to be attractive by businessmen
8) For the benefit of all citizens
9) The capital costs are too great
10) To be run by nationalized institutions

Translate the sentences into English.

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1. В зависимости оттого, как принимаются решения и каким образом вышеперечисленные функции выполняются, выделяют различные экономические системы.

2. Многие страны, как, например, Великобритания, Швеция и Франция, внедрили у себя смешанную экономику, разделив ее на -государственный и частный секторы.

3. Такие организации, как Армия, Военно-Морской флот и Воздушные силы контролируются исключительно государством.

4. В коммерческой сфере некоторые товары и услуги по своей природе являются монополиями.

5. Водные ресурсы, газ и электричество являются естественными монополиями.

Read the article below quickly to pick out the main economic indicators. Then study the vocabulary given after it.

Manufacturing and agriculture of Great Britain.

The United Kingdom has a developed mixed private- and public-enterprise economy and ranks among the top industrial countries in growth rates, productivity, and competitiveness. The gross national product (GDP) is growing faster than the population. The GNP per capita is among that of most other European countries.

The state sector was reduced during the 1980s and 1990s owing to policies of privatization, or denationalization, of publicly owned corporations. There was also an improvement in the standard of living. Unemployment and inflation rates were gradually reduced but remained high.

Nowadays, government policies include the close monitoring and frequent adjustment of interest rates; a gradual reduction in the level of direct personal taxation; a reduction in the levels of power and influence of national trade unions in national labour negotiations; the encouragement of wider home ownership and of individuals' share holdings in companies. Considerable emphasis is placed on increased exposure of the economy to market forces. The government controls the production of coal, steel, and ships, it also runs certain utilities, the railways, and most civil aviation. Manufacturing industries account for one-fifth of GNP. Small companies predominate, though companies with 500 or more employees employ a larger percentage of the work force. Major manufactures include motor vehicles, aerospace equipment, electronic data-processing and telecommunication equipment, metal goods, precision instruments, petrochemicals, and other chemicals. High-technology industries are being developed.

Agriculture accounts for less than 2 percent of the GNP and employs some 2 percent of the work force. Farming is highly mechanized, though farms are not large, and is dominated by the raising of sheep and cattle. The United Kingdom is not agriculturally self-sufficient. Chief crops include barley, wheat, sugar beets, and potatoes. The mineral industry accounts for approximately 6 percent of the GNP but employs less than 1 percent of the work force. Production from oil fields in the North Sea has allowed the United Kingdom to become virtually self-sufficient in

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petroleum. The United Kingdom's coal industry, despite its steady decline since the early 1950s, remains one of the largest and most technologically advanced in Europe.

Public revenues ordinarily fall short of expenditures and are chiefly derived from income taxes, which are highly progressive, and excises. A single graduated income tax was introduced in 1973. Deficits are offset by public borrowing. The country (as well as its capital) is a major world financial and banking centre. Chief imports of Great Britain are: metallic ores, except iron ore, food. Chief exports are: china, automobiles and other vehicles, wooden goods, steel, electrical and mechanical machinery, tractors, scientific instruments, chemicals, petroleum.

Just under half of the total population is in the labour force. The highest proportion of employees (more than two-thirds) are in the service sectors, financial services and distribution. Manufacturing, although it has declined, employs more than one-fifth of all workers. Smaller numbers are in construction, energy, agriculture, forestry, and fishing.

Words to the text:

mixed private and public enterprise economy – экономика, основанная на частной и государственной собственности
in growth rates GNP per capit – по темпам роста валовой национальный продукт (ВВП) (на душу населения)
owing to – благодаря
competitiveness – конкурентоспособность
productivity – производительность
privatization – приватизация
denationalization – денационализация
publicly owned corporations – корпорации в публичной собственности
improvement – улучшение
the standard of living – уровень жизни
unemployment and inflation rates – уровень безработицы и инфляции
gradually – постепенно
to reduce – уменьшать
monitoring – контроль
frequent adjustment of interest rates – частое регулирование проц.ставок
gradual reduction – постепенное сокращение
direct personal taxation – прямое персональное налогообложение
the levels of power – уровни власти
national trade unions – национальные профсоюзы
labour negotiations – переговоры об условиях труда
wider home ownership – более широкое владение собственными домами
individual's share holdings in companies – владение акциями в компаниях у отдельных лиц
exposure – зд. подвергать воздействию чего-либо
utilities – зд. коммунальные услуги, услуги общественного пользования

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manufacturing industry – обрабатывающая промышленность
to account for – насчитывать
to predominate – преобладать, господствовать
electronic data processing equipment – электронное оборудование для обработки информации
equipment – оборудование
precision instrument – прецизионный (точный) прибор
petrochemicals – продукты нефтехимии
some 2 percent – приблизительно 2 процента
crop – культура
barley – ячмень
wheat – пшеница
beets (sugar beets) – сахарная свекла
approximately – около, приблизительно
virtually – фактически, в сущности
self-sufficient – самостоятельный, независимый экономически
steady decline – устойчивый спад
ordinarily – обычно
to fall short – не хватать
to fall short of expenditures – зд. быть меньше расходов
tax – налог
excises – акциз
graduated tax – прогрессивный налог
to offset – зд. покрывать
public borrowings – государственный заем
to borrow – занимать, брать в долг
china – фарфор
to rank – занимать определенное место, быть в одном ряду с
share – доля, акция

Choose the correct explanation without using a glossary

1. To be dominant in amount, number; to prevail is...
   a) to predict
   b) to borrow
   c) to rank
   d) to predominate
2. More or less correct or exact is...
   a) approximate
   b) self-sufficient
   c) considerable
   d) appropriate
3. Being such practically or in effect, although not in fact is ...
   a) steady
   b) wide

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c) virtual
d) vigorous

4. Becoming less, smaller, etc. is a ...
a) excise
b) decline
c) exposure
d) reduction

5. Constant; not changing, wavering or faltering is ...
a) steady
b) prevailing
c) virtual
d) changeable

6. To take or receive (something) with the understanding that one will return it or an equivalent is ...
a) to borrow
b) to share
c) to rank
d) to prevail

7. To hold or assign a certain position is ...
a) to expose
b) to rank
c) to fall short
d) to produce

8. A part or portion that belongs or is allotted to an individual or the part contributed by one is a ...
a) tax
b) excise
c) borrowing
d) share

9. Having the necessary resources to get along without help; independent is...
a) self-sufficient
b) self-made
c) self-sustaining
d) self-worth

10. The special thing needed for some purpose; supplies, furnishings, etc. is ...
a) an industry
b) an equipment
c) an utility
d) an axe

Read the article once again. Single out the main facts and present them in a short review.

5. TEXT 5. The sources of income

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Look through the text before reading and point out its main idea. Then learn Glossary after it

Before people can consume anything, however, they must do two things. First they must earn the income to buy the things they want. Then they must decide how the money will be spent. There are two ways to earn income: from work or from the use of wealth. **Income From Work.** Most of the income comes from work. In return for working, people receive a wage or a salary. The term "wage" typically refers to the earnings of workers paid by the hour or unit of production. "Salary" refers to earnings paid on a weekly or monthly basis. How much you earn depend on the kind of job, the abilities, the performance, and a number of other factors. **Income From Wealth.** Wealth can be expressed as the value of the things you own. Adding the value of all your possessions, bank accounts, savings, and the like will give you the total amount of your wealth. Used in certain ways , wealth can earn income. If you owned a house, you might be able to let others use it for s fee. In that instance economists would say that you used your wealth to earn "rent". Wealth, in the form of money that is loaned to others or deposited in a savings account, will earn interest. Interest and rent are the two forms of income that can be earned by wealth. Other types of income are dividends and capital gains that can be generated from the wealth. Where Do People Put Their Savings In The United States?

Most of the nation's personal savings are held by the commercial banks, different types of savings institutions, and credit unions. The deposits held by these institutions are insured by agencies of the federal government. Savings institutions offer one or more of the following kinds of accounts:

– **Passbook, and statement savings accounts.** The safety of your money and high liquidity are the most important advantages of these accounts. Minimum balance requirements are usually quite low, and your savings can be withdrawn at any time. The disadvantage of passbook and statement savings accounts, however, is that they pay relatively low interest rates.

– **NOW (Negotiable Order of Withdrawal) accounts.** Now accounts pay interest and allow the depositor to write checks. Now accounts generally offer a slightly lower rate of return than savings accounts.

– **Money-market accounts.** These insured accounts allow you to write a limited number of checks while participating in the "money market" where banks and other businesses buy and sell short-term credit instruments, notes and other kinds of lOU's that come due in a year or less. The rate of return for money market accounts is usually higher than for passbook savings accounts.

– **Certificates of deposit.** Certificates of deposit, or CD's, pay the highest rates of interest offered by banks and savings institutions. They require the money to be left on deposit for a specified period of time that can run for a few weeks to five or more years. The money can be withdrawn early, if necessary, but not without a penalty.

– **Credit-union accounts.** Credit unions, associations of people with some things in common, often serve people who have the same employer, work in the same

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industry, or belong to a particular church, labor union, or club. Credit unions offer insured savings plans similar to those offered by other savings institutions. In most instances, however, the rate of return offered by credit unions is higher than that of the other institutions.

– **US savings bonds.** US savings bonds can be purchased at most savings institutions. Guaranteed by the United States government, they are one of the safest investments one can make. Since 1986 the bonds pay no less than 6 percent interest when held for five years. After five years bonds earn a variable rate adjusted every six months.

– **Money-market funds.** Money-market funds use the resources of their investors to buy money-market certificates. Money-market funds generally pay a higher rate of return than savings and NOW accounts. Unlike other accounts at savings institutions, money-market fund accounts are not insured nor do they provide check-writing privileges.

Words to the text:

to consume – потреблять
wealth – материальные ценности
possessions – собственность, имущество
fee – гонорар, плата за услуги
to deposit – вносить в депозит; вносить вклад
to earn the income – зарабатывать доход
earnings – заработки
dividends – дивиденды
capital gains – прирост капитальной стоимости
savings institutions – сберегательные учреждения
to insure – страховать
passbook and statement savings accounts – сберкнижка и сберегательные счета
safety – безопасность
high liquidity – высокая ликвидность
to withdraw – забирать, брать назад
relatively – относительно, сравнительно
NOW (Negotiable Order of Withdrawal) – текущий счет, приносящий доход
slightly – слегка, немного
rate of return – ставка дохода
money-market accounts – счета денежного рынка
limited number – ограниченное количество
to participate – принимать участие, разделять
short-term credit instruments – документы краткосрочного кредита
IOU (I owe you) – я вам должен, в начале расписки
come due – зд. подлежат оплате
certificates of deposit – депозитные сертификаты
to require specified period – требовать точно указанный период

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penalty – штраф, взыскание
credit-union accounts US – счета общества взаимного кредита
сберегательные облигации США
savings bonds investment – капиталовложение, вложение в ценные бумаги
variable – изменчивый, непостоянный
to adjust – регулировать, устанавливать
money-market funds – фонды денежного рынка
unlike – в отличие от
privilege – привилегия

Answer the following questions.

1) What are the ways to earn income?
2) Who gets wages?
3) Who gets salaries?
4) What is wealth?
5) How can wealth earn income?
6) What is "rent"?
7) What is interest?
8) What are other types of income?
9) What are personal savings held in the USA?
10) Describe the types of savings accounts?
11) What savings accounts give the highest interest and offer the highest rate of return?

Choose the correct explanation without using a glossary.

1. "wealth" is ...
   a) a sly, cunning or sneaky person
   b) much money or property; great amount of worldly possessions
   c) a sound or prosperous state; well being
   d) a wild open country
2. "fee" is...
   a) payment asked or given for professional services, admissions, licenses, tuition, etc; charge
   b) a remark, question, offer, etc. made to feel out another
   c) the amount of money, time etc. expended
   d) the sum remaining after all costs
3. "to deposit" means ...
   a) to remove from political influence
   b) to reduce the population of, esp. by violence
   c) to deprive of individuality
   d) to put money in the bank as for safekeeping or to earn interest
4. "dividend" is...
   a) payment asked or given for professional services, admissions, licenses, tuition, etc; charge
   b)the sum remaining after all costs

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c) the rate of producing or amount produced
d) a sum or quantity, usually of money, to be divided among stockholders, creditors, members of cooperative, etc.

5. "to insure" means ...
   a) to contract to be paid or pay money in the case of loss of (life, property, etc.)
   b) to give facts or information to on a particular matter
   c) to give hope or confidence to; to give support to; foster help
   d) to put or use in place of another
6. "to withdraw" means ...
   a) to take back or draw back; remove
   b) to manage (to do something) without risking serious consequences
   c) to enter into or be in rivalry;
   d) to go or be beyond (a limit, limiting regulation, measure, etc.)
7. "to participate" means ...
   a) to exploit (an asset) successfully
   b) to have or take a part or share with others (in some activity, enterprise, etc.)
   c) to behave or conduct (oneself) in a specified manner
   d) to make or become intricate, difficult or involved
8. " penalty" is ...
   a) any act of reparation, self-punishment, etc.
   b) style or quality of handwriting
   c) compulsory payment, usually a percentage, levied on income
   d) a punishment fixed by law, as for a crime or breach of contract
9. "to adjust" means ...
   a) to change so as to fit, conform, make suitable, etc.
   b) to put off or suspend until a future time
   c) to permit to enter or use; let in
   d) to acknowledge or confess

Translate the words and expressions below from English into Russian and make up your own sentences with them.

1) Rate of return
2) Negotiable order of withdrawal
3) To withdrawal
4) High liquidity
5) Passbook and statement saving accounts
6) To insure
7) Saving institutions
8) Capital gains
9) Dividends
10) Earnings
11) To earn the income
12) To deposit
13) Fee

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14) Possessions

Translate the words and expressions below from Russian into English and make up your own sentences with them.

1) Точно определенный или указанный период
2) Привилегия
3) В отличие от
4) Фонды денежного рынка
5) Регулировать, устанавливать
6) Капиталовложение, вложение в ценные бумаги
7) Счета общества взаимного кредита
8) Штраф, взыскание
9) Свободные обращающиеся депозитные сертификаты
10) Документы краткосрочного периода
11) Счета денежного рынка

Single out the main points of the text. Use the following opening phrases:

1) The text looks at (the problem of...)...;
2) The text deals with the issue of...;
3) It is clear from the text that...;
4) One of the main points to be singled out is ...;
5) In this connection, I'd like to say ...;
6) It further says that... ;

Read the text from the newspaper, open the brackets, putting the verbs in the correct active or passive forms.

Consumer credit

Consumer credit (to provide) cash, goods, or services *now,* while spreading repayment into *the future.* In this way credit enables you to enjoy your purchase even before you (to pay) for it. But there are two important things in every credit purchase: credit costs something, and the principal, the original amount borrowed, must be paid back. If you are thinking of borrowing money or buying something on credit, you (to want) to know how much that credit will cost and whether or not you can afford it. Then you can look for the best terms.

The Finance Charge and the Annual Percentage Rate (APR)

Credit costs vary from one lender to another, so think before you sign anything. US Federal Law (to require) that the lender tell you the total finance charges and the annual percentage rate or APR. The finance charge is the total amount you pay to use credit. It includes interest costs and any other fees (such as service charges and insurance) that the seller or lender may (to entitle) to add to the loan.

The annual percentage rate, or APR, is the cost of credit calculated as a percent on an annual basis. For example, If someone (to lend) you money at "only" 2.5 percent per month, the APR would be 30 percent (because 2.5 x 12 months = 30 percent).

Obtaining and using credit. Credit is an arrangement that enables us to receive cash, goods or services, with the understanding that we (to pay) for them in the

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future. Charge accounts, credit cards, installment plans, car loans and household mortgages are some of the best (to know) forms of credit. Like so many things, credit has its advantages and disadvantages.

The principal advantages of credit are:

– **Immediate** possession. Credit enables us to enjoy goods and services immediately. – **Flexibility.** Credit allows us to time our purchases so as to take advantage of sale items or other bargains even when our funds are low.

– **Safety.** Credit cards and charge accounts provide a safe and convenient means of carrying our purchasing power with us while we (to shop) or (to travel).

– **Emergency funds.** Credit gives us a cushion in an emergency (like an automobile breakdown when money (to need) to get back on the road).

Here are some of the disadvantages of buying on credit:

– **Overspending.** Sometimes, credit cards and charge accounts make it too easy to spend money. Then, as the debts mount, it is often difficult to make the necessary monthly payments. – **Higher cost.** It usually costs more to buy on credit than for cash. One reason is that stores offering credit often charge more than those that sell only for cash. Another is that interest or other charges often(to add) to the cost of goods sold on credit. **– Untimely shopping.** Credit shoppers often ignore sales and special prices because they can buy what they want on credit whenever they want it.

Words to the text:

to provide – обеспечивать; предоставлять
cash – наличность
to spread repayment – отсрочить платеж
to enable – позволять, давать возможность
principal – основная сумма
terms – условия
finance charge – зд. оплата кредита
annual percentage rate (APR) – ставка годового процента
lender – заимодавец, кредитор
service charges – плата за обслуживание
to entitle – давать право
installments – взносы
to obtain credit – получать кредит
arrangement – договоренность
charge accounts – кредиты по открытому счету
household mortgage – жилищная ипотека
possession – обладание, владение
flexibility – гибкость, подвижность, приспосабливаемость
to time – выбирать время, рассчитывать
bargains – товары по сниженным ценам
cushion – деньги, отложенные на черный день

6.TEXT 6. TYPES OF CREDIT

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Look through the text before reading and point out its main idea. Then learn Glossary after it

Ways of borrowing.

Lenders expect their money to be repaid along with the interest and other fees they charge for the use of their money. For that reason lenders will investigate the credit history of all loan applicants to determine that they are credit worthy. A credit history is the record of how individuals pay their bills and repay loans. **The Three C's.** In judging an individual's credit worthiness, lenders often look at the "three C's" of credit: character, capacity and capital.

– **Character** refers to personal qualities-honesty and willingness to repay debts. If the record shows that bills were paid on time in the past, lenders will assume that this will continue in the future. – **Capacity** is a measure of the ability to repay debts. Creditors will want to know about the sources of income, how much the person earns and his other financial obligations. – **Capital** refers to the things that people own – money in the bank, or property. In general, the more one owns, the easier it will be to repay one's debts. Lenders may also ask that some capital be offered as collateral, something pledged as security for the loan.

Types of credit. Credit for consumers falls into two categories: loan credit and sales credit. **Loan credit** enables you to borrow money which can then be used to finance a purchase. Sales credit enables you to buy goods and services now and pay for them later. Here are some examples of each. **Home mortgages.** Home mortgages are long-term loans (repayable in 10 to 30 years) used to finance the purchase of a home or apartment. Banks, savings and loans and other thrift institutions are the most likely sources of mortgage money. Home mortgages are repaid with interest, in equal monthly installments, over the life of the loan. **Auto and other consumer loans**. Loans for financing the purchase of specific items like automobiles, or other goods and services, are available from variety of thrift institutions and lending agencies. Auto and other consumer loans are usually repaid in equal monthly installments over the life of the loan. **Charge accounts.** Charge accounts enable consumers to make purchases up to a specific limit, without paying cash. There's usually no charge for the use of a charge account if the balance is paid in full at the end of the month. However, interest is likely to be charged on balances that are not paid at the end of one month. **Credit cards**. A credit card is a kind of charge account that entitles its holders to shop at any different places. Master Card, Visa, American Express and Diner's Club are four of the most widely used credit cards. Credit card purchases are billed monthly. Like charge accounts, there is usually no charge for credit card purchases that are paid in full when billed. **How to establish credit?** People frequently have difficulty borrowing and buying on credit because they have no credit history. To establish a "credit" people must prove that they are willing and able to handle financial obligations. They might, for example, open a charge account in a department store or apply for a gasoline credit card. Prompt payment of the bills on these kinds of accounts will help to establish a

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positive credit rating. If persons have a savings accounts, they may already be eligible to apply for a passbook loan against the balance in that account. Here again, prompt repayment will add to credit rating. If necessary, it is possible to borrow before you have established a credit rating if you can find a co-signer. A co-signer is a person with an acceptable credit rating who guarantees to repay the loan if you are unable to do so. The point is that a good credit rating is a valuable financial tool. While it may take some time to acquire and maintain, it will increase your financial options.

Words to the text:

to charge – взыскивать, вменять в обязанность
to investigate – изучать, исследовать
credit history – досье заемщика
applicant – заявитель, кандидат
to determine – определять, устанавливать
credit worthy – кредитоспособный
capacity – способность
to assume – предполагать, допускать
measure – критерий
financial obligations – финансовые обязательства
collateral – обеспечение кредита
pledged as security for the loan – заявленное, как обеспечение займа
loan credit and sales credit – ссудный кредит и коммерческий кредит
thrift institutions and lending – сберегательные и кредитные учреждения
agencies – кредитные агентства
likely – вероятный, возможный
consumer loan – потребительская ссуда
specified – точно определенный или указанный, подробный
to bill – выписывать накладную, счет
to establish credit – открывать аккредитив
to handle – осуществлять контроль, регулировать
prompt – срок платежа
eligible – подходящий, приемлемый
co-signer – гарант займа
good credit rating – хорошая кредитоспособность
financial tool – финансовый инструмент
to maintain – отстаивать, сохранять

Answer the following questions

1) What is the convenience of consumer credit?
2) What is included in the finance charge?
3) What is APR?
4) What is credit?
5) What are the best known forms of credit?
6) What are the principal advantages of credit?

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7) What are the disadvantages of credit?
8) What is the credit history?
9) How do lenders decide whether to give or not to give credits?
10) What are the kinds of credit?
11) What are the most widely used credit cards abroad?
12) What is necessary to establish a credit?

Find the Russian equivalents for the following:

1) Expect their money to be repaid
2) To determine that they are credit worthy
3) The sources of income
4) To finance a purchase
5) Used to finance a purchase of home or apartment
6) The most likely sources of mortgage money
7) In equal monthly installments
8) Credit card purchases are billed monthly
9) Willing and able to hold financial obligations
10) To establish positive credit rating

Read the article below quickly to pick out the main economic indicators. Then study the vocabulary given after it.

Selling on credit

There are few axioms in the world of business, but one of them is "if you sell on credit you will increase sales, even to the same customers to whom you previously sold for cash only". This alluring proposition has great appeal to small business firms. Sales are the foundation of profits, and anything that will help to increase sales commands the attention of competent business owners. Trade credit is credit extended from one business firm to another. Consumer credit is credit given by retailers to their customers, who are the final users of the products or services sold. Sales by manufacturers and wholesalers are almost always made on a credit basis. Retail sales on credit are about half of the total retail sales in the country.

Our business world could not operate without credit. There is not enough currency and coin in the country to finance business transactions carried on every day. Total bank deposits exceed the actual money in the country several times over. The key is credit extended throughout the economy. A good credit standing is essential to business success. Business owners must look for good credit standing of firms or individuals to whom they grant credit. There are at least four basic types of consumer credit accounts. **Open accounts** are ordinary charge accounts. With this type of account the customer charges all purchases throughout the month and is expected to pay the total charges when a statement is sent by the firm. Most firms send out statements monthly, but full payment each month is not insisted upon.

Revolving accounts. It would appear that revolving accounts were designed for customers who live with external indebtedness. The firm sets an upper limit to the amount that may be charged, and any purchases below that limit are automatically

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approved for credit sale. The customer must then pay a certain amount or a specified percentage of the total charges at the end of each month.

Installment accounts were specifically designed to make possible the sale on credit of larger purchases. The customer makes a down payment, preferably at least 20 % of the total purchase price, and the balance is spread over a monthly payment plan. Good business practice limits such payments to not more than 3 years. Many installments accounts are for a shorter period. Carrying charges are added to the amount due, usually up to 1 percent per month.

Budget accounts are designed to handle payments that ordinarily fall between short-term open accounts and longer-term installment accounts. No down payment is required, and customers are normally given 3 months to remit the total price in equal payments. Customers are expected to make payments without reminders in the form of statements from the seller. Credit customers who do not pay on schedule cause firm several problems. The best course of action when accounts become overdue is to minimize the eventual losses by taking the following steps:

– Send a second statement 60 days from purchase. This could include a note to the effect that "Perhaps our first statement was not received or was mislaid. We know you would not want your credit status impaired".

– Telephone the customer or send a telegram in 70 days, asking the reasons for nonpayment.

– Send a third statement in 75 days. Include a note to the effect that "Your credit status is at stake. We are forced to turn over accounts 75 days old to our collection agency or attorney."

– Send a registered letter in 80 days, including a certified copy of the statement, saying that the account is being referred to the collection agency.

– Turn the accounts over to the agency or the firm's attorney for legal action in 90 days. Small firm owners usually have the advantage over large firm owners in this situation, since they know their customers better. If this is so, they can usually accomplish more through personal contact with the customer than by resorting to the steps just described. But the possible delinquent situation should always be anticipated by picking the right credit customers in the first contact.

Words to the text:

to sell on credit – продавать в кредит
to sell for cash – продавать за наличные
trade credit – торговый кредит
consumer credit – потребительский кредит
total retail sales – общий объем розничных продаж
finance business transaction – финансировать сделки
credit standing – кредитоспособность
grant credit – выделять кредит
consumer credit accounts – кредитные счета потребителей
open account – открытый счет (амер.);
charge account – расходный счет

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to charge – записывать на счет
total charges – суммарные расходы, издержки
statement – выписка счета, расчет
revolving account – автоматически возобновляемый счет
external indebtedness – внешняя задолженность
to set an upper limit to the amount – установить верхний предел на сумму
specified percentage – специально установленный процент
installment account down payment – счет для уплаты в рассрочку
amount due – причитающаяся сумма
budget account – бюджетный счет; счет потребительского кредита
to handle payments – общаться с платежами
to remit total price – перечислить общую цену
to pay on schedule – платить по графику
to become overdue – становиться просроченным
eventual losses – возможные (конечные) потери следующего содержания
credit status – показатель кредитоспособности
to impair – испортить, ухудшать,
reasons for nonpayment – подорвать причины для неуплат
to be at stake – поставить на карту
to turn over collection agency – перепоручить агентство по сбору платежей
attorney – адвокат, поверенный (в суде)
certified copy of the statement – заверенная копия счета
delinquent – неуплаченный, просроченный
to pick the credit customer – выбрать клиента для кредитования

Choose the correct explanation

1. To pay for by using credit, usually by presenting a credit card is...
   a) to charge
   b) to turn over
   c) to pick the credit customer
   d) to be at stake
2. A listing of charges for goods and services is ...
   a) a collection agency
   b) a statement
   c) an eventual loss
   d) a budget account
3. Past the time of payment; overdue means ...
   a)delusive
   b) icious
   c) delectable
   d) delinquent
4. Well qualified; specified; fit is
   a) competent
   b) comfortable

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c) complicated
d) compassionate

5. To enlarge in area, scope, influence, meaning, effect, etc. is
a) to expropriate
b) to extend
c) to exceed
d) to grant

6. Absolutely necessary, indispensable; requisite means ...
a) essential
b) delinquent
c) competent
d) well qualified

7. To give one's consent to; sanction; confirm means ...
a) to limit
b) to charge
c) to provide
d) to approve

8. To send (money) in payment is. ..
a)to remit
b) to give
c) to generate
d) to mislay

9. To put in a place afterward forgotten or not easily found is ...
a) to mislay
b) to mistake
c) to forget
d) to fool

10. To make worse, less, weaker; to damage is ...
a) to sell
b) to send
c) to impair
d) to improve

Read the article once again. Single out the main facts and present them in a short review.

7. TEXT 7. INFLATION

Look through the text before reading and point out its main idea. Then learn Glossary after it

Inflation is generally defined as a persistent rise in the general price level with no corresponding rise in output, which leads to a corresponding fall in the purchasing power of money. Let's look briefly at the problems that inflation causes for business and consider whether there are any potential benefits for an enterprise from an

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inflationary period. Inflation varies considerably in its extent and severity. Hence, the consequences for the business community differ according to circumstances. Mild inflation of a few per cent each year may pose few difficulties for business. However, hyperinflation, which entails enormously high rates of inflation, can create almost insurmountable problems for the government, business, consumers and workers. Businesses would have experienced great difficulty in costing and pricing their production while the incentive for people to save would have been removed. Economists argue at length about the causes of, and "cures" for, inflation. They would, however, recognize that two general types of inflation exist: – Demand-pull inflation – Cost-push inflation

Demand-pull Inflation. Demand-pull inflation occurs when demand for a nation's goods and services outstrips that nation's ability to supply these goods and services. This causes prices to rise generally as a means of limiting demand to the available supply. An alternative way that we can look at this type of inflation is to say that it occurs when injections exceed withdrawals and the economy is already stretched (i.e. little available labour or factory space) and there is little scope to increase further its level of activity.

Cost-push inflation. Alternatively, inflation can be of the cost-push variety. This takes place when firms face increasing costs. This could be caused by an increase in wages, the rising costs of imported raw materials and components or companies pushing up prices in order to improve their profit margins.

Words to the text:

a persistent rise with no corresponding rise in output – неуклонный, постоянный подъем не сопровождающийся подъемом производства

potential benefits – потенциальные выгоды

varies considerably in its extent and severity – бывает разной по длительности и остроте

hence mild inflation – следовательно мягкая, низкая инфляция

may pose few difficulties – особых проблем не представляет

entails enormously high rates of inflation – означает громадный рост инфляции

insurmountable at length – неисчислимые, колоссальные

to pull – тянуть

demand-pull inflation – инфляция спроса, вызванная превышением спроса над предложением

to push – толкать

cost-push inflation – инфляция издержек

to occur – происходить

to outstrip – обгонять, опережать, превосходить

to stretch – натягивать, напрягать

little available labour – мало рабочей силы

there is little scope in order to improve their profit margins – мало возможностей чтобы увеличить прибыль (размеры прибыли)

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Answer the following questions.

1) How is inflation generally defined?
2) What problems does inflation cause for business?
3) Are there any potential benefits for an enterprise from an inflationary period?
4) What does inflation vary in?
5) What does hyperinflation entail?
6) Whom can hyperinflation create insurmountable problems for?
7) What do economists argue about at length?
8) What types of inflation do you know?
9) When does demand-pull inflation occur?
10) When does cost-push inflation take place?

Choose the correct explanation.

1. " persistent" means ...
   a) lasting a relatively long time
   b) constantly repeated, continued
   c) causing great injury, destruction
   d) wicked; evil
2. "briefly" means...
   a) shortly
   b) essentially
   c) completely
   d) delinquency
3. "benefit" is...
   a) the act of doing good or helping others, esp. by giving money for charitable purposes
   b) a part or portion that belongs or is allotted to an individual or the part contributed by one
   c) kindliness; a kind act
   d) anything contributing to an improvement in condition; advantage; help
4. "hence" means...
   a) after this; from now on; in the future
   b) about or near here
   c) for this reason; as a result; therefore
   d) by or through this; by this means
5. "to pose" means ...
   a) to put forward or propose (a question, problem, etc.)
   b) to behave or conduct (oneself) in a specified manner
   c) to make an abrupt sound; glow
   d) to leave hastily
6. "to entail" means ...
   a) to give a title or name to
   b) to cause or require as a necessary consequence; involve; necessitate
   c) to place in a tomb or grave; bury

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d) to start upon; begin

7. "insurmountable" means...
   a) with nothing missing or injured
   b) that cannot be past over or overcome; insuperable
   c) that cannot be easily defined, formulated
   d) necessary for completeness; essential
8. "at length" means ...
   a) after a long time; finally
   b) about or near here
   c) for this reason; as a result; therefore
   d) very slow
9. " to pull" means ...
   a) to escape from a contact, responsibility
   b) to crush, grind, etc. into a powder or dust
   c) to break down completely, demolish

d) to exert force or influence on so as to cause to move toward or after the cause of the force

10. "to outstrip" means ...
   a) to go at a faster pace than, get ahead of; surpass
   b) to cover with something blown, as sand
   c) to set the nominal value of the capital of (a corporation) higher than is lawful orjustifiable
   d) to charge too high a price (to)

Translate the words and expressions below from English into Russian and make up your own sentences with them.

1) Demand-pull inflation
2) To pull
3) At length
4) Insurmountable
5) To entail enormously high rates of inflation
6) To pose difficulties
7) The economy is already stretched
8) To vary considerably in the extent and severity
9) Potential benefits
10) With no corresponding rise in output
11) A persistent rise

Translate the words and expressions below from russian into english and make up your own sentences with them.

1) Чтобы увеличить прибыль (размеры прибыли)
2) Мало возможностей
3) Мало рабочей силы
4) Натягивать, напрягать
5) Обгонять, опережать, превосходить

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6) Происходить
7) Толкать
8) Инфляция издержек
9) Инфляция спроса
10) Мягкая, низкая инфляция

Single out the main points of the text. Use the following opening phrases:

1) The text looks at (the problem of...)...;
2) The text deals with the issue of...;
3) It is clear from the text that...;
4) Among other things the text raises the issue of...;
5) The problem of... is of great importance.
6) One of the main points to be singled out is ...;
7) Great importance is also attached to ...;
8) In this connection, I'd like to say ...;
9) It further says that... ;
10) I find the question of... very important because ...;

Match the verbs from (a) with the nouns from (b) below;

a) to pose b) goods and services
to entail problems
to create rates of inflation
to supply the level of activity
to increase prices
to face increasing costs
to push up difficulties
to improve demand
to limit profit margins

Open the brackets, putting the verbs in the correct active of passive forms.

Inflation and business.

Inflation can adversely affect business in a number of ways:

1. Accounting and financial problems. Significant rates of inflation can cause accounting and financial problems for businesses. They may experience difficulty in valuing assets and stocks, for example. Such problems can waste valuable management time and make forecasting, comparisons and financial control more onerous.

2. Falling sales. Many businesses may experience falling sales during inflationary periods for two reasons. Firstly, it may be that saving rises in a time of inflation. We would expect people to spend more of their money when prices (to rise) to avoid holding an asset (cash), which (to fall) in value. However, during the mid-1970s, when industrialized nations (to experience) high inflation rates, savings as a proportion of income rose! It is not easy to identify the reasons for this, but some economists suggest that people like to hold a relatively high proportion of their assets in a form which can be quickly (to convert) into cash when the future is

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uncertain. Whatever the reason, if people save more they spend less and businesses suffer falling sales. The economic model predicts that if savings rose the level of activity in the economy (to fall). Clearly, if this (to happen) we (to expect) businesses to experience difficulty in maintaining their levels of sales.

Businesses may be hit by a reduction in sales during a time of inflation fora second reason. As inflation progresses, it is likely that workers' money wages (that is, wages unadjusted for inflation) will be increased broadly in line with inflation. This may well take a worker into a higher tax bracket and result in a higher percentage of his or her wages being taken as tax. This process, (to know) as fiscal drag, will cause workers to have less money available to spend on firms' goods and services. The poverty trap has a similar impact. As money wages rise, the poor may find that they no longer qualify for state benefits to supplement their incomes and at the same time they begin to pay income tax on their earnings. Again, this leaves less disposable income to spend on the output of firms. Finally, it may be that the wages of many groups are not index-linked and so they rise less quickly than the rate of inflation, causing a reduction in spending power and demand for goods and services.

Once again, the economic model can be used to predict that increases in the level of taxation will increase withdrawals, lowering the level of economic activity and depressing firms' sales. Not all businesses will suffer equally from declining demand in an inflationary period. Those selling essential items, such as food, may little (to affect) whilst others supplying less essential goods and services, such as foreign holidays, may (to hit) hard.

3. High interest rates. Inflation is often (to accompany) by high interest rates. High interest rates tend to discourage investment by businesses as they increase the cost of borrowing funds. Thus, investment may fall. Businesses may also be dissuaded from undertaking investment programs because of a lack of confidence in the future stability and prosperity of the economy. This fall in the investment may (to worsen) by foreign investment being reduced as they also lose some confidence in the economy's future. Such a decline in the level of investment can lead to businesses having to retain obsolete, inefficient and expensive means of production and cause a loss of international competitiveness. Finally, a fall in investment can lower the level of economic activity, causing lower sales, output and so on. Thus, to some extent, businesses can influence the economic environment in which they operate.

4. Higher costs. During a bout of inflation firms will face higher costs for the resources they need to carry on their business. They will have to pay higher wages to their employees to compensate them for raising prices. Supplies of raw materials and fuel (to become) more expensive as will rates and rents. The inevitable reaction to this is that the firm has to raise its own prices. This will lead to further demands for higher wages as is called the wage-price spiral. Such cost-push inflation may make the goods and services produced by that enterprise internationally less competitive in terms of price. An economy whose relative or comparative rate of inflation is high may find that it is unable to compete in home or foreign markets

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because its products are expensive. The economic model tells us that a situation of declining exports and increasing imports (to lower) the level of activity in the economy with all the consequent side-effects.

Words to the text:

impact – удар, влияние, воздействие
to avoid holding an asset – чтобы избавиться от наличности
whatever the reason – какова-бы ни была причина
businesses may be hit by ... – фирмы (предприятия) могут пострадать от...
wages unadjusted for inflation – заработная плата без учета уровня инфляции
a higher tax bracket – следующая категория при группировке налогоплательщиков по доходу
fiscal drag – финансовый тормоз экономического роста с помощью налоговых изъятий
they no longer qualify for – они больше не подпадают под ...
to supplement their incomes – что является дополнением к их доходу
this leaves less disposable income – из-за этого остается меньше средств
index-linked – индексированный
a reduction in spending power – снижение покупательной способности
declining demand – падение спроса
tend to discourage investment – не способствуют инвестированию
may also be dissuaded from – могу также отказаться от
a lack of confidence – недостаток (отсутствие) уверенности
this fall in investment may be worsened by foreign investment being reduces can lead to businesses having to retain a bout (period, spell) of inflation – это падение уровня инвестирования может стать еще сильнее, если сократятся иностранные инвестиции, что может привести к тому, что фирмам (предприятиям) придется сохранить период инфляции
less competitive in terms of price – менее конкурентоспособный в цене

Make a translation of the extract.

1. Many businesses may experience falling sales during inflationary periods for two reasons. Firstly, it may be that saving rises in a time of inflation. We would expect people to spend more of their money when prices (to rise) to avoid holding an asset (cash), which (to fall) in value. However, during the mid-1970s, when industrialized nations (to experience) high inflation rates, savings as a proportion of income rose! It is not easy to identify the reasons for this, but some economists suggest that people like to hold a relatively high proportion of their assets in a form which can be quickly (to convert) into cash when the future is uncertain. Whatever the reason, if people save more they spend less and businesses suffer falling sales. The economic model predicts that if savings rose the level of activity in the economy (to fall). Clearly, if this (to happen) we (to expect) businesses to experience difficulty in maintaining their levels of sales.

2. Businesses may be hit by a reduction in sales during a time of inflation for a second reason. As inflation progresses, it is likely that workers' money wages (that

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is, wages unadjusted for inflation) will be increased broadly in line with inflation. This may well take a worker into a higher tax bracket and result in *a* higher percentage of his or her wages being taken as tax. This process, (to know) as fiscal drag, will cause workers to have less money available to spend on firms' goods and services. The poverty trap has a similar impact. As money wages rise, the poor may find that they no longer qualify for state benefits to supplement their incomes and at the same time they begin to pay income tax on their earnings. Again, this leaves less disposable income to spend on the output of firms. Finally, it may be that the wages of many groups are not index-linked and so they rise less quickly than the rate of inflation, causing a reduction in spending power and demand for goods and services.

3. Inflation is often (to accompany) by high interest rates. High interest rates tend to discourage investment by businesses as they increase the cost of borrowing funds. Thus, investment may fall. Businesses may also be dissuaded from undertaking investment programs because of a lack of confidence in the future stability and prosperity of the economy. This fall in the investment may (to worsen) by foreign investment being reduced as they also lose some confidence in the economy's future.

Such a decline in the level of investment can lead to businesses having to retain obsolete, inefficient and expensive means of production and cause a loss of international competitiveness. Finally, a fall in investment can lower the level of economic activity, causing lower sales, output and so on. Thus, to some extent, businesses can influence the economic environment in which they operate.

8.TEXT 8. ADVERTISING

Look through the text before reading and point out its main idea. Then learn Glossary after it

Advertising is one of the largest industries. In 1986, for example, American business spent over $100 billion to advertise its products. Since consumers are the principal targets of these sales campaigns, we ought to know something about the services advertisers perform, as well as some of the techniques they use.

The Benefits of Advertising. Advertising benefits consumers and the economy in a number of ways:

– It provides us information about prices, recent improvements in certain goods and services, and the availability of new ones.

– Advertising often results in lower prices. Large-scale production can reduce costs. By creating mass markets, advertising enables producers to reduce the costs of their products and pass those savings on to the consuming public.

– Advertising stimulates competition, and competition benefits us all. Advertising by one firm puts pressure on others within the industry to do at least as well to attract the consumer's money.

– Advertising pays most of the costs of magazines and newspapers, and all of the cost of commercial radio and TV.

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Advertising helps the economy as a whole by stimulating consumer demand. Consumer spending has a direct effect on the health of the economy. Advertising helps to keep that spending at healthy levels.

The Price We Pay for Advertising. Not everyone agrees that advertising benefits the economy. Critics list the following points of its *disadvantages:*

– The information contained in advertising does not inform and often misleads the consumer. – Because it costs money to advertise, this cost adds to the price consumer pay. – Consumers are tempted to spend money for products they do not really need. Radio and TV are not really free because the cost of advertising on them is also passed on to the consumer. **Advertising strategies.**Three strategies that have been especially popular with advertisers can be classified as slogans, rational appeals, and emotional appeals. **Slogans.** Advertisers often use slogans that sound great but mean little or nothing. Yet, advertisers seem to feel that such slogans, when repeated often enough, do increase sales. **Rational Appeals.** Rational appeals rely upon logic or reason to convince the consumer to buy a product. "Our Cookies Contain 25% Fewer Calories Than the Next Leading Brand." This is an example of an advertisement that appeals to reason. Ads for health foods, pain relievers and home remedies tend to use this technique. **Emotional Appeals.** Emotional appeals rely upon the use of psychology. The following is a sampling of such strategies: – **Testimonials.** These are the advertisements in which famous people claim they use and enjoy a particular product. Ads for sports equipment frequently rely on this strategy. – **The Bandwagon**. The bandwagon appeal implies that everybody is using particular product, and that if you don't, you will be left out. The term derives from the practice, during nineteenth-century circus or political parades, of jumping on or following behind the wagon carrying the band. Soft drink and automobile ads use this appeal.

– Popularity. Some advertisements suggest that simply by using the advertised product you will be popular or find romance. Toothpaste ads showing moments of romance between handsome young men and women are typical of these kinds of campaigns. Every day you as a consumer are the object of the marketing efforts of American and foreign campaigns. The advertising on television and radio and in the newspaper that come to your house are just some of the ways that sales promotion reach you. Can you think of other ways? Most of these marketing strategies represent honest efforts to convince you to buy a product or service. Nevertheless, you are responsible for evaluating advertising directed at you, separating fact from emotion, and deciding whether or not to buy the product.

Words to the text:

target – цель, мишень
benefit – выгода, польза, прибыль
recent – недавний, последний, новый
availability – доступность, наличие
large-scale – широкомасштабный
to reduce – уменьшать, снижать

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savings – сбережения, накопления
within – внутри
to mislead – вводить в заблуждение
to tempt – искушать, соблазнять
to pass on – заносить на счет
slogans – лозунг, призыв, девиз
rational (emotional) appeals – рациональный призыв, обращение
do increase – действительно увеличивают
to convince – убеждать
ad – сокр. от advertisement (объявление, реклама, анонс)
sampling – образец
testimonial – рекомендация, характеристика
to claim – утверждать, заявлять
the bandwagon – фургон или грузовик с оркестром (напр. в цирке)
to imply promotion – подразумевать, означать
promotion – рекламная кампания
to evaluate – давать оценку

Answer the following questions

1) In what ways do consumers and the economy benefit from advertising?
2) What are the benefits of advertising?
3) What are the disadvantages of advertising?
4) How are advertising strategies classified?
5) Can you give the examples of different advertising strategies on Russian
6) What are the methods and types of advertising?
7) Does advertising influence your personal decisions to buy or not to buy?
8) What do rational appeals rely upon?
9) What advertising strategy rely upon the use of psychology?
10) Do ads or commercials sometimes influence your choice of goods?

Find the Russian equivalents for the following:

1) It provides us with information
2) The availability of new ones
3) Large-scale production
4) Competition benefit us all
5) Helps to keep that spending at healthy levels
6) The information misleads the consumer
7) Consumers are tempted to spend money
8) Honest efforts to convince to buy a product
9) Responsible for evaluating advertising
10) Separating the fact form emotion

Translate the sentences into English.

1. Реклама дает нам информацию о ценах, последних разработках в сфере товаров и услуг, и о наличии последних.

2. Реклама часто способствует снижению цен.

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3. Реклама способствует появлению конкуренции, а конкуренция выгодна

4. Информация, содержащаяся в рекламе, не информирует, а часто даже дезинформирует покупателя.

5. Реклама искушает потребителей платить деньги за товары, которые им, в общем-то, не нужны.

Read the article below quickly to pick out the main economic indicators. Then study the vocabulary given after it.

The Price of Advertising

Advertising, which is as American as French fries, English muffins and Chines takeout, saturates society with an incessant barrage. Most people develop mental filters to soften the sensory blitzkrieg, lest they go bonkers, and they respond to the barrage with boredom, which is a kind of criticism.

However, bored or not by advertising that assails eye, ear and even nose (some magazines contain scene strips advertising colognes), people are collaborating with the perpetrators of it. So argues James Twitchell in an essay published in WQ, the invaluable quarterly of the Woodrow Wilson International Centre for Scholars.

Mr. Twitchell, who teaches English at the University of Florida, should not I expect thanks for pointing out that people are paying for advertisements twice. They pay in the price the product advertised and they pay in the form of the attention they pay to the advertisements.

Advertising agencies exist to rent our attention to people with goods or services to sell. Try to think when your attention is not rented. Many college sports teams have Nike's swooshes on their jerseys. Soft drink and other companies pay for "product placement" in movies. When you are put on hold on the telephone you often are plied with commercial communications, which also appear in urinals, on grocery store shopping carts, on video screens attached to Stair Masters in gyms, in the first five minutes of rented movie videos.

Money or Attention? Twitchell notes public television has swarms of advertisements identified by the delicate euphemism "underwriting announcements" and the museum exhibits bear the logos of sponsoring corporations. "At the Smithsonian", Twitchell writes, "the Orkin Pest Control Company sponsored an exhibit on exactly what it advertises it kills: insects". Twitchell is not scandalized by these transactions, which is what they are. We give attention, we get things-from television programs to museum exhibits-not really "free", but cheaper that we otherwise would. "Given the choice between paying money and paying attention, we prefer to pay attention." This is similar to other routine transactions. At Me Donald's you go to the counter to order, carry your food to the table and clean up when finished, all in exchange for lower prices. You fill your own tank at the gas station for the same reason. And consuming ads is the "work" you do to lower the price of entertainment. Twitchell calls it that because it does not just entertain, it enculturates you. **Too Much Choice?** Mass production gives us products that are barely distinguishable (Miller or Bud? Crest or Colgate?) until advertising infuses (fills) them with meaning. Grocery stores which two decades ago stocked 9,000 items now

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stock 30,000, Revlon makes 177 shades of lipstick, Crest comes in dozes of sizes, shapes and flavors. So billions of dollars are spent on advertising, largely to influence largely inexplicable, or at least barely rational, choices about these things So it must be, Twitchell argues, when goods are interchangeable and in surplus, and consumers have enough disposable time and money to consume both the ads and the products. Twitchell has robust contempt for the intelligentsia's "down-right supercilious" understanding of consumption, particularly the notion that, were it not for advertising, people would not want things. Our love of things, says Twitchell, is part of our nature; it was the cause, not the consequence, of the Industrial Revolution. Just as Orwell said there are some ideas so nutty that only an intellectual can believe them, Twitchell argues that only a professoriate, housed in institutions of higher learning far from the marketplace, can entertain the hazy idea of a bygone golden age when people had pure and only natural needs.

Want a glimpse of the future? Twitchell says you've already had one if you have seen MTV, the Home Shopping Network or "informercials". Or if you have read magazines like Sony Style or Colors from Benetton that, unlike many women's magazines which blur the line between advertising and editorial content, erase that line. Today's sweep of advertising is the democracy of the marketplace, what Twitchell calls "the application of capitalism to culture: dollars voting". Where will it sweep next? Perhaps advertisements in books, where they once were. Twitchell recalls that in the late 1940s, *Dr.* Spoc/cfought Pocket Books to have cigarette ads remove from his baby care book. Books might remain one of the last redoubts of advertisement-free America because, Twitchell says, "the prime audience for advertisers, namely the young, is functionally illiterate" That good news about books contains the bad news: books do not have *a* bright future.

Words to the text:

muffin – тип кекса
takeout – бутерброды, еда в дорогу
to saturate – пропитывать, пронизывать
incessant – непрерывный
barrage – вал, заграждение
lest they go bonkers – иначе они сойдут с ума
to respond – отвечать
boredom – скука
to assail – нападать, совершать насилие
scent strips – ароматные полоски
cologne – одеколон
to collaborate – работать совместно с, сотрудничать
perpetrator – виновный, нарушитель
invaluable – бесценный
quarterly – периодическое издание, выходящее раз в квартал
swoosh – загогулина (эмблема Nike)
jersey – трикотажная кофта

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put on hold – ожидание, пауза
to ply – засыпать, забрасывать
grocery store – бакалейная лавка
Stair Master – беговая дорожка (тренажер)
swarms – множество
euphemism – эвфемизм
underwriting announcements – оплаченные объявления
logo – графический знак фирмы
Smithsonian (the Smithsonian Institute)-Природно-исторический музей в Нью-Йорке
transaction – ведение(дела)
counter – касса
tank – бензобак
barely distinguishable – едва различимые
to infuse – наполнять
to stock – иметь в наличии, иметь в продаже
interchangeable – взаимозаменяемые
in surplus – в изобилии, в избытке
disposable – доступный, свободный
robust – здравый, ясный
contempt (for) – презрение
downright supercilious – абсолютно высокомерное, презрительное
consequence – последствие
George Orwell – Джордж Орвел (английский писатель)
nutty – пикантный
to entertain – зд. иметь
hazy – неопределенный, смутный
bygone – прошлый, прошедший
glimpse – быстрый взгляд
to erase – стирать, изглаживать

Choose the correct explanation without using a glossary

1. "to cause to be thoroughly soaked, imbued or penetrated" is ...
   a) to blur
   b) to saturate
   c) to stock
   d) to erase
2. "never ceasing, continuing or being repeated without stopping or in a way that seems endless" is ...
   a) incessant
   b) nutty
   c) hazy
   d) bygone
3. "that has or have gone by; past; farmer" is ...

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a) hazy
b)future
c) fast
d)bygone

4. "to work together, esp. in some literary, artistic or scientific undertaking" is
   a) to collaborate
   b) to stock
   c) to blur
   d) to conclude
5. "to attack with arguments, questions, doubts, etc." is ...
   a) to assert
   b) to assemble
   c) to assail
d) to assess
6. " priceless, extremely valuable" is ...
   a) invaluable
   b) invariable
   c) cheap
   d) expensive
7. "to rub, scrape or wipe out; remove" is ...
   a) to collaborate
   b) to erase
   c) to evacuate
   d) to build
8. "to put (a quality, idea, etc. into), as if by pouring" is ...
   a) to infuse
   b) to erase
   c) to collaborate
   d) to fill
9. "a brief, quick view" is ...
   a) sweep
   b) redoubt
   c) flash
   d) glimpse
10. "foggy, misty or smoky" is
   a) hazy
   b) bygone
   c) strange
   d) nutty

Read the article once again. Single out the main facts and present them in a short review.

9. TEXT 9. ECONOMIC STABILITY

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Look through the text before reading and point out its main idea. Then learn Glossary after it

Economic stability. Business cycles. When people speak of business cycles, they think of things like "prosperity" and "depression". "Prosperity" is ordinarily used to describe an extended period of high employment, an improved standard of living and stable prices. By contrast, "depression" refers to an extended period of general underemployment of our economic resources. Factories are idle, millions of workers are unable to find jobs, and the rate of business failure is high. The worst depression in American history, now known as the Great Depression, lasted from 1930 to 1940.

There were, for example, 13 million people, about one of every four workers, unemployed in 1933. That same year businesses failed at a record rate, and numbers of people lost their savings because more than 4,000 privately owned banks closed permanently. More common, however, are much shorter and less dramatic changes in business activity. These changes can be described in a number of different ways, but for convenience they are called the periods of boom, contraction, recession and expansion. The way to smooth out economic fluctuations was not out yet.

Boom. At the peak of the business cycle the economy is booming. Business is producing at or near capacity, and those looking for work can generally find jobs. During peak times, business investment and consumer spending are at very high levels. But because the economy is or near full employment and the demand for goods and services is increasing, prices are also increasing. This sets the stage for the next phase of the business cycle. **Contraction.** For any number of reasons, consumers and businesses begin to produce their spending levels. Businesses may lay off workers, reduce their purchases of raw materials and reduce production because they have built up excess inventories. Some businesses may decide to continue to use old factories and equipment rather then investing in new machines and buildings. Some businesses and consumers will even reduce spending because economists predict that business will be slowing down in the next few months. Whatever the reason, reductions in business and consumer spending mark the beginning of a contraction in the business cycle. With the reduction in spending, other business firms begin to cut back their activities. Their production is reduced and more workers are laid off. Because of the layoffs, workers, who are also consumers, spend less. This leads to still more reductions in production and additional worker layoffs.

Expansion. After a period of recession the economy eventually begins to recover, entering the expansion phase of the business cycle. During a period of expansion the conditions are about to improve, business begins to expand its activities. Unemployment declines as additional workers are hired. This, in turn, leads to higher levels of consumer spending and still further expansion of employment, output and consumption. **What Causes Business Cycles?** For many years economists struggled to find a theory that would explain all business cycle. In

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explaining business cycle fluctuations, today's economists often distinguish between external and internal events. External events are those outside the economic system that explain fluctuations in the business cycle. Internal events are those: occurring within the economy itself. **External Causes.** External factors affect the economy because of population changes, inventions: and innovations, and other significant political and social events. Population changes. Changes in population affect the demand for goods and services. Population increases can lead to increased production and employment levels that trigger expansion and boom. Population decreases are likely to have the opposite effect. Inventions and innovations. Major changes in technology, such as the development of the automobile, the airplane and the computer, have led to bursts of business activity and investment. This, in turn, was followed by increased employment opportunities and a period of expansion and boom.

Internal causes. Internal causes of fluctuations are factors within the economy likely to start an expansion or contraction of the business cycle. Three of these internal factors have to do with consumption, business investment, and government activity. **Consumption.** Business firms try to provide consumers with the goods and services they I want. When consumer spending is on the increase, business firms hire additional j help and increase their level of production. As production, employment and sales increase, the business cycle enters a period of expansion and boom. When consumer spending decreases, the opposite occurs. Production is reduced, workers are laid off, and the economy enters a period of contraction and recession.

Business investment. Investment in capital goods like plant, tools and equipment, creates additional jobs, thereby increasing consumer purchasing power. The increase in spending generated by the initial increase in investment leads to still further investment., consumption and further production. When investment decreases, the opposite occurs and the economy enters a period of contraction.

Government activity. Governmental policies can give the business cycle an upward or downward tendency. Government does this in two ways. One is through the use of its power to tax and spend. The other is by regulating the supply of money and credit in circulation. Economists describe government's ability to tax and spend as its fiscal powers, and its ability to regulate the supply of money and credit as its monetary powers.

Words to the text:

prosperity – процветание
extended – длительный, продолжительный
to refer – относить, подразумевать
underemployment – неполная занятость
idle – бездействующий, не работающий
business failure – банкротство
privately owned – частные
common – типичный, общеизвестный

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boom – благоденствие
contraction – сокращение
recession – спад
expansion – расширение
to smooth out – сглаживать, устранять
economic fluctuations – экономические колебания
peak – пик, вершина кривой
spending levels – уровни расходов
to lay off – временно увольнять
raw materials – сырье
excess inventories – избыток материальных запасов
to predict – предсказывать
to cut back – сокращать
layoffs – временные увольнения
to decline – идти на убыль, понижаться
bottom phase – низшая точка
eventually – в конечном счете
to recover – оправляться
inventions – изобретение
innovations – новаторство
to trigger – инициировать, вызывать
thereby – таким образом
initial – исходный, изначальный

Answer the following questions.

1) What happens during each of the phases of the business cycle?
2) How do we measure business cycle?
3) How does the government try to stabilize the ups and downs of the economy?
4) What economic periods do you know?
5) What is the way to smooth out economic fluctuations?
6) What do reductions in consumer spending mark?
7) What is the bottom phase of the business cycle?
8) How is a very severe and long-lasting recession called?
9) What phase do the economy enter after a period of recession?
10) Describe the period of expansion?
11) What do external events explain?

Choose the correct explanation without using a glossary.

1. "prosperity" is ...
   a) a mental view or examination
   b) good fortune, wealth, success, etc.
   c) the art and science of combining vocal or instrumental sounds
   d) the act of doing good or helping others, esp. by giving money for charitable purposes
2. "depression" is...

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a) a decrease in force, activity, amount, etc.
b) good fortune, wealth, success, etc.
c) a result or effect of impressing
d) an imitation or mimicking intended as a caricature or amusing impersonation

3. "idle" means...
a) an image of a god used as an object or instrument of worship
b) unemployed, not busy
c) not definite; containing doubtful elements
d) dependent upon varying conditions

4. "contraction" is ...
a) a decrease in force, activity, amount, etc.
b) good fortune, wealth, success, etc.
c) a condition in which things tend to be contrary to each other
d) a period of decrease in business activity

5. "recession" is...
a) a period of decrease in business activity
b) a result or effect of impressing
c) a temporary falling off of business activity during a period when such activity has been generally increasing
d) a decrease in force, activity, amount, etc.

6. "invention" is...
a) something originated by experiment; new device or contrivance
b) a careful search or examination
c) the investing of money
d) a temporary falling off of business activity during a period when such activity has been generally increasing

7. "to smooth out" means ...
a) to make even, level, calm; to soothe
b) to make dirty or discolor
c) to look with a pleasant expression
d) to express with a smile

8. "to predict" means ...
a) to replace (a regularly scheduled program)
b) to say in advance; to foretell (a future event or events)
c) to form in advance
d) to make an affirmation or statement

9. "eventually" means ...
a) finally; ultimately; in the end
b) at any time
c) in any way; by any chance
d) forever; constantly

10. "to trigger" means ...
a) to sound, speak or play with a trill

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b) to put in proper order
c) to initiate (an action); to set off
d) to modify according to expediency

Translate the words and expressions below from English into Russian and make up your own sentences with them.

1) To lay off
2) Spending levels
3) Economic fluctuations
4) To smooth out
5) Contraction
6) Privately owned
7) Business failure
8) Factories are idle
9) Underemployment of economic resources
10) To refer
11) Extended
12) Prosperity

Single out the main points of the text. Use the following opening phrases:

1) The text looks at (the problem of...)...;
2) The text deals with the issue of...;
3) It is clear from the text that...;
4) Among other things the text raises the issue of...;
5) The problem of... is of great importance.
6) One of the main points to be singled out is ...;
7) Great importance is also attached to ...;
8) In this connection, I'd like to say ...;
9) It further says that... ;
10) I find the question of... very important because ...;

Match the verbs from (a) with the nouns from (b) below;

a) to loose b) excess inventories
to smooth out old factories and equipment
to set new machines and buildings
to reduce the beginning
to lay off" the activities
to build up the demand for goods and services
to use expansion
to invest in savings
to mark economic fluctuations
to cut back the stage
to affect spending levels
to trigger workers

Read the text putting the prepositions where necessary.

Import - Export

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International trade is the exchange ... goods and services... different countries. Depending on what a country produces and needs, it can export (sell goods ... another country) and import (buy goods ... another country). Governments can control international trade. The most common measures are tariffs (or duties) and quotas. A tariff is a tax ... imported goods, and a quota is the maximum quantity... a product allowed into a country during a certain period ... time. These measures are protectionist as they raise the price ... imported goods "to protect" domestically produced goods. International organizations such as the WTO (World Trade Organization) and EFTA (European Free Trade Organization) regulate tariffs and reduce trade restrictions... member countries. Companies can choose ... various methods to establish their products ... a foreign market. One option is to start by working ... local experts such as sole agents or multi-distributors, who have a specialist knowledge ... the market and sell ... behalf of the company. This often leads to the company opening a local branch or sales office. Another option is to sell, or give permission to use, patents and licenses ... their products. Companies may wish to start... manufacturing in the export market, in which case they can either set up a local subsidiary or a joint; venture ... a local partner.

Words to the text:

to export – экспортировать
to import – импортировать
measure – мера
duties – пошлины
quotas – квоты
protectionist – протекционистские
WTO (World Trade Organization) – Всемирная Торговая Организация
EFTA (European Free Trade Association) – Европейская Ассоциация Свободной Торговли
restrictions – ограничения
to establish products – провести продукцию
sole agents – отдельные агенты
multi-distributors – дистрибуторы
on behalf – в интересах (кого-либо)
to set up – открывать, организовывать
local subsidiary – филиал
joint venture – совместное предприятие, СП

Make a translation of the extract.

1. International trade is the exchange ... goods and services ...different countries. Depending on what a country produces and needs, it can export (sell goods... another country) and import (buy goods ... another country). Governments can control international trade. The most common measures are tariffs (or duties) and quotas. A tariff is a tax ... imported goods, and a quota is the maximum quantity ... a product allowed into a country during a certain period ... time. These measures are

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protectionist as they raise the price ... imported goods "to protect" domestically produced goods.

2. Companies can choose ... various methods to establish their products ... a foreign market. One option is to start by working ... local experts such as sole agents or multi-distributors, who have a specialist knowledge ... the market and sell... behalf of the company. This often leads to the company opening a local branch or sales office. Another option is to sell, or give permission to use, patents and licenses ... their products. Companies may wish to start... manufacturing in the export market, in which case they can either set up a local subsidiary or a joint venture ... a local partner.

10.TEXT 10. MARKETING MANAGEMENT

Look through the text before reading and point out its main idea. Then learn words after it

Management is a function of planning, organizing, coordinating, directing and controlling. Any managerial system, at any managerial level, is characterized in terms of these general functions. Management is a variety of specific activities. Marketing management refers to a broad concept covering organization of production and sales products, which is based on consumer requirements research. All companies try to look beyond their present situation and develop a long-term strategy to meet changing conditions in their industry. Marketing management, therefore, consists of evaluating market opportunities, selecting markets, developing market strategies, planning marketing tactics and controlling marketing results.

Strategic planning includes defining the company's long-term objectives, such as sales volume, market share, profitability and innovation, and deciding on financial, material and other resources necessary to achieve those objectives.

In problems of market selection and product planning one of the key concepts is that of the Product Life Cycle. That products pass through various stages between life and death (introduction- growth- maturity- decline) is hard to deny. Equally accepted is the understanding that a company should have a mix of products with; representation in each of these stages. Companies can make far more effective j marketing decisions if they take time to find out where each of their products stands in its life cycle. However, the concept of the product life cycle seems frequently forgotten in marketing planning, which leads to wrong decision-making. This may be seen in the following story.

A supplier of some light industrial equipment felt that the decline in the sales of his major product was due to the fact that it was not receiving the sales support I it deserved. In order to give extra sales support to this problem case, a special j advertising campaign was run. This required cutting into marketing budgets of

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several promising products that were still in their "young" growth phase. In fact, the major; product has long since passed the zenith of his potential sales, and no amount of; additional sales support could have extended its growth. This became quite clear in the end-of-year sales results which showed no improvement. The promising products, however, went into gradual sales decline. In short, management has failed to consider each product's position in its life cycle.

Words to the text:

to coordinate – координировать, согласовывать устанавливать правильное соотношение

in terms of – в отношении

concept – понятие, общее представление

consumer requirements research – исследование потребностей покупателя

to look beyond – изучать извне

long-term strategy – долгосрочная стратегия

to evaluate – оценивать

long-term objectives – долгосрочные цели

sales volume – объем продаж

maturity – зрелость, завершенность

to deny – отрицать

to run advertising campaign – проводить рекламную кампанию

cutting – выемка, урезание

Answer the following questions.

1) What is international trade?
2) What is export?
3) What are the measures to control international trade?
4) What is a tariff?
5) What is a quota?
6) What are the methods to establish credit in a foreign market?
7) What is a strategic planning?
8) What is marketing management?
9) What stages do products pass through?

Find the Russian equivalents for the following:

1) In terms of these general functions
2) Based on consumer requirements research
3) To look beyond the present situation
4) To develop a long-term strategy
5) To meet changing conditions in the industry
6) To control marketing results
7) To pass through various stages
8) To make far more effective marketing decisions
9) To lead to wrong decision-making
10) The decline is due to the fact that..

Translate the sentences into Russian.

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1. Marketing management refers to a broad concept covering organization of production and sales products, which is based on consumer requirements research.

2. All companies try to look beyond their present situation and develop a long-term strategy to meet changing conditions in their industry.

3. Marketing management, therefore, consists of evaluating market opportunities, selecting markets, developing market strategies, planning marketing tactics and controlling marketing results.

4. That products pass through various stages between life and death (introduction – growth – maturity – decline) is hard to deny.

5. Companies can make far more effective marketing decisions if they take time to find out where each of their products stands in its life cycle.

Read the article below quickly to pick out the main economic indicators. Then study the vocabulary given after it.

Big fall in EU economic growth ("Financial Times")

Brussels: many members still qualify for EMU

The European Commission yesterday reported a sharp downturn in economic growth in the European Union, but insisted that a significant number of its 15 members could still qualify for economic and monetary union in 1999.

The Commission has slashed its growth projections for the 15 members states this year by more than 1 percentage point to 1.5 per cent. It projects future growth of 2.4 per cent, or half a percentage point down on its previous estimate.

But Mr. Yves-Thibault de Silguy, the monetary affairs commissioner, insisted that this gloomy outlook did not dent prospects for establishing a single currency in 1999. "We consider it realistic, even certain that the timetable (for EMU) will be respected", he said. Although the growth projections are viewed as realistic by financial analysts, the budget deficit projections were yesterday regarded with skepticism by both economists and some diplomats.

After presenting the economic forecast, Mr. de Silguy described the documents as a "two-toned report- grey for growth for now, but rosy for economic convergence in future." Mr. De Silguy said Germany, France, the Netherlands and Finland were expected to join Denmark, Ireland and Luxembourg in successfully cutting their budget deficits below 3 percent of GDP. Austria and Sweden were expected to come very close, while Belgium, Spain, Portugal and the UK could be within 3/iof a percentage point of the benchmark. Mr. Helmut Kohl, Germany's chancellor, who visited the Commission shortly before he report was issued, said he opposed any relaxation of criteria- covering debt, deficits, inflation, and exchange rate stability- by which candidates for EMU will be selected in 1998.

"I'm strongly against changing the convergence criteria", he said. "Without these strict yardsticks, the efforts at economic consolidation will not be successful". However, Mr. Kohl stopped well short of endorsing the Commission's optimistic forecast that a significant number of countries would reach or nearly reach the requirement of a public deficit below 3 per cent of GDP. "When we take the decision, it should be done at the right time and within the I rules of the treaty", he

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said, referring to the economic policy guidelines, while ' calling for a social dialogue with the trade unions, also warned that EMU could be threatened if EU members gave in to social pressures. "If progress towards sounder public finances and structural reform were to be | hampered by rising social and political resistance, this ... might add to doubts among some observers as to whether a sufficient number of member states would be ready to participate in EMU at the starting date", he said

Words to the text:

to qualify for – соответствовать требованиям
EMU – Европейская Валютная Система
downturn – тенденция к снижению
to slash – уменьшать, урезать
growth projections – прогнозы роста
estimate – смета, оценка
commissioner – комиссар ЕС по вопросам ...
gloomy outlook – мрачная перспектива, точка зрения
to dent – влиять, оставлять след
to regard – рассматривать
forecast – прогноз
convergence – зд. членство
benchmark – уровень
chancellor – канцлер
to issue – выпускать, издавать
relaxation – смягчение, ослабление
yardsticks – критерии
consolidation – укрепление, консолидация
stopped well short of endorsing – недотягивать до, не соответствовать
treaty – соглашение
guideline – стандарт, принцип
sound – здоровый, крепкий
to hamper – мешать, препятствовать, затруднять

Choose the correct explanation without using a glossary

1. "to reduce drastically (i.e. prices)" is ...
   a) to slash
   b) to hamper
   c) to exchange
   d) to relax
2. "to keep from moving or acting freely; impede" is ...
   a) to hamper
   b) to give in
   c) to reduce
   d) to move
3. "very sad; hopeless; melancholy" is ...
   a) heavy

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b) glossy
c) gloomy
d) sound

4. "expectation or prospect; mental view or attitude" is ...
a) public deficit
b) treaty
c) projection
d) outlook

5. " to abandon a , fight, or argument; surrender; yield" is ...
a) to hamper
b) to dent
c) to give in
d) to reduce

6. "to printer publish" is ...
a) to issue
b) to give in
c) to hinder
d) to give way to

7. "to set against; resist; withstand" is...
a) to oppose
b) to balance
c) to with draw
d) to estimate

8. "stabilization; strengthening" is ...
a) balance
b) consolidation
c) guideline
d) situation

9. "a formal agreement between two or more nations, relating to peace, alliance, trade, etc." is ...
a) improvement
b) dividend
c) privatization
d) treaty

10. "normal and healthy; not weak" is ...
a) sound
b) strong
c) ill
d) tall

Read the article once again. Single out the main facts and present them in a short review.

GENERAL GLOSSARY:

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	New terms	
1	Economic resources	экономические ресурсы
2	Scarce	скудный, дефицитный, редкий
3	Raw materials	сырьевые ресурсы
4	Labor force	рабочая сила
5	Entrepreneurship	предпринимательство
6	Production of goods and services	производство товаров и услуг
7	Economic growth	экономический рост
8	Equitable	справедливый
9	Revenue	доход, получаемый от сбора налогов
10	Social security	социальное обеспечение
11	Free enterprise	свободное предпринимательство
12	Market economy	рыночная экономика
13	To compete	конкурировать
14	To make contact	устанавливать контакты
15	Allocation	распределение, выделение
16	Income	доход
17	Rationing device	механизм распределения
18	Price mechanism	ценовой механизм
19	Input	вводимый ресурс
20	Output	выпуск, продукция
21	Consumer preferences	предпочтения потребителей
22	Production costs	издержки производства
23	Force of the market	фактор рынка
24	To benefit (from)	извлекать(получать) выгоду
25	To sick profits	стремиться получать прибыль
26	Natural resources	природные ресурсы
27	Recession	спад производства
28	Fiscal policy	бюджетно-налоговая политика
29	Monetary policy	кредитно-денежная политика
30	Subsidy	субсидия, денежное ассигнование, дотация
31	To divert	отвлекать (напр, ресурсы на другие цели)
32	Tax incentives	налоговые стимулы
33	Private ownership (property) of the means of production	частная собственность на средства производства

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34	Public property., common ownership	общественная собственность
35	Personal property	личная собственность
36	Private supplies of capital	частный капитал
37	To make the largest profits possible	получать наибольшую возможную прибыль
38	To pursue one's own interests	преследовать свои интересы
39	To make the society better off	сделать общество более состоятельным
40	To provide free or subsi-dized supplies	обеспечить бесплатное или субсидированное предоставление товаров и услуг
41	Labor-intensive production	трудоемкое производство
42	To pass laws	принимать законы
43	Rival firms	фирмы-конкуренты, соперники
44	Surplus	излишек, остаток
45	Current account	текущий счет
46	The balance of payment	платежный баланс
47	Gross domestic product (GDP)	валовой национальный продукт
48	Disposable income	имеющийся в распоряжении доход
49	Durable goods	товары длительного пользования
50	To ration scarce resources	нормировать недостаточные ресурсы
51	Rationing effect of prices	нормирующий эффект цен
52	Price decrease	падение цен
53	Income per head	доход на душу населения
54	To drive out of the market	вытеснять с рынка
55	The production-motivating function of prices	мотивирующая производство функция цен
56	Diminishing marginal utility	уменьшение крайней полезности
57	Demand curve	кривая спроса
58	Elasticity of demand	эластичность спроса
59	To reduce production	снизить объем производства
60	The point of equilibrium	точка равновесия

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