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АНГЛИЙСКИЙ ЯЗЫК

Учебно-методическое пособие
для студентов I курса специальностей
1-25 01 07 «Экономика и управление на предприятии»,
1-26 02 02 «Менеджмент (по направлениям)»,
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Данное учебно-методическое пособие предназначено для студентов I курса инженерно-экономического факультета. Оно поможет сформировать и развить умения и навыки, необходимые для чтения и перевода оригинальных текстов по специальности, совершенствования разговорной речи, а также для аннотирования и реферирования. Учебно-методическое пособие может быть использовано как для аудиторной, так и самостоятельной работы студентов.

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ПРЕДИСЛОВИЕ

Целью настоящего учебно-методического пособия является развитие и совершенствование у студентов экономических специальностей навыков чтения, понимания оригинальных текстов с выходом в устную речь, углубление знаний в области лексики и грамматики, обучение аннотированию и реферированию.

Данное пособие состоит из 16 уроков, посвященных важным вопросам экономики. В центре каждого урока – тексты, предваряемые словарем и предтекстовыми упражнениями.

Тексты подобраны с учетом лексических трудностей, которые снимаются по мере прохождения темы. Для развития навыков монологической и диалогической речи тексты снабжены рядом вопросов проблемного характера, темами для обсуждения. Тексты подобраны из оригинальных англоязычных источников, а также переводной литературы, некоторые тексты адаптированы и подвергнуты переработке.

Для развития и совершенствования лексических и грамматических навыков в учебно-методическое пособие включены упражнения на словообразование, нахождение соответствия терминов и их определений, подбор синонимов, антонимов, подстановочные упражнения и др. Предтекстовые упражнения направлены на формирование потенциального словаря студентов в области экономики.

Упражнения для работы с текстами способствуют развитию у студентов умений понимать литературу по специальности, разграничивать важную и менее важную информацию и подводят к аннотированию и реферированию текстов.

Unit 1

ECONOMICS AS AN ACADEMIC DISCIPLINE. HISTORY OF ECONOMIC THOUGHT

VOCABULARY STUDY

Nouns and noun phrases
assets – активы, имущество
concern – обеспокоенность, проблема
definition – определение
economics – экономика
economy – экономика, хозяйство
econometrics – эконометрика
goods – товар, товары
scarcity – недостаток, нехватка, дефицит
wealth – богатство
welfare – благосостояние

Adjectives
comprehensive – всеобъемлющий, всесторонний, исчерпывающий
deprived – обездоленный, лишенный
scarce – недостаточный, скудный
vague – расплывчатый, неясный, неопределенный
vital – жизненно важный
well-off – обеспеченный, состоятельный

Verbs
assemble – собирать, созывать
compete – конкурировать
concern – касаться
be concerned with … – быть обеспокоенным
distribute – распределять
evaluate – оценивать
increase – увеличивать
trade for – обменивать на что-л.

I. Match the words with the definitions below.

Goods, scarcity, wealth, vital, to compete, to evaluate, to distribute, welfare.

1. Great amount of property, money, etc.; richness.
2. Condition of having good health, comfortable living and working conditions, etc.
3. To take part in a race, contest, examination.
4. Movable property; merchandise.
5. The state of being scarce or in short supply; shortage.
6. To give a share or a unit of (something) to each of a number of recipients.
7. Necessary for the success or continued existence of something; extremely important.
8. To form an idea of the amount, number, or value of; assess.

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

Verbs	***Adjectives***	***Nouns***
1.		economics
2. to compete		
3.	vital	
4.		concern
5. to distribute		

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

A. Concept, goods, item, scarcity, definition, vital, wealth.

B. Shortage, component, conception, richness, essential, determination, commodities.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
scarce	wealth
vital	people
limited	resources
deprived	goods
evaluate	use

assemble	definition
economic	welfare

V. Complete the sentences with the words below.

Economics, wealth, the concept, resources, scarcity, distribute, evaluate, economy.

1. … of welfare is concerned with the whole state of well-being.
2. … are limited, but our demand for them certainly is not.
3. She studied … at the London Business School.
4. The state's great mineral … is in coals of various kinds, petroleum, and natural gas.
5. The market situation is difficult to … .
6. A country's … is the organization of its wealth-producing commerce and industry.
7. The relief agency will … the food among several countries.
8. There is a great … of food in the drought-stricken areas.

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

Economics, society, to fill everyone's wants, limited resources, distribution, scarce, deprived, physical assets.

VII. Translate into English.

1. Одной из основных задач экономики является увеличение благосостояния общества.
2. Экономисты оценивают, как наилучшим образом использовать имеющиеся ресурсы.
3. Как только мы произвели товары и услуги, нам нужно решить, как их распределить.
4. В мире ограниченное количество ресурсов, их не хватает, чтобы удовлетворить возрастающие потребности людей.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. When did economics as a science appear?
2. What is economics? What are the three vital ingredients in the definition of economics?

3. What is the guiding idea in economics?
4. What is the alternative definition of economics?
5. What do the economist means by wealth?
6. What is the concept of welfare concerned with?

Text A. Economics as an Academic Discipline

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

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

This is rather too vague a definition. Any definition should take account of the guiding idea in economics which is scarcity. Virtually everything is scarce; not just diamonds or oil but also bread and water. How can we say this? The answer is that one only has to look around the world to realize that there are not enough resources to give people all they want. It is not only the very poor who feel deprived, even the relatively well-off seem to want more. Thus when we use the word 'scarcity' we mean that:

All resources are scarce in the sense that there are not enough to fill everyone's wants to the point of satiety. We therefore have limited resources both in rich countries and poor countries. The economist's job is to evaluate the choices that exist for the use of these resources. Thus we have another characteristic of economics: it is concerned with choice. Another aspect of the problem is people themselves; they do not just want more food or clothing, but specific items of clothing and so on.

We have now assembled the three vital ingredients in our definition, people, scarcity and choice. Thus we could define economics as: The human science which studies the relationship between scarce resources and the various uses which compete for these resources.

The great American economist Paul said that every economic society has to answer three fundamental questions, *What, How, and For whom*? *What?* What goods are to be produced with the scarce resource: clothes, food, cars, submarines, television sets? *How?* Given that we have basic resources of labour, land, how should we combine them to produce the goods and services which we want? *For whom?* Once we have produced goods and services we then have to decide how to distribute them among the people in the economy.

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

II. Choose the best option to the following statements.

1. The first major book on economics was published in … .
a) 1876;
b) 1776;
c) 1676.
2. The guiding idea in economics is … .
a) scarcity;
b) wealth;
c) production.
3. Economics as an academic discipline is relatively … .
a) boring;
b) new;
c) old.
4. The economist's job is to evaluate the choices that exist for the use of … .
a) machines;
b) resources;
c) workforce.
5. The concept of welfare is concerned with the whole state of … .
a) health;
b) law;
c) well-being.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about economics using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. When did the English word *economics* first appear?
2. What was early economic thought about?
3. Who were merchants? How did they see the economy?
4. When was modern economics born?
5. Why is Adam Smith often called the Father of Modem Economics?
6. How did the industrial revolution influence economics?
7. What is the difference between classical and neoclassical economics?

Text B. History of Economic Thought

Economic thought goes back thousands of years. The ancient Greek, Xenophon, used the word *oikonomikos* (from *oikos*, meaning *family*, *household*, *estate*, and *nomos*, for *usage*, *law*). He was talking about skilful or clever ways to manage land and households. We could call many of Aristotle's political writings *economics*, although he did not use the word. The English word *economics* first appeared in the 19th century – two and a half thousand years after Xenophon.

Early economic thought was all about the meaning of wealth or being rich. These early thinkers asked 'what makes a state or a country wealthy?' For nearly 2000 years, the answer was very simple: gold. A country or nation's wealth depended on its owning precious metals. This simple view of the economy remained until medieval times.

During medieval times – roughly the period between 1100 and 1500 AD, trading between nations grew, and a new social class appeared. These were merchants, people who made their money through the buying and selling of goods, and they began to write their own thoughts on the economy. They saw the economy as a way to make the state strong. For them, the nation's wealth depended on stocks of gold

and the size of the population. More people meant bigger armies and a stronger state.

These were still simple ideas. However, daily experience had also taught people many basic economic concepts. For example, they understood the importance of trade with other states. They realised that scarcity makes things more expensive and abundance makes them cheaper.

Modern economics was really born in the 19th century. At this time, thinkers like Adam Smith wrote down ideas that are still important today. Adam Smith is often called the *Father of Modem Economics*, although the science was called *political economy* then. Smith realised that a nation's wealth depended on its ability to produce goods. The value of these goods depended on the cost of production. The cost of production depended on the cost of workers, raw materials and land. This was really the first example of macroeconomics.

Smith and other classical economists were writing at a time of great change. The industrial revolution had begun. Paper money began to replace precious metals. The middle classes were growing stronger. Economists' theories echoed these changes. They wrote about the division of labour (each worker taking their part in the production process). They discussed the problems of population growth. They influenced thinking about social classes.

For classical economists, the value of goods depends on the cost of production. However, the price of goods is not always the same as their real cost. Later economists developed new theories to explain this weakness in classical economics. These are known as the *neoclassical* economists and they were writing at the end of the 19th and early 20th centuries.

In neoclassical economics, supply and demand make the economy work. In other words, the price of goods depends on how much people want them and how easily they can be found. Consumers want satisfaction from their resources (time and money). Firms want profit. In neoclassical economics, this is the basic relationship in the economy. These ideas are still the basis of economic thinking today.

II. Decide which of the following statements are correct.

1. Aristotle did not use the word *economics*, but he did write about economic ideas.

2. Early economists thought that a nation without gold was poor.

3. People in medieval times didn't understand anything about economics.

4. In classical economics, the value of something was measured in gold.

5. Economists later found a problem with the *classical* model.

6. In neoclassical economics supply and demand control price.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text deals with … . The author points out that … . It is pointed out that … . It should be noted that … . Attention is drawn to the fact that … . The author comes to the conclusion that … .

IV. Give a two-minute talk on the history of economic thought.

V. Translate from Russian into English.

Экономика и ее основные понятия

Экономика – это часть повседневной жизни людей. Люди принимают ежедневное участие в экономической деятельности, живут в экономической среде, постоянно используют термины, употребляемые экономистами (деньги, цены, заработная плата, доходы, расходы и др.). Жить вне экономики невозможно. Каждому из нас знакомо слово экономика, хотя разные люди вкладывают в него неодинаковое содержание. Сегодня многих может поставить в тупик вопрос, что такое экономика, так как экономика – настолько общее, емкое, многозначное понятие, что определить ее одной фразой не представляется возможным.

Если попытаться дать современное определение экономики одной фразой, то тогда экономика – это хозяйственная система, обеспечивающая удовлетворение потребностей людей и общества путем создания и использования необходимых жизненных благ.

Unit 2

MICROECONOMICS. MACROECONOMICS

VOCABULARY STUDY

Nouns and noun phrases

aggregate demand – совокупный спрос
aggregate supply – совокупное предложение
consumer – потребитель
costs – расходы, затраты
failure – неудача, ошибка
goods and services – товары и услуги
marketplace activity – рыночная деятельность
normative economics – нормативная экономическая теория (область экономической науки, связанная с оценочными суждениями относительно экономики; определяет постановку целей в экономической политике)
positive economics – позитивная экономическая теория (изучение того, что есть, а не того, что должно быть)
profit – прибыль, доход
unemployment – безработица
utilities – коммунальные услуги

Adjectives

descriptive – описательный
overall – общий, совокупный, суммарный
reliable – надежный
total (supply/costs/revenues) – общий (объем поставок/издержек/поступлений)

Verbs

collect (data) – собирать (данные)
deal with – иметь дело с чем-л., касаться чего-л.
earn – зарабатывать
interact – взаимодействовать
manage – управлять, руководить, контролировать

oversee – наблюдать
purchase – покупать
run business – вести дела, управлять бизнесом

I. Match the words with the definitions below.

Reliable, earn, unemployment, manage, costs, aggregate demand, utilities.

1. The amount of money needed for a business or to do a particular job.
2. Services that are used by the public, such as an electricity or gas supply or a train service.
3. Consistently good in quality or performance; able to be trusted.
4. To be responsible for controlling or organizing someone or something, especially a business or employees.
5. The total demand for goods and services within an economy.
6. To receive money as payment for work that you do.
7. The number of people without work; the state of being unemployed.

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

Verbs	***Adjectives***	***Nouns***
1. to purchase		
2.	descriptive	
3.		consumer
4. to interact		
5.	reliable	
6.		unemployment

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

A. Oversee, profit, total, manage, costs, earn, reliable.
B. Expenses, supervise, trustworthy, gain, run, earnings, entire.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
interact with	data
earn	supply

deal with	for a living
aggregate	information
run	unemployment
complete	business
rely on	money
collect	people
high	failure

V. Complete the sentences with the words below.

Unemployment, oversee, *earn, profit, consumers, costs.*

1. The problems of poverty, homelessness and … are all interconnected.
2. The estimated … of the building project are well over £1 million.
3. You should put the money in a savings account where it will … interest.
4. Many … make purchases on the Internet.
5. He was hired to … design and construction of the new facility.
6. Ten dollars was the only … the kids made at the lemonade stand, but they still enjoyed selling the juice.

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

Total costs, run business, positive economics, earn, goods and services, deal with, interact.

VII. Translate into English.

1. Микроэкономика изучает поведение отдельных экономических агентов: индивидуумов, домохозяйств, предприятий, владельцев первичных производственных ресурсов.
2. Макроэкономика исследует функционирование экономической системы в целом.
3. Объектом изучения макроэкономики являются национальный доход и общественный продукт, экономический рост, общий уровень занятости, совокупные потребительские расходы и сбережения, общий уровень цен и инфляция.
4. Совокупный спрос – макроэкономический показатель, спрос на конечные товары и услуги всех макроэкономических агентов в определенный промежуток времени и при определенных уровнях цен.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What is microeconomics? What is macroeconomics?
2. Macroeconomics deals with people, private businesses, large companies, doesn't it?
3. Are people essential part of the microeconomy? Why or why not?
4. Does microeconomics or macroeconomics show the interaction of a consumer and a producer in the marketplace?

Text A. What are Microeconomics and Macroeconomics?

Economists talk about *microeconomics* and *macroeconomics*. Microeconomics is the study of how individual participants in the economy interact with one another. Participants include consumers, firms, workers, savers, investors, and others. These participants interact in the marketplace. Consumers, for example, seek to purchase the goods and services that they need for the lowest possible price. Firms, on the other hand, seek to produce goods and services that generate the largest possible profits. Workers offer their services to employers and hope to earn the highest possible wage. And so it goes. Microeconomics examines these behaviors in some detail.

You are an important part of the microeconomy. Suppose you wake up one Saturday morning and decide to have breakfast with friends at Betty's Diner. You and your friends each order the breakfast combination – two eggs, bacon, pancakes, biscuits, and a pot of coffee for the table. From the consumer's perspective, the $5 per meal purchase was an excellent use of your money.

Let's take a look at the same marketplace activity from the "other side" of the market – from the perspective of Betty, the owner of the diner. In the microeconomy Betty represents the producer. Betty must calculate all of her costs in the production of the breakfast combination – the cost of the food, the wage of the waitress, the rent on the diner itself, and all costs for utilities such as electricity. To stay in business Betty has to earn a profit from the sale of her meals, and this can only be accomplished if her total revenues are greater than her total costs.

The simple act of buying a breakfast at Betty's Diner illustrates the microeconomy in action. That is, it shows the interaction of a consumer and a producer in the marketplace. Much of the study of microeconomics deals with decisions of buying, selling, or producing goods or services.

Macroeconomics is the study of how the overall economy functions. Major macroeconomics topics include changes in price levels in the economy, and increases or decreases in unemployment. Macroeconomics also deals with changes in aggregate supply (the total supply of goods and services produced in the economy) and aggregate demand (the total demand for goods and services). National policies to stabilize the economy and to promote economic growth are also central to the study of the macroeconomy.

So, to sum up, microeconomics deals with people and private businesses. It looks at the economic decisions people make every day. It examines how families manage their household budgets. Microeconomics also deals with companies – small or large – and how they run their business. Macroeconomics, on the other hand, looks at the economy of a country – and of the whole world. Any economist will tell you, though, that microeconomics and macroeconomics are closely related. All of your daily microeconomic decisions have an effect on the wider world around us.

II. Choose the best option to the following statements.

1. Consumers want to … the goods and services that they need for the lowest possible price.

a) sell;

b) exchange;

c) purchase.

2. A consumer is one that buys goods for consumption and not for the resale and commercial purpose.

a) manager;

b) wholesaler;

c) consumer.

3. Workers offer their … to employers and hope to earn the highest possible wage.

a) money;

b) services;

c) goods.

4. It was clear that the cities of the future would exert significant influence on … economic growth at national and regional levels.

a) overall;

b) reliable;

c) descriptive.

5. The Secretary-General needs more authority and flexibility to … the United Nations.

a) run;

b) manage;

c) deal with.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about microeconomics and macroeconomics using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. Why is it necessary to understand the difference between facts and opinions?

2. What economics studies economic data trying to explain the behaviour of the economy?

3. What does normative economics identify?

4. How do economists work?

5. What do economic models show? What are they used for?

Text B. Positive and Normative Economics

Economists, like other people, have opinions and biases that sometimes enter into their theories, their writing, their teaching, and their policy recommendations. In effect, they sometimes merge their facts with their opinions. To become a more critical reader, it is important that you understand the difference between facts and opinions. In the study of economics we do this by distinguishing between positive economics and normative economics.

Positive economics is concerned with reality, with “what there is”. Sometimes called descriptive economics, positive economics relies on

statements that can be tested or verified with data. An example of a positive statement is as follow: “In 1997 the Department of Commerce reported that 83,384 U.S. businesses had failed”. In this case, the truth of the statement can be tested using data collected by the Commerce Department – a reliable federal department that oversees business activity in the nation.

Normative economics presents a viewpoint on an economic issue or problem. In many instances normative economics identifies actions or policies that “should” or “should not” occur. A normative statement might also address the problem of business failures in the U.S. economy, but would do so with a viewpoint attached. For example, a normative statement would be: “The government should provide additional financial assistance to companies that are in danger of failing”. Note that in this normative statement the economist is offering an opinion about what “should” be done to reduce the problem of business failures in the United States.

So what do economists do? Mainly, they do three things: collect data, create economic models and formulate theories. Data collection can include facts and figures about almost anything, from birth rates to coffee production. Economic models show relationships between these different data. For example, the relationship between the money people earn and unemployment. From this information, economists try to make theories which explain why the economy works the way it does.

II. Decide which of the following statements are correct.

1. Economists never merge their facts with their opinions.
2. Sometimes positive economics is called descriptive economics.
3. Data collection can include facts and figures about a limited number of things.
4. Positive economists say, ‘we should …’, normative economists say ‘this is how it is’.
5. Economists mainly collect data, create economic models and formulate theories.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text is about … . It is shown that … . The fact that … is stressed. Of special interest is the author’s argument that … . The author concludes by saying that … .

IV. Give a two-minute talk on the two types of economists and their work.

V. Translate from Russian into English.

Различные уровни экономики

Уровни исследования экономики могут быть самыми различными. В зависимости от масштабов экономика подразделяется на микро- и макроэкономику. Микроэкономика освещает хозяйственную деятельность отдельных экономических субъектов (предприятий, фирм, потребителей, домохозяйств, наемных рабочих, предпринимателей, торговцев и т. д.), она помогает понять, почему на низшем уровне экономики принимаются те, а не иные решения. Макроэкономика описывает функционирование национальной экономики в целом, изучает экономические процессы на уровне общества (производство национального дохода, безработица, инфляция и др.) и дает рекомендации, что должно делать государство, чтобы общество процветало.

Кроме того, можно выделить мезоэкономику, исследующую поведение промежуточных систем или отраслей народного хозяйства (агропромышленный, военно-промышленный комплексы и т. д.), и супермакроэкономику, описывающую мировое хозяйство, мировую экономику в целом.

Каждый человек, каждая семья принимают разные экономические решения в соответствии с доходами и расходами, ведут личную семейную экономику. Сюда включаются жилье, домашнее хозяйство, личное имущество и др. Основные экономические процессы здесь – домашний труд, отдых, питание, воспитание детей.

Основу производственной экономики образуют предприятия (фирмы), которые производят товары и услуги.

Unit 3

ECONOMIC LAWS

VOCABULARY STUDY

Nouns and noun phrases

curve – кривая
demand – спрос
reasoning – обоснование, довод, логика, мышление
set – набор, комплект, совокупность
shift – переход, сдвиг, изменение
supply – предложение
taxes – налоги
the law of diminishing marginal utility – закон убывающей предельной полезности

Adjectives

available – доступный
confusing – запутанный, сбивающий с толку
equal – равный
exact – точный
impressive – впечатляющий
qualitative – качественный
quantitative – количественный
limited – ограниченный
obvious – очевидный
permanent – постоянный
sudden – внезапный

Verbs

admit – допускать, признавать
be endowed with – быть наделенным
falsify – фальсифицировать
fulfill – выполнять, отвечать (требованиям)
predict – предсказывать
retard – замедлять, сдерживать

I. Match the words with the definitions below.

Limited, supply, predict, permanent, obvious, taxes, exact, falsify.

1. Lasting for a long time or forever.
2. To change something, such as a document, in order to deceive people.
3. In great detail, or complete, correct, or true in every way.
4. To say that an event or action will happen in the future, especially as a result of knowledge or experience.
5. Small in amount or number.
6. Money paid to the government that is based on your income or the cost of goods or services you have bought.
7. Easy to see, recognize, or understand.
8. An amount of something that is available for use.

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

Verbs	*Adjectives*	*Nouns*
1. to predict		
2.	impressive	
3.		supply
4. to fulfill		
5.	available	

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

A. Exact, reasoning, equal, retard, admit, impressive, shift.
B. Dramatic, precise, move, accept, equitable, impede, thinking.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	*B*
permanent	data
temporary	curve
limited	job
fulfill	taxes
demand	solution
collect	requirements
exact	resources

V. Complete the sentences with the words below.

Supplies, set, curve, obvious, demand, limited, shift.

1. There is a lot of … for organic fruit and vegetables these days.
2. When you throw a ball, it follows a … back down to earth.
3. Gold is expensive because there is only a very … supply.
4. Extensive mining has reduced the … of coal in the area.
5. There has been a … in public opinion about the environment recently.
6. Prices have been … too high and nobody can afford the goods.
7. When it was … the company was going bankrupt, the government ordered all their assets to be frozen.

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

Set price, impressive results, equal opportunities, confusing data, sudden changes.

VII. Translate into English.

1. Каждый, кто получает зарплату, должен платить налоги государству.
2. Впечатляющее снижение цен на некоторые товары привлекло массу покупателей.
3. Законы спроса и предложения – фундаментальные экономические законы рыночной экономики.
4. Количественные данные позволяют увидеть общую картину. Качественные данные привносят детали и человеческий фактор в результаты опроса.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What are economic laws?
2. Economic laws are less exact as compared to the laws of natural sciences, aren't they? Why?
3. Are economic laws qualitative or quantitative?
4. What are other principles of economic laws?
5. Explain what the law of diminishing marginal utility states?

Text A. Nature of Economic Laws

Economics, like all other sciences, has drawn its own set of generalizations or laws. Economic laws are nothing more than careful conclusions and inferences drawn with the help of reasoning or by the aid of observation of human and physical-nature. In everyday life, we see man is always busy in satisfying his unlimited wants with limited means. In doing so, it acts upon certain principles. These principles or generalizations which an average man usually follows when he is engaged in economic activity are named **"*Economic Laws*".**

Laws of economics are less exact. The ***nature of economic laws*** is that they are less exact as compared to the laws of natural sciences like Physics, Chemistry, Astronomy, etc. An economist cannot predict with surety as to what will happen in future in the economic domain. He can only say as to what is likely to happen in the near future. The reasons as to why economic laws are not as exact as that of natural sciences are as follows. **First,** Natural sciences deal with matter which lifeless. While in economics, we are concerned with man who is endowed with a freedom of or he may act in whatever manner he likes. Nobody can predict with certainty his future actions. This element of uncertainty in human behavior results in making the laws of economics less exact than the laws of natural sciences. **Secondly,** in economics it is very difficult to collect factual data on which economic laws are to be based. Even if the data is collected it may change at any moment due to sudden changes in the tastes of the people or their attitudes. **Thirdly,** there are many unknown factors which can affect the expected course of action and thus can easily falsify the economic predictions. Dr. Marshall has devoted one chapter in his famous book "Principles of Economies" in discussing the nature of economic laws. He writes, that laws of economics are to be compared with the laws of tides rather than with the simple and the exact law of gravitation.

The reason for comparing the laws of economics with the laws of tides by Marshall is that the laws of tides are also not exact. The rise of tides cannot be accurately predicted. It can only be said that the tide is expected to rise at a certain time. It may or may not rise. Strong wind may change its direction to opposite side. They instead of rising may fall. So is the case with the laws of economics.

Economic laws are essentially hypothetical. They are true under certain given conditions. If these conditions are fulfilled, the conclusions drawn from them will be true and exact as those of the laws of physical sciences. From this statement that laws of economics

are hypothetical, we should not conclude that, they are useless or unreal. The hypothetical element is also there in the laws of physical sciences. Take for instance, the law of gravitation. It states that bodies tend to fall to the ground but the bodies may not fall immediately. Their fall may be retarded by atmospheric pressure. So is the case with the laws of Economics. Take for instance, the law of diminishing marginal utility. It states, other things beings equal, the additional benefit which a person derives from a given increase of his stock of a thing diminishes with every increase in the stock that he already has, but this may not happen.

The utility of an additional unit may increase due to a sudden change in fashions, tastes, etc. The only difference between the laws of economics and the laws of physical sciences is that the hypothetical element in the former is more permanent as compared to the later.

Economic laws qualitative or quantitative. Laws of economics are qualitative in nature. They are not exactly stated in quantitative terms. They tell the direction of change which is expected rather than the amount of change.

Applies on the average in normal conditions. Economic laws do not deal with any particular individual, firm, commodity etc. It takes an average economic unit and lays down its economic behavior.

Laws of economics are more exact than the laws of other social sciences. We do admit that the laws of economics are not 100% exact. They are, however, more exact than the laws of any other social science.

II. Choose the best option to the following statements.

1. The economic laws are less exact as compared … the laws of natural sciences.

a) on;
b) with;
c) to.

2. Natural sciences deal with matter which … .

a) lifeless;
b) living;
c) alive.

3. This element of uncertainty in human behavior … in making the laws of economics less exact than the laws of natural sciences.

a) ends;
b) deals;
c) results.

4. Factual data may change at any moment … sudden changes in the tastes of the people or their attitudes.

a) due to;

b) despite;

c) because.

5. Laws of economics are … in nature.

a) quantitative;

b) exact;

c) qualitative.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about the nature of economic laws using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is demand? What does the law of demand say?
2. Why does the law of demand work?
3. What is price elasticity? What is it used for?
4. What other things affect demand apart from price?

Text B. The Law of Demand

Economics can be often very confusing. Econometric formulas and impressive charts are sometimes impossible to understand. Thankfully though, some economic theories are completely obvious. One of these ideas is the *law of demand*. Economists are always disagreeing with each other, but the law of demand is the only thing they all agree on. They all agree on it because it makes sense even to non-economists like you and me.

Demand is how much of the same good or service people would like to buy. The law of demand says that demand for something falls as its price rises. Economists show this concept with the *demand curve*.

The reason why the law of demand works is quite obvious: the money we have is limited. If something becomes more expensive, we

will have less money available to spend on our other needs. If a product or service is not a necessity, we will decide to buy less of it.

Most rules have exceptions, but economists agree that there are very few exceptions to the law of demand. It even applies to basic necessities like water. When water becomes more expensive, people find ways to use less. When the government put higher taxes on petrol, people try not to use their cars so often. The fall in demand might be very small, but it is real.

So price has an effect on demand, but the strength of the effect varies. The strength of the price/demand relationship is called *price elasticity*. Economists use a simple econometric formula to measure price elasticity for a certain product in a particular market. This helps governments and companies set prices at the correct level for a particular time and plan price increases.

Don't forget, though, that other things affect demand apart from price. For example, during a very cold winter, demand for heating fuel like gas or coal will rise at any price. If the winter is unusually warm, then demand for fuel will fall. Economists say that these situations cause a shift in the demand curve. A rise or fall in people's incomes, fashion, climate and many other things can cause a general increase in demand at all prices.

II. Decide which of the following statements are correct.

1. The law of demand is easy to understand.
2. The law of demand says that when people want more of something, its price rises.
3. There are no exceptions to the law of demand.
4. Price elasticity shows how much prices change when demand changes.
5. There are many reasons why people decide to buy something, not only price.
6. A shift in demand changes the shape of the demand curve.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text is concerned with … . It should be noted that … . … are considered. It should be remembered that … . The fact that … is stressed. The author draws the following conclusion … .

IV. Give a two-minute talk on the relationship between demand and supply.

V. Translate from Russian into English.

Закон спроса

Характеризует изменение цены товара при изменении спроса на него (при неизменном уровне качества). Со снижением цены товара спрос на него повышается, а с повышением цены – наоборот, снижается, т. е. покупатель либо не имеет средств купить этот товар, либо он покупает товар-заменитель.

Закон спроса описывает поведение покупателей при изменении цены товара. Поведение продавцов (изготовителей) товара на рынке описывает закон предложения. Предложение – это тот аспект рыночных отношений, который отражает непосредственную взаимосвязь между рыночной ценой товара и его количеством, предлагаемым продавцом, изготовителем или посредником.

Закон предложения характеризует изменение цены товара при изменении его предложения на рынке. Если цены повышаются, то на рынок будет поступать больше товаров данного наименования, рынок стимулирует увеличение объема предложения, продавцам (изготовителям) выгодно повышать объем продаж (объем производства). И наоборот: если цена на данный товар на рынке будет снижаться (под воздействием рыночных механизмов, а не продавцов), то продавцам становится невыгодно предлагать данный товар на таком рынке и его предложение будет сокращаться.

Unit 4

TRADITIONAL, MARKET, PLANNED, MIXED ECONOMIES

VOCABULARY STUDY

Nouns and noun phrases
accomodation – жилье
benefit – преимущество, выгода, прибыль
coin – монета
commodity – товар
competition – конкуренция
crop – урожай, культура
drawback – недостаток
drought – засуха
enterprise – предприятие
incentive – стимул
manufacturer – производитель
share – доля (*например, рынка*), акция
stalls – прилавки (*на рынке*), палатки
subsistence (level) – прожиточный минимум
surplus – избыток, излишек
survival – выживание, существование
tribe – племя

Adjectives
efficient – эффективный, действенный
market economy – рыночная экономика
mixed economy – смешанная экономика
planned economy – плановая экономика
primary industries – добывающие отрасли
state-run – государственный
warning – предупреждающий

Verbs
afford – позволять
ban – запрещать

compete – конкурировать
hoard – накапливать
indicate – указывать, означать
raise – повышать, собирать (*например, деньги*)
set limits – установить ограничения
supply – поставлять, снабжать

I. Match the words with the definitions below.

Indicate, warning system, commodity, tribe, compete, efficient, drought, survival.

1. Something you can buy or sell.
2. A group of people, often of related families, who live together, sharing the same language, culture, and history, especially those who do not live in towns or cities.
3. To show, point, or make clear in another way.
4. Using resources such as time, materials, or energy well without wasting any.
5. To try to be more successful than someone or something else.
6. The state of continuing to exist, and not to fail or be destroyed.
7. A system which tells us that something bad is going to happen.
8. A long period when there is little or no rain.

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

Verbs	***Adjectives***	***Nouns***
1. to compete		
2.	efficient	
3.		benefit
4. to afford		
5.	warning	

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

A. Incentive, indicate, commodity, efficient, drawback, afford, accomodation.

B. Effective, housing, motivation, denote, bear, goods, disadvantage.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
free	trade
primary	basic commodities
set	economy
raw	industries
mixed	prices
ban	things
afford	materials
hoard	enterprise

V. Complete the sentences with the words below.

Incentive, competition, reduce, advertise, manufacturers, ban, efficiently, raise.

1. Businesses … their products in the media to attract more customers.
2. If there's only one producer in the market, there's no … .
3. When the government puts a … on a commodity, people are not allowed to buy or own it.
4. When there is a demand we … prices but we … them if we want to sell something quickly.
5. Making money is the main … to work.
6. When a business works …, it runs successfully without wasting resources.
7. … produce new goods from raw materials.

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

Competition, afford, reduce costs, subsistence level, set limits, state-run, incentive.

VII. Translate into English.

1. Традиционная экономика характерна для первобытного общества, однако продолжает сохраняться и сейчас в сельскохозяйственных зонах южной Америки, Азии, Африки и других регионах Земли.

2. Товарный излишек возможен и в плановой, и в рыночной экономике.

3. Модель рыночной экономики не существует в чистом виде, поскольку общество и правительство регулируют экономику в разной степени.

4. Чтобы эффективно конкурировать на международном рынке, африканским странам необходима надежная инфраструктура.

5. В типичной развивающейся стране масштабы производства и доходы большинства фермеров таковы, что едва превышают прожиточный минимум.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What is the traditional economy?
2. What does life of subsistence mean?
3. What are the characteristics of the traditional economy? What are its benefits and drawbacks?
4. Who controls a market economy?
5. What do companies want?
6. Why is competition a good thing?
7. Why does technology exist in the market economy?
8. Why are there no true market economies in the world today?

Text A. The Traditional and Market Economy

It's hard to imagine our lives without coins, banknotes and credit cards. Yet for most of human history people lived without money. For thousands of years human societies had very simple economies. There were no shops, markets or traders. There were no employers, paid workers or salaries. Today, we call this kind of economy the *traditional economy*, and in some parts of Asia, South America and Africa this system still exists.

People who live in a traditional economy don't have money because they don't need it. They live lives of subsistence. That means they hunt, gather or grow only enough food to live. There is almost no surplus in the traditional economy, and there is almost no property. Families may own simple accommodation, but land is shared by all the tribe. Economic decisions are taken according to the customs of the

tribe. For example, every family may need to give some of the crops they grow to the tribal leader, but keep the rest for themselves. They don't do this because it makes economic sense. They do it because the tribe has always done it. It's simply a custom.

Custom, also, decides what jobs people do in the traditional economy. People generally do the jobs that their parents and grandparents did before them. Anyway, there aren't many jobs to choose from in the traditional economy. Men are hunters, farmers or both. The woman's place is at home looking after children, cooking and home-making. This division of labour between men and women is another characteristic of the traditional economy. Whatever the work is, and whoever does it, you can be sure it's hard work. This is because traditional economies have almost no technology. Physical strength and knowledge of the environment are the tools for survival.

Like any other economic system, the traditional economy has its benefits and drawbacks. Probably the biggest benefit is that these are peaceful societies. People consume almost everything they produce and own practically nothing. They are equally poor. For all these reasons, war is almost unknown in these societies.

However, people who live in traditional societies are among the poorest people in the world. Because custom decides what people do, nothing in these societies ever changes. Because there is no technology, people depend on nature to survive. They have no protection from environmental disasters like droughts and floods. They are always in danger of hunger and disease. But the traditional economy is in danger itself. There are only a few examples left on the planet. In 100 years from now, it may have disappeared forever.

The *market economy* is sometimes called the *free market*. A free market is not controlled in any way by a government. It is also free from the influence of custom or tradition. In a free market, the only reason why things are bought and sold is because there is a demand for them. Prices for goods and services are simply what people are prepared to pay. The market economy is not really controlled by anyone. It controls itself.

The street market has many of the characteristics of the free market. Customers arrive at the market with a shopping list of things they need. They also come with an idea of how much they are prepared to pay. Stall owners sell what customers demand, and try to get the highest price they can for it. Supply and demand control what is on the

market and how much it sells for. In the wider economy, we are all customers, and the stall owners are like companies.

The role of the company in the free market is to supply what people want. However, companies need an incentive. The incentive is profit. There are two ways for companies to make a profit. The first way is to raise their prices. The second way is to reduce their production costs. And this brings us to two more features of the market economy: *competition* and *technology*.

Competition exists in a free market because, theoretically, anyone can be a producer. This means that companies have to compete with each other for a share of the market. Competition is good for consumers because it helps to control prices and quality. If customers aren't happy with a product or service, or if they can't afford it, they will go to a competitor.

Technology exists in a free market because producers need ways to reduce their costs. They cannot buy cheaper raw materials. Instead, they must make better use of time and labour. Technology is the use of tools and machines to do jobs in a better way. This helps companies produce more goods in less time and with less effort. The result: more profit.

People often think that most economies are free markets. However, at the macroeconomic level, a truly free market economy does not exist anywhere in the world. This is because all governments set limits in order to control the economy. Some governments set many limits, other governments set very few, but they all set some. For this reason, a true market economy is only theoretical. Nevertheless, many of the features of the market economy do exist in most societies today.

II. Choose the best option to the following statements.

1. People who live in a … economy don't have money because they don't need it.

a) market;

b) traditional;

c) free.

2. Because there is no technology, people depend … nature to survive.

a) in;

b) from;

c) on.

3. Many African countries suffer from regular … when no rain falls for months.

a) floods;

b) droughts;

c) hurricanes.

4. Producers must … better use of time and labour.

a) make;

b) take;

c) do.

5. All governments … limits in order to control the economy.

a) set;

b) take;

c) bring.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about the traditional and market economies using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is a planned economy?
2. What problems of market economies do you know? How do planned economies solve these problems?
3. What are the drawbacks of the planned economy?
4. What do most economists believe about economies in the world today?
5. Why do governments choose to run some industries?
6. What is deregulation? Why do governments deregulate some industries?
7. What kind of deregulation isn't popular with the public?
8. Why do governments want to prevent monopolies?

Text B. The Planned and Mixed Economy

In many ways, the *planned economy* is the direct opposite of the market economy. In the market economy, the forces of supply and

demand decide everything: what is produced, how much is produced, the methods of production and the price. In the planned economy, all of this is decided by the government. In every way that the market economy is *free*, the planned economy is *controlled*.

Unfortunately, no economic system is perfect. Market economies have their strengths, but they have their problems, too. Planned economies try to provide solutions to these problems. For example, the free market supplies the things that people want. However, what people want and what they need are not always the same: fast food is always in demand, but it's bad for us. In a planned economy, the government could decide to stop fast food restaurants operating in the market.

A second problem with free markets is that producers always want the highest price. Often the poor can't afford things. In a planned economy, the government sets prices. They make sure that everyone can afford basic commodities. This is one way that planned economies try to share things equally. Another is to control how much people get paid.

In a planned economy, workers' wages depend on the service they provide to society. If people can live without their service, you get paid less. This is very different from the free market. In the free market, someone's salary mostly depends on the demand for his or her work. If people like what you do, you get paid more.

Before 1900, there were few examples of planned economies. During the 20th century, however, the planned economy became the standard for socialist governments like the USSR and China. These countries experienced amazing economic growth in a very short time. In a market economy, it takes a long time for big industries to grow from small companies. In a planned economy, however, huge industries can grow overnight. The government simply decides to spend money on factories and factories appear. Britain, for example, took centuries to develop her steel industry in a free market economy. China developed hers in a few decades.

But, as we said, no economic system is perfect. The planned economy has many drawbacks. One of these drawbacks is problems with supply. It is difficult for governments of planned economies to know exactly how much to produce to meet demand. In a market economy, when the price of a commodity rises, this indicates a rise in demand. Companies then supply more to the market. This warning system doesn't work in a planned economy because price is controlled by the government. The result is shortages.

When shortages happen, governments can do two things: ration goods or raise prices. In this situation, people then start to hoard things, and the problem gets even worse. As the population gets bigger, shortages like this become more common. For this reason, China – once the world's biggest planned economy – is rapidly moving towards another system: the *mixed economy*.

Most economists would say that there are no examples in the world today of a completely free market or a completely controlled economy. Instead, every country operates a mixture of the two systems. Even in the freest economies, like the USA, there is some government control; even in the strictest planned economy there is some free enterprise.

Economies mix government control and free market values in different ways. One way is to let privately owned businesses exist alongside state run industries. The economy becomes divided between the state sector and the private sector. The state sector often includes industries that the government thinks are important and need protection from the risks of the free market. These could include public transport, hospitals, schools and the postal service. The state sector can also include large industries that are important for a country's economic health, such as oil, steel or agriculture. These are sometimes called *primary industries* because they provide basic materials to manufacturers.

These state sector industries use money that the government collects in taxes. Often, they do not need to compete with other companies because no other company is allowed to provide the same product or service. However, many countries have recently started a process called *deregulation*.

Deregulation means reorganization of the economic structure within which private businesses are allowed to compete with state-run industries. The state sector should then run more efficiently in order to compete in the free market and because it now has less government protection.

Deregulation of services like telecommunications, transport and banking has happened in many countries in recent years. People have generally accepted these changes. However, generally the public is less happy when governments start talking about deregulation in education and health services. Many people feel that profit motivation will harm these services rather than improve them.

Another way in which economies today are mixed is that governments put limits on free enterprise. For example, governments may decide to ban trade in certain goods if they are dangerous. They may also create laws to make sure companies trade honestly or to prevent *monopolies*. If a company has a monopoly, normal market forces do not affect it. This is bad for consumers and the economy in general. Governments may also regulate methods of production. They do this to guarantee that products are safe for consumers and to protect the environment.

Many economists would argue that the mixed economy is the best system for consumers. This is because consumers have two ways to control the economy: by choosing to buy a company's goods or services and by choosing to give political parties their votes.

II. Decide which of the following statements are correct.

1. In a planned economy, the government decides how products are made.
2. In a planned economy, suppliers can sell anything that is in demand.
3. In a planned economy, a doctor should get paid more than a footballer.
4. Planned economies grow more slowly than market economies.
5. Most economists would agree that there are no examples in the world today of a mixed economy.
6. Primary industries provide rare materials to manufacturers.
7. Deregulation means freeing up the economy to allow private businesses to compete with state-run industries.
8. Governments may regulate methods of production to guarantee that products are safe for consumers and to protect the environment.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

As the title implies the article describes … . The text is devoted to … . The importance of … is stressed. There is no doubt that … . It is reported … . It should be noted that … .

IV. Give a four-minute talk on the advantages and disadvantages of a planned and a mixed economies.

V. Translate from Russian into English.

Смешанная экономическая система

Смешанная экономическая система – способ организации экономической жизни, при котором земля и капитал находятся в частной собственности, а распределение ресурсов осуществляется как рынками, так и при значительном участии государства.

Возникновение этой системы обусловлено тем, что рыночная экономическая система, несмотря на свою эффективность, не справляется с выполнением некоторых задач, необходимых обществу (например, содержание армии, регулирование законодательства и др). Государство может смягчить негативные последствия деятельности рыночных механизмов (уменьшить слишком большие различия в уровне благосостояния граждан, ущерб для окружающей среды от деятельности коммерческих фирм и т. д.).

Смешанная экономическая система включает в себя элементы рыночной экономики: частную собственность, рынки ресурсов и товаров, частную хозяйственную инициативу. Государство же выполняет функции перераспределения доходов и ресурсов, создания общественных благ, ослабления внешних эффектов.

Основой смешанной экономической системы является частная собственность, но наряду с частным сектором существует достаточно крупный государственный сектор. В него входят предприятия, капитал которых полностью или частично принадлежит государству, но которое не осуществляет в отношении их директивного планирования, а сами предприятия функционируют по законам рынка.

Главные экономические вопросы в рамках смешанной системы в основном решаются рынками, которые и распределяют преобладающую часть экономических ресурсов. Вместе с тем часть их централизуется и распределяется государством в целях компенсации провалов рыночных механизмов.

Unit 5

MARKET STRUCTURE AND COMPETITION. MONOPOLIES

VOCABULARY STUDY

Nouns and noun phrases

bottom line – самое главное, существенное, важное

economy of scale – экономия на масштабе, эффект масштаба производства

equilibrium point – точка равновесия

market share – доля рынка

perfect competition – совершенная конкуренция

price maker – компания, устанавливающая цены на рынке

price takers – соглашающийся с ценой

pure monopoly – чистая монополия

scale – шкала; масштаб

substitute – товар-аналог, заменитель

takeover – поглощение одной компанией другой компании

Adjectives

complete – полный, всесторонний

identical – идентичный

legal – правовой, юридический, законный

particular – конкретный, отдельный, особенный

Verbs

affect – оказывать влияние (*часто негативное*)

block – мешать, препятствовать

cover costs – покрывать расходы

push prices – повышать цены

set prices – формировать цены

I. Match the words with the definitions below.

Bottom line, complete, affect, substitute, price maker, takeover, particular.

1. To produce an effect upon.
2. A person or thing that takes the place or function of another.
3. Distinctive among other examples or cases of the same general category; notably unusual.
4. An act of assuming control of something, especially the buying out of one company by another.
5. The fundamental and most important factor.
6. Having all necessary parts, elements, or steps; total.
7. A monopolistic company that can dictate the prices of its goods because there are no substitutes for it.

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

Verbs	*Adjectives*	*Nouns*
1.		takeover
2.	complete	
3. to affect		
4.	identical	
5.		substitute

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

A. Legal, block, bottom line, complete, scale, takeover, equilibrium.

B. Stop, balance, legitimate, essence, range, absolute, appropriation.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
cover	takers
set	information
price	takeover
bottom	costs
equilibrium	monopoly
complete	line
pure	point
vertical	price

V. Complete the sentences with the words below.

Price maker, equilibrium, takeover, market share, substitute, affect.

1. When one company gains control of another company it is called a … .
2. McDonald's has a very big … of the fast food market.
3. The … point is where two things are balanced against each other.
4. A company which has a much larger share than any other can … price.
5. Honey is a healthier … for sugar to make things sweet.
6. … is a company with the power to set prices in the market.

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

Economy of scale, takeover, bottom line, perfect competition, legal, push prices, complete.

VII. Translate into English.

1. Естественная монополия – это вид монополии, занимающий привилегированное положение на рынке в силу технологических особенностей производства (эксклюзивное владение ресурсами, крайне высокая стоимость).
2. Экономия на масштабе позволяет производителю предлагать свою продукцию по более конкурентоспособным ценам и таким образом захватывать большую долю рынка.
3. По данным за 2019 год, компании Google, Facebook и Amazon занимают 70% рынка цифровой рекламы в США.
4. Горизонтальное слияние компаний – объединение двух и более компаний, предлагающих одну и ту же продукцию, в одну.
5. Организация намерена *покрывать расходы* по исследованию и развитию данной инициативы.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What is market structure? Why is it important?
2. Does a market with perfect competition exist anywhere in the world? What is needed for it to exist?

3. What will happen if one company has a much larger share than any other?

4. Why should customers and companies have perfect and complete information about the products?

5. Who are price takers?

Text A. Market Structure and Competition

When economists talk about *market structure* they mean the way companies compete with each other in a particular market. Let's take the market for pizzas, for example. There may be many thousands of small companies all trying to win a share of the pizza market, or there may be only one huge company that supplies all the pizzas. These are two very different market structures, but there are many other possible structures. Market structure is important because it affects price. In some market structures, companies have more control over price. In other market structures, consumers have more control over price.

You can think of market structure as a kind of scale. At one end of the scale is *perfect competition* and at the other end is *pure monopoly*. In a market with perfect competition, there are many companies supplying the same good or service, but none of them are able to control the price. This sounds fine, but in reality it is very difficult for such a market structure to exist. What's needed?

First of all, there must be many small companies competing. Each company has its own small share of the market. If one company has a much larger share than any other, it can affect price, and perfect competition will no longer exist.

Secondly, products or services from different companies must be the same. This doesn't mean that everything on the market has to be identical, but they have to be perfect substitutes. In other words, one company's product must satisfy the same need as another company's. Imagine a company produces a television that also makes tea. Its product is different from everyone else's. If it chooses to raise the price of its TVs, customers may still want to buy them because of this difference.

Thirdly, customers and companies must have perfect and complete information. This means that they know everything about the products and prices on the market and that this information is correct.

Fourthly, there mustn't be any barriers to new companies entering the market. In other words there must not be anything that helps one company stay in the market and blocks others from trading.

Finally, every company in the market must have the same access to the resources and technology they need.

If all of these conditions are met, there is perfect competition. In this kind of market structure, companies are *price takers*. This is because the laws of supply and demand set the price, not the company. How does this work? Very simply! An increase in demand will make a company increase its price in order to cover costs. It might try to push its prices even higher than necessary so that it can make more profit. However, it will not be able to do this for very long. The increase in demand and the higher price will make other companies want to enter the market, too. This will drive the price back down to *equilibrium*.

II. Choose the best option to the following statements.

1. At one end of the scale is perfect competition and at the other end is … .

a) legal monopoly;

b) pure monopoly;

c) takeover.

2. There must be … competing in a market for perfect competition to exist.

a) many small companies;

b) only two companies;

c) a limited number of companies.

3. Products or services from different companies must be the same. This means that everything on the market has to be … .

a) indistinguishable;

b) identical;

c) a perfect substitute.

4. Customers and companies … have perfect and complete information.

a) shouldn't;

b) mustn't;

c) must.

5. Every company in the market must have the … access to the resources and technology they need.

a) same;

b) restricted;

c) different.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about the phenomenon of perfect competition using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is a monopoly? Do you think monopolies have advantages as well as disadvantages?
2. Is it easy for a company to create an economy of scale?
3. What is the difference between a vertical and a horizontal takeover?
4. Why are some monopolies called legal ones?
5. Are monopolies good for consumers? Why or why not?

Text B. Monopolies

In a monopoly, one company has a much larger market share than any other company. In fact, their share is so big that other companies cannot really compete. When there is a monopoly, the normal laws of supply and demand do not always work. Monopolies come in different kinds, but a *pure monopoly* is when there is only one company in the market providing a particular product or service. This situation, in fact, is the exact opposite of *perfect competition*. How do pure monopolies happen?

Some monopolies occur naturally. This happens when a company manages to create an *economy of scale*. An economy of scale is when variable costs of production increase more slowly than increases in supply. Every company would like to be in this situation. Unfortunately, it's not easy to achieve. Economies of scale are possible for companies which need a lot of money to set up but much less money to run. A telephone company is a good example. Telephone companies have to spend millions of pounds laying cables. However, once they have made the network, running the system does not cost so much. Any other company that wants to compete will have to make their own network. Not surprisingly, not many bother!

However, the world of business is a jungle, and there are more aggressive ways to create a monopoly. One of these is by making *takeovers*.

This means that a more powerful company buys a smaller one in the same industry. Takeovers happen vertically or horizontally. In a *vertical takeover*, a company buys companies that supply it with materials or services. For example, a publishing company might buy a printing business. In a *horizontal takeover*, a company buys its competitors. The competitors then become part of the first company.

One final way a monopoly occurs is for the government to make it happen. This is called a *legal monopoly*, but not because other monopolies are illegal! It is called a legal monopoly because it is created by law. The government may decide that a competitive market is not good for a certain industry. In this case, it can make one company the only legal supplier. Sometimes, it provides the service itself. This is called a *state monopoly*. The postal service in many countries is an example of a state monopoly.

Generally, monopolies are not good for consumers. This is because in a monopoly, the laws of supply and demand do not work in the same way. A company with a monopoly becomes a *price maker*. They have much more power to set the price for their product or service. Also, they don't usually spend money on innovation because they don't need to. The bottom line, as they say, is that monopolies mean less choice for consumers.

II. Decide which of the following statements are correct.

1. Pure monopoly is the exact opposite of perfect competition.
2. Natural monopoly is when a monopoly occurs due to economies of scale.
3. In a horizontal takeover, a company buys companies that supply it with materials or services.
4. Legal monopoly is when a monopoly occurs due to government control.
5. Monopolies are good for consumers because they usually spend money on innovation.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text deals with … . The text gives a valuable information on … . Attention is drawn to the fact that … . … are discussed. Underlined is the conclusion that … .

IV. Give a four-minute talk on the types of monopolies.

V. Translate from Russian into English.

Совершенная конкуренция

Рынок свободной конкуренции характеризуется следующими признаками.

1. Большое количество продавцов и потребителей. При этом ни одна из групп не способна существенно повлиять на рыночные процессы и прежде всего на цены.

2. Всеми продавцами предлагаются для продажи одинаковые по своим свойствам товары и услуги. Подобные товары называются стандартизированными. Они не имеют индивидуальных характеристик, особых товарных марок и знаков. Такая однородность товаров устраняет возможность ценовой конкуренции, которая основана на различиях в качестве продукции и рекламе.

3. Все продавцы и покупатели рынка обладают полным объемом достоверной информации о ценах, видах продукции и услуг, спросе и предложении на них.

4. Все фирмы в отрасли действуют независимо друг от друга. Это означает, что совершенно конкурентные продавцы не объединяются для установления соглашения о цене или о совокупном объеме предложения.

5. Покупатели и продавцы могут свободно входить на рынок и покидать его по своему усмотрению без каких-либо законодательных, финансовых, технологических ограничений или барьеров.

Таким образом, главным в рынке совершенной конкуренции является то, что цена практически не зависит от желаний и действий отдельных субъектов, она устанавливается под воздействием спроса и предложения.

Unit 6

THE LABOUR MARKET. SUPPLY OF LABOUR

VOCABULARY STUDY

Nouns and noun phrases
commodity – сырье, товар, продукт
fall – спад
income effect – эффект дохода
rate – показатель, уровень, ставка
labour market – рынок труда
leisure – досуг, отдых, свободное время
opportunity cost – издержки упущенных возможностей
output – объем выпуска, выпуск (продукции)
productivity – производительность
purchase – покупка
shift – изменение, смена, переход, сдвиг
staff – персонал, сотрудники, кадры
substitution effect – эффект замещения
trade-off – обмен, компромисс, уступка
wage rate – ставка зарплаты
utility – полезность

Adjectives
elastic – эластичный
hourly – почасовой
overall – общий, совокупный, суммарный

Verbs
afford – позволять себе
give up – отказываться от, бросать
obey – подчиняться
switch off – *зд.* отвлекаться (от работы)
take on – выполнять, браться за

I. Match the words with the definitions below.

Utility, income effect, output, take on, hourly, leisure, give up, labour market.

1. The amount of something produced by a person, machine, or industry.
2. Done or occurring every hour.
3. To stop doing something that you do regularly.
4. To accept some work or responsibility.
5. The availability of employment and labour, in terms of supply and demand.
6. The state of being useful, profitable, or beneficial.
7. Activities that you do to relax or enjoy yourself.
8. The effect on real income when price changes.

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

Verbs	***Adjectives***	***Nouns***
1. to obey		
2.		purchase
3.	elastic	
4. to afford		
5.		utility

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

A. Trade-off, leisure, switch off, commodity, afford, overall, staff.

B. Product, keep one's mind off, personnel, agreement, let yourself, recreation, complete.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
take on	labour supply
overall	the privileges
give up	of pay
elastic	responsibility
substitution	strategy
rates	cost

opportunity	rate
wage	effect

V. Complete the sentences with the words below.

Elastic, hourly, substitution effect, productivity, recreation, wage rate, obey.

1. This study revealed that women earn less on an … basis than their male counterparts.
2. The urban population also seeks opportunities for … in the nature and rural areas.
3. Data indicate that … increases when people work in groups or teams.
4. By law, an employment contract is made in writing and must set out the working time and … .
5. … demand is when price or other factors have a big effect on the quantity consumers want to buy.
6. However, for specific products this … may be significant.
7. Even the queen must … this law.

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

Utility, hourly, labour market, give up, leisure, afford, wage rate.

VII. Translate into English.

1. В странах с низкими доходами существует значительный избыток женской *рабочей силы*, что делает весьма *эластичным* предложение *рабочей силы*.
2. В этих случаях приходилось находить надлежащих экспертов, которые могли бы *взять на* себя данную роль.
3. *Эффект замещения* был более выраженным в таких товарных группах, как продовольствие, алкогольные напитки и табачные изделия, товары длительного пользования и прочие товары.
4. Считалось, что такой *сдвиг* был связан с долгосрочным циклом экономического роста и индустриализации в развивающихся странах, в частности в Азии.
5. Если вы работаете в этой стране, вы должны *подчиняться закону*.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. How is the labour market just like any other market?
2. What utility do companies get from their purchase of labour?
3. What are the ways for companies to increase output?
4. What is supply and demand in the labour market?
5. What can shifts in demand cause?
6. Does workers' productivity affect demand for labour?

Text A. The Labour Market

In many ways the relationship between employers and workers is similar to the relationship between consumers and producers: workers offer a service (the labour they provide), employers buy that service at a price they can afford (the wages they pay). As you can see, it's a kind of market. In economics, it's called the *labour market.*

In any market for products and services, consumers try to get the maximum utility, or satisfaction, from their purchase. This is the same in the labour market. What do companies want from their purchase of labour? What utility do they get? The answer is increased *output.* Output is how much of the product or service the company produces. If there is an increase in demand for their product, they will need to increase output. One way to do this (but not the only way) is to take on more staff. Another is to ask staff they already have to work more hours. In both cases, the company is buying more labour.

Just like any other market, the labour market obeys the laws of supply and demand. The demand is the employers' need for labour. Supply is the labour workers provide. Just like any other commodity, there is a relationship between price and demand. As the price of labour increases, the demand decreases.

The suppliers in the labour market are workers. Just like suppliers in other markets, they want a higher price for greater supply. In other words, as supply of labour increases, they want higher wages. The wage that workers get for their labour is a compromise between what they want and what companies will pay.

However, there can be shifts in demand. These shifts can cause the overall demand for labour to increase or decrease at any wage rate. For example, if there is an increase in the demand for the end product

or service, there will be an overall increase in demand for labour. However, if new technology can replace workers, then there will be an overall decrease in demand for labour.

One more thing which affects demand for labour is workers' productivity. The productivity of a worker is how much they produce in a certain time. For example, imagine that a worker makes ten pencils an hour one day, and only eight pencils an hour the next day. This is a fall in productivity. When worker productivity falls, companies will pay less for labour. They are also less likely to employ new workers.

II. Choose the best option to the following statements.

1. In any market for products and services, consumers try to get the maximum utility, or …, from their purchase.

a) wage rate;
b) productivity;
c) satisfaction.

2. As the price of labour increases, the … decreases.

a) demand;
b) salary;
c) supply.

3. The wage that workers get for their labour is a … between what they want and what companies will pay.

a) compromise;
b) necessity;
c) output.

4. These shifts can cause the … demand for labour to increase or decrease at any wage rate.

a) hourly;
b) overall;
c) elastic.

5. When worker productivity falls, companies will pay … for labour.

a) more;
b) less;
c) no money.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about the labour market using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is one of the trade-offs people have to make in life?
2. What affects the supply of labour?
3. What is the income effect and the substitution effect?
4. What motivates people to work?
5. Explain the difference between elastic and inelastic labour supply.

Text B. Supply of Labour

Why do people work? To make money, of course. However, nothing in economics is ever that simple. The economist will ask a further question: how much are people prepared to work? The answer to this question is much more complex. Finding the right balance between work time and leisure time is one of the trade-offs we have to make in life. The balance each person chooses depends on a number of things.

First of all, there are natural limits. There are only 24 hours in a day, and we can't spend all of them working. Most people need eight hours sleep. That brings the number of hours we can spend on work or leisure down to 16. None of us are robots, so we all need some time to rest and switch off from work. This also brings down the possible number of working hours.

Then, of course, money plays a role. The way money influences working hours, though, is quite complicated. It can be separated into two effects: the *income effect* and the *substitution effect.*

The income effect works like this: people's time is a resource. If they give up that resource for work, they need compensation. This is usually in the form of a wage for hours worked. The more compensation they get for each hour worked, the less they will need to work. People with higher rates of pay (wages) can afford to have more leisure time than people on lower rates of pay.

So far, so good. However, are people happy just sitting at home and enjoying themselves? It depends on what they'll lose. In other words, it depends on the *opportunity cost* of not working. As the hourly

rate for work increases, the cost of not working also increases. This means that as the wage rate increases, people want to work more hours. This is called the substitution effect. But the substitution effect also has a limit. Eventually, people will not work more hours, no matter how good the compensation is.

A good wage rate clearly attracts more workers, and encourages them to work longer hours. However, the strength of this relationship depends on how *elastic* the labour supply is. Sometimes it is difficult for companies to find a certain kind of worker. Perhaps there are not many people with the necessary skills. Or perhaps the company is in a place where there are not many available workers. In these situations, even if employers double the wage rate, they will only attract a small number of extra workers. The labour supply is *inelastic.* In the opposite situation, when it is easy for companies to find workers, the labour supply becomes elastic.

II. Decide which of the following statements are correct.

1. People generally spend equal amounts of time on work and leisure.
2. Everyone works about 16 hours.
3. Earning a good wage allows you to spend less time working.
4. Some people get paid in their leisure time.
5. If your wage is good, you will want to work more.
6. Sometimes it's hard to attract workers.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text is about … . It gives a detailed analysis of … . It draws our attention to … . It is specially noted that … . The author concludes by saying that … .

IV. Give a two-minute talk on the factors which influence the supply of labour.

V. Translate from Russian into English.

Функции рынка труда

Функции рынка труда определяются ролью труда в жизни общества. С экономической точки зрения труд – важнейший

производственный ресурс. В соответствии с этим выделяют две главные функции рынка труда:

Социальная функция заключается в обеспечении нормального уровня доходов и благосостояния людей, нормального уровня воспроизводства производственных способностей работников.

Экономическая функция рынка труда заключается в рациональном вовлечении, распределении, регулировании и использовании труда.

Спрос на рабочую силу определяется потребностями работодателей в найме определенного количества работников необходимой квалификации для производства товаров и услуг. Спрос на рынке труда формируется под влиянием следующих факторов: 1) структуры общественного производства; 2) уровня развития и масштабов структуры общественного производства; 3) доминирующих форм общественного производства; 4) объемов общественного производства; 5) уровня научно-технического развития; 6) темпов роста и развития национальной экономики.

Предложение труда определяется численностью населения, долей в нем трудоспособного населения, средним числом часов, отработанных рабочим за год, качеством труда и квалификацией рабочих. Предложение на рынке труда формируется под влиянием следующих основных факторов: 1) среднего уровня оплаты труда; 2) количества населения и в целом демографической ситуации; 3) профессиональной структуры рынка труда (заключается в переизбытке или недостатке определенных профессий); 4) мобильности населения; 5) этнических, религиозных, культурных, психологических особенностей населения.

Unit 7

FACTORS OF PRODUCTION

VOCABULARY STUDY

Nouns and noun phrases

capacity – объемность, мощность, кредитоспособность
entrepreneur – предприниматель
income – прибыль, доход
innovation – новшество, инновация, новинка
input – вклад, вложение, ввод
interest – польза, выгода
long-run – долгосрочная перспектива
loss – потеря, утрата, урон
output – выпуск, выработка, мощность, производство продукции
profit – польза, выгода, доход
quantity – количество, величина
rent – плата, рента, доход с недвижимости
return – доходность, рентабельность, отдача, возмещение
reward – выгода, вознаграждение
scarcity – недостаток, нехватка, нужда
short-run – краткосрочная перспектива
wage – заработная плата, оклад

Adjectives

divisible – делимый, разделимый
invisible – невидный, незаметный
lumpy – тяжелый, твердый
nonrenewable – невозобновляемый, невосполнимый
non-specific – неспецифический
productive – производственный, эффективный
renewable – возобновляемый, восполнимый
scarce – скудный, слабый, дефицитный
specific – особый, специальный
variable – непостоянный, изменчивый

Verbs

adjust – приспосабливать, согласовывать, устанавливать
contribute – содействовать, делать вклад
decrease – снижать, сокращать
expand – увеличиваться в размерах (объеме), расширяться
facilitate – содействовать, помогать достижению
fail – терпеть провал, не сделать, ослабевать
incur – подвергаться, повлечь за собой
increase – повышать, увеличивать
thrive – прогрессировать, расти и шириться

I. Match the words with the definitions below.

Profit, natural resource, labour, income, interest, want, distribution.

1. It is money (or something equivalent value) that an individual or business receives in exchange for providing a good or service or through investing capital.
2. It is money you can earn by initially investing some money.
3. It is an amount of money that you gain when you are paid more for something than it cost you to make, get, or do it.
4. It is the amount of physical, mental and social effort used to produce goods and services in an economy.
5. It means to spread the product throughout the marketplace such that a large number of people can buy it.
6. These are components that exist in the world without the input of humans.
7. To feel a need or a desire for something.

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

Verbs	***Adjectives***	***Nouns***
1. to produce		
2.		description
3. to contribute		
4.	delivery	
5.		education
6. to develop		
7.	neighboring	

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

A. Output, renewable, variable, income, innovation, contribute.
B. Add, volatile, inexhaustible, modernization, production, salary.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
economic	resources
raw	income
land	quantity
the source of	wants
the factor of	profit
limited	material
unlimited	production

V. Complete the sentences with the words below.

Decrease, long-run, invisible, capacity, expand, decrease, increase.

1. Some have made major improvements, while others remain virtually … .
2. The indicator does not establish necessary conditions for … sustainability.
3. The … of the disease is a direct result of the efforts made to combat it.
4. There has been a steady … in the number of visitors.
5. Our main aim is to … sales by 12% this year.
6. All our factories are working at full … .
7. I don't think we should … our business in the current economic climate.

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

Building blocks of economy, production process, labour resources, profit, scarcity, to produce an output, factors of production.

VII. Translate into English.

1. Факторы производства – это строительные блоки экономики; это ресурсы, которые люди используют для производства товаров и услуг.

2. Земельные ресурсы выступают сырьем в процессе производства. Эти ресурсы могут быть возобновляемыми, такими как леса, или невозобновляемыми, такими как нефть или природный газ.

3. Наиболее успешные предприниматели – это новаторы, которые находят новые способы производства товаров и услуг или разрабатывают новые товары и услуги для продвижения на рынок.

4. С точки зрения теории издержек производства факторы производства подразделяются на фиксированные и переменные.

5. Факторы производства также делятся на делимые и неделимые.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What does an economic term the "factors of production" mean?
2. How do economists divide the factors of production?
3. Is money a factor of production?
4. What is land as a factor of production?
5. What is labour as a factor of production?
6. What is capital as a factor of production?
7. What is entrepreneurship as a factor of production?

Text A. The Factors of Production

The factors of production is an economic term that describes the inputs used in the production of goods or services in order to make an economic profit.

The factors of production are resources that are the building blocks of the economy; they are what people use to produce goods and services. Economists divide the factors of production into four categories: land, labour, capital, and entrepreneurship.

The first factor of production is *land*, but this includes any natural resource used to produce goods and services. This includes not just land, but anything that comes from the land. Some common land or natural resources are water, oil, copper, natural gas, coal, and forests. Land resources are the raw materials in the production process. These resources can be renewable, such as forests, or nonrenewable such as oil or natural gas. The income that resource owners earn in return for land resources is called rent.

The second factor of production is *labour*. Labour is the effort that people contribute to the production of goods and services. Labour

resources include the work done by the waiter who brings your food at a local restaurant as well as the engineer who designed the bus that transports you to school. It includes an artist's creation of a painting as well as the work of the pilot flying the airplane overhead. If you have ever been paid for a job, you have contributed labour resources to the production of goods or services. The income earned by labour resources is called wages and is the largest source of income for most people.

The third factor of production is *capital*. Think of capital as the machinery, tools and buildings humans use to produce goods and services. Some common examples of capital include hammers, conveyer belts, computers, and delivery vans. Capital differs based on the worker and the type of work being done. For example, a doctor may use a stethoscope and an examination room to provide medical services. Your teacher may use textbooks, desks, and a whiteboard to produce education services. The income earned by owners of capital resources is interest.

The fourth factor of production is *entrepreneurship*. An entrepreneur is a person who combines the other factors of production – land, labour, and capital – to earn a profit. The most successful entrepreneurs are innovators who find new ways produce goods and services or who develop new goods and services to bring to market. Without the entrepreneur combining land, labour, and capital in new ways, many of the innovations we see around us would not exist. Entrepreneurs are a vital engine of economic growth helping to build some of the largest firms in the world as well as some of the small businesses in your neighborhood. Entrepreneurs thrive in economies where they have the freedom to start businesses and buy resources freely. The payment to entrepreneurship is profit.

You will notice that we did not include money as a factor of production. You might ask, isn't money a type of capital? Money is not capital as economists define capital because it is not a productive resource. While money can be used to buy capital, it is the capital good (things such as machinery and tools) that is used to produce goods and services. When was the last time you saw a carpenter pounding a nail with a five dollar bill or a warehouse foreman lifting a pallet with a 20 dollar bill? Money merely facilitates trade, but it is not in itself a productive resource.

Remember, goods and services are scarce because the factors of production used to produce them are scarce. In case you have forgotten,

scarcity is described as limited quantities of resources to meet unlimited wants. Consider a pair of denim blue jeans. The denim is made of cotton, grown on the land. The land and water used to grow the cotton is limited and could have been used to grow a variety of different crops. The workers who cut and sewed the denim in the factory are limited labour resources who could have been producing other goods or services in the economy. The machines and the factory used to produce the jeans are limited capital resources that could have been used to produce other goods. This scarcity of resources means that producing some goods and services leaves other goods and services unproduced.

II. Choose the best option to the following statements.

1. The factors of production is an economic term that describes the inputs used in the production of goods or services in order … .

a) to make an economic research;

b) to make an economic profit;

c) to make an economic loss.

2. Economists divide the factors of production into … .

a) four categories;

b) five categories;

c) three categories.

3. Labour is the effort that people contribute … .

a) to the choice of food to eat;

b) to the planning of their leasure time;

c) to the production of goods and services.

4. Entrepreneurs are … helping to build some of the largest firms in the world as well as some of the small businesses in your neighborhood.

a) a brake pedal of rivals;

b) a vital engine of economic growth;

c) a steering wheel of cultural development.

5. Scarcity is described … to meet unlimited wants.

a) as limited quantities of resources;

b) as unlimited quantities of resources;

c) as limited quality of resources.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about factors of production using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is the role of the factors of production in modern economic analysis?
2. What are fixed and variable factors?
3. What factors are called divisible?
4. What factors are called indivisible?
5. What is the difference between specific and non-specific factors of production?

Text B. Types of Factors of Production

The concept of the factor of production is of great importance in modern economic analysis. It is used in the theory of production in which the various combinations of factors of production help in producing output when a firm operates under increasing or decreasing costs in the short-run, and when the returns to scale increase or decrease in the long-run.

The theory of cost of production also depends upon the combinations of factors employed in business and the prices that are paid to them. From the point of view of the theory of costs of production, factors of production are divided as fixed factors and variable factors. Fixed factors are those whose costs do not change with the change in output, such as machinery, tube well, etc.

Variable factors are those whose quantities and costs change with the change in output. Larger outputs require larger quantities of labour, raw materials, power, etc.

So long as a firm covers the costs of production of the variable factors it employs, it will continue to produce even if it fails to cover the costs of production of the hired factors, and incurs a loss. But this is only possible in the short-run.

In the long-run, it must cover the costs of production of both the fixed and variable factors. Thus the distinction between fixed and variable factors is of much importance for the theory of firm.

Factors of production are also divided into divisible and indivisible factors. Factors are divisible when their inputs can be adjusted to the output. Labour is said to be divisible when the number of laborers may be reduced in keeping with the output of the firm. Divisible factors lead to the economies of scale for a firm by adjusting the number of factors to the output of the firm.

Indivisible factors are those which are available in minimum sizes, and are lumpy, such as machines, entrepreneur, etc. They also lead to economies of scale, but at a faster pace. When a firm expands, the returns to scale increase because the indivisible factors are employed to their maximum capacity. More output can be had by using the existing machines up to their full productive capacity.

Lastly, the concept of factor of production is used in explaining the theory of factor-pricing. For this purpose, factors of production are divided into specific and non-specific. A factor of production which is specific in use earns a higher reward than a non-specific factor. This also solves the problem of distribution of income to the various resource-owners.

As the Greek philosopher Parmenides said, 'Nothing comes from nothing'. Factors of production are the resources that allow us to create finished products and perform services. You can't create a product out of nothing. You can't even perform a service without labour, which is also a factor of production. A modern economy, along with our modern society, cannot exist without factors of production, which makes them pretty darn important.

II. Decide which of the following statements are correct.

1. The theory of cost of production depends upon the combinations of factors employed in business and the prices that are paid to them.

2. From the point of view of the theory of costs of production, factors of production are divided as unfixed factors and invariable factors.

3. The distinction between fixed and variable factors is of no importance for the theory of firm.

4. A factor of production which is specific in use earns a higher reward than a non-specific factor.

5. Factors of production are the resources that allow us to create finished products and perform services.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The information presented in the text … . On the one hand …, on the other hand … . There was some new information for me … . I find this text … . I like (dislike) the text … .

IV. Speak about the types of factors of production.

V. Translate from Russian into English.

Существуют два вида факторов производства: первичные и вторичные. Первичными факторами являются земля, рабочая сила и средства производства, которые мы используем для производства. Они облегчают производство, но не становятся частью продукта. Они также не вносят значительных изменений в производственный процесс.

Вторичные факторы включают материалы и энергию. Они вторичны, потому что мы их получаем из земли, труда и капитала.

Unit 8

MANAGEMENT. PERSONNEL MANAGEMENT

VOCABULARY STUDY

Nouns and noun phrases

application – применимость, способ применения
audit – проверка, ревизия, аудит
capacity – возможность, способность, вместимость
constraint – принуждение, давление
deviation – отклонение, уклон, отход
enterprise – предприятие, организация
expense – трата, расход
feedback – обратная реакция, комментарии, пожелания
fringe benefits – дополнительные льготы, привилегии и бонусы
grievance – жалоба, недовольство, претензия
hindsight – взгляд в прошлое
incentive – стимул, побудительная причина, мотив
interest rate – кредитная ставка, ставка процента
objective – поставленная задача, основная цель
perception – понимание, восприятие
personnel – штат служащих, персонал, личный состав
placement – устройство на работу, место размещения
reference check – проверка рекомендаций и послужного списка
shortage – нехватка, недостаток
subordinate – подчиненный
superior – начальник, глава, возглавляющий
vacancy – кадровое окно, свободная должность, вакансия
workforce – трудовой коллектив, штат сотрудников

Adjectives

appropriate – надлежащий, уместный, соответствующий
coherent – понятный, согласованный, последовательный

cohesive – связанный, сплоченный
corrective – корректирующий, исправляющий, поправочный
efficient – эффективный, исполнительный
external – наружный, внешний
extraneous – внешний, посторонний
incentive – вдохновляющий, стимулирующий
integral – составной, неотъемлемый, нераздельный
managerial – административный, управленческий
rational – целесообразный, рациональный

Verbs
accomplish – выполнять, доводить до конца, совершать
achieve – достигать, добиваться, успешно выполнять
affect – влиять, затрагивать, сказываться
appraise – оценивать, давать оценку
attain – получать, достигать, добиваться
carry out – осуществлять, исполнять
determine – определять, оценивать
evaluate – давать оценку, определять количество
forecast – прогнозировать, предвидеть
foresee – предвидеть, предугадывать, предусматривать
recruit – брать на работу, нанимать
utilize – использовать, утилизировать

I. Match the words with the definitions below.

Manage, audit, personnel, employee, superior, motivation.

1. A person or group of people who are higher in rank or social position than others.
2. Someone who is paid to work for someone else.
3. To succeed in doing or dealing with something especially something difficult; to be responsible for controlling or organizing someone or something, especially a business or employees.
4. The need or reason, enthusiasm for doing something.
5. An official examination of the accounts of a business, usually by experts from outside the business.
6. The people working in an organization or for a particular type of employer; human resources.

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

Verbs	*Adjectives*	*Nouns*
1. to change		
2.	governmental	
3. to determine		
4.		action
5.		deviation
6. to motivate		
7.	behavioural	
8.		vacancy

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

A. Expense, goal, benefit, supervise, assumption, vacancy.
B. Control, belief, interest, gap, target, cost.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
competent	supervision
labour	training
interpersonal	goal
application	personnel
effective	vacancy
potential	market
on-the-job	blank
short-term	relationship

V. Complete the sentences with the words below.

Fringe benefits, placement, recruitment, deviation, motivation.

1. The term … is often used to refer to the successful allocation of a person to a job.
2. The employee's … from the norm requires corrective actions.
3. … is based in our company on open and fair competition.
4. … are forms of compensation you provide to employees outside of a stated wage or salary.
5. Career development needs a high level of motivation.

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

Management, to achieve objectives, efficient, to ensure, vacancy, to accomplish, personnel policy.

VII. Translate into English.

1. Управление является неотъемлемой частью жизни и является важным элементом любой деятельности человека на пути достижения желаемых целей.
2. Существуют пять основных функций управления: планирование, организация, набор кадров, руководство, контроль.
3. Основой управления персоналом является признание личности работника, что весьма важно для поддержания хороших производственных отношений.
4. Совершенно очевидно, что управление персоналом в настоящее время считается обязательным условием успешного функционирования предприятия.
5. Обучение и развитие персонала включает в себя разработку и реализацию различных программ обучения и развития сотрудников с целью повышения их квалификации и эффективности.
6. Трудовые отношения включают в себя коллективные переговоры, администрирование соглашений, рассмотрение жалоб, поддержание дисциплины, развитие мирных отношений внутри коллектива.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What is management?
2. Why is management important for business and life?
3. What are the main functions of management?
4. What is the role of each function of management?
5. How are the functions of management interrelated?

Text A. Management and Its Functions

Management is a set of principles relating to the functions of planning, organizing, directing and controlling, and the application of these

principles in harnessing physical, financial, human and informational resources efficiently and effectively to achieve organizational goals. Management in some form or another is an integral part of living and is essential wherever human efforts are to be undertaken to achieve desired objectives. The basic ingredients of management are always at play, whether we manage our lives or our business.

For example, let us look at the managerial role of a simple housewife and how she uses the managerial ingredients in managing the home. First, she appraises her household and its needs. She forecasts the needs of the household for a period of a week or a month or longer. She takes stock of her resources and any constraints on these resources. She plans and organizes her resources to obtain the maximum benefits out of these resources. She monitors and controls the household budget and expenses and other activities. In a large household, she divides the work among other members and coordinates their activities. She encourages and motivates them to do their best in completing their activities. She is always in search for improve, mention goals, resources and in means to attain these goals. These ingredients, generally, are the basic functions of management.

Management is essential for organized life and necessary to run all types of organizations. Managing life means getting things done to achieve life's objectives and managing an organization means getting things done with and through other people to achieve its objectives.

There are basically five primary functions of management. They are: planning, organizing, staffing, directing, controlling.

Planning is future oriented and determines an organization's direction. It is a rational and systematic way of making decisions today that will affect the future of the company. It is a kind of organized foresight as well as corrective hindsight. It involves the predicting of the future as well as attempting to control the events. It involves the ability to foresee the effects of current actions in the long run in the future.

An effective planning program incorporates the effect of both external as well as internal factors. The external factors are shortages of resources; both capital and material, general economic trend as far as interest rates and inflation are concerned, dynamic technological advancements, increased governmental regulation regarding community interests, unstable international political environments, etc.

The internal factors that affect planning are limited growth of opportunities due to saturation requiring diversification, changing patterns

of work force, more complex organizational structures, decentralization, etc.

Organizing requires a formal structure of authority and the direction and flow of such authority through which work subdivisions are defined, arranged and coordinated so that each part relates to the other part in a united and coherent manner so as to attain the prescribed objectives. Thus the function of organizing involves the determination of activities that need to be done in order to reach the company goals, assigning these activities to the proper personnel, and delegating the necessary authority to carry out these activities in a coordinated and cohesive manner.

Staffing is the function of hiring and retaining a suitable workforce for the enterprise both at managerial as well as non-managerial levels. It involves the process of recruiting, training, developing, compensating and evaluating employees, and maintaining this workforce with proper incentives and motivations. Since the human element is the most vital factor in the process of management, it is important to recruit the right personnel. This function is even more critically important since people differ in their intelligence, knowledge, skills, experience, physical condition, age and attitudes, and this complicates the function. Hence, management must understand, in addition to the technical and operational competence, the sociological and psychological structure of the workforce.

The directing function is concerned with leadership, communication, motivation and supervision so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals. The leadership element involves issuing of instructions and guiding the subordinates about procedures and methods. The communication must be open both ways so that the information can be passed on to the subordinates and the feedback received from them. Motivation is very important, since highly motivated people show excellent performance with less direction from superiors. Supervising subordinates would lead to continuous progress reports as well as assure the superiors that the directions are being properly carried out.

The function of control consists of those activities that are undertaken to ensure that the events do not deviate from the per-arranged plans. The activities consist of establishing standards for work performance, measuring performance and comparing it to these set standards and taking corrective actions as and when needed, to correct any devia-

tions. The controlling function involves: the establishment of standard performance, the measurement of actual performance, measuring actual performance with the pre-determined standard and finding out the deviations, taking corrective action.

All these five functions of management are closely interrelated. However, these functions are highly indistinguishable and virtually unrecognizable on the job. It is necessary, though, to put each function separately into focus and deal with it.

II. Choose the best option to the following statements.

1. Management is a set of principles relating to the functions of… .

a) reading, listening and comprehension;

b) instructing and guiding the subordinates about procedures and methods of work;

c) planning, organizing, stuffing, directing and controlling.

2. Planning … that will affect the future of the company.

a) is a rational and systematic way of making decisions today;

b) is a spontaneous idea and a rash decision;

c) is great savings and foreign investments.

3. The function of organizing involves the determination of activities that need to be done in order … .

a) to reach personal success;

b) to reach the company goals;

c) to subordinate employees to a manager.

4. Since the human element is the most vital factor in the process of management, it is important … .

a) to recruit the right personnel;

b) to provide the personnel with healthy eating;

c) to provide the personnel with indefinite leave.

5. Motivation is very important, since highly motivated people show … .

a) a lack of productivity;

b) poor implementation of responsibilities;

c) excellent performance with less direction from superiors.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about management and its functions using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is the basis of personnel management?
2. What does an organization's success depend on?
3. What is the basic function of personnel management?
4. What is the list of the most functional areas of personnel management?
5. What does employment include?

Text B. Personnel Management

The basis of Personnel Management (PM) is the recognition of the human personality of the employee or worker which is rather essential for the maintenance of good industrial relations. Undoubtedly people are the most complex factor in an enterprise or organization. They possess a wide variety of characteristics, perceptions, needs, attitudes and behavioural patterns that complicate organizational activities which have to be taken into account by management. It is not enough to merely consider how to employ the technical skills of people. Consideration must also be given to how people will react to how they are being used and they will react to the user. Personnel management deals with these human aspects in an organization.

Although the success or failure of an organization or enterprise depends on an effective combination and utilization of the money, material, machinery and men, it is the management of men which is the most important and a challenging job since it is a job of administering a social system. Therefore, the importance of PM has been expressed with the analogy of the human body thus, personnel management is not the brain, the controller, nor only just a limb, a member, nor yet the blood stream, the energizing force, it is the nervous system. The nervous system can never be thought of as an adjunct of the body no more can personnel management be an extraneous or superimposed element in the structure of an organization.

Personnel management is inseparable from management. It is not the whole of management but it is a major subsystem in the total man-

agement system. PM is constantly concerned with company's human resources with the way in which these resources are developed and utilized, with the assumptions made about them, with the formulation of personnel policy, with the workforce. Quite obviously management of human resources or personnel management is now regarded as a must for successful functioning of an enterprise.

The basic function of personnel management is the management of human or manpower resources and the main objective of all those activities that personnel management undertakes is to plan, utilize, direct and develop the energies and efforts of people so as to attain individual and group goals of the organization economically, effectively and speedily. Different experts in the field of personnel management do not offer final list of functions and seek to include all the activities which are in general performed by personnel departments.

Here is the list of the most functional areas of personnel management.

Organizational Planning and Development. Planning is essentially concerned with the distribution or allocation of various jobs to be performed into manageable and effective or efficient well-integrated department units or divisions or positions, exercising effective supervision and control. Established goals of an enterprise can be best accomplished through well-planned and appropriate differentiation as well as integration of necessary departments in a large enterprise. This involves that the needs of the organization should be determined, programs should be built, reviewed and evaluated in accordance with the short-term and well as long-term organizational goals or objectives. An organizational structure should be planned, developed and designed effectively by fixing the responsibility and authority of employees; various positions and jobs should be divided in a way that healthy and useful interpersonal relationships are developed.

Employment. This includes man power planning, recruitment, selection, placement, etc. *Manpower planning* is the process of analysing the existing and potential future vacancies in various departments. *Recruitment* is the process of attracting or acquiring qualified and competent personnel for various jobs and study of the labour market, identifying existing sources and developing new sources of man power supply. *Selection* involves development of policies and procedures of selecting and evaluating potential employees in terms of job specifications – application blanks, interviewing, testing, physical examination, references

checks, etc. *Placement* is the assignment of a job to an employee for which he is best suited, taking into consideration job requirements, employee's qualifications and personality needs.

Training and Development of Personnel. This includes the building and implementation of various training and development programmes for employees at all levels, with a view to increase their skills and efficiency. It involves identification of training needs, preparing and conducting training and development programmes and follow-up action for evaluating the effectiveness of the programmes including education, on-the-job training, seminars, refresher courses etc.

Wage and Salary Administration. This includes job evaluation, development of a suitable wage structure (keeping in view factors like the capacity of the organization to pay, cost of living, demand and supply conditions in the labour market and the levels of wages and salaries at other places), development of incentive plans, motivational techniques, implementation and evaluation of merit rating plans.

Employee Benefits and Services. This includes formulation, implementation and evaluation of various welfare activities (group insurance plans, provision of pensions, fringe benefits, fulfillment of social security) and welfare provisions (regarding health and safety) and employee counseling with a view to solving personnel problems of employees.

Labour Relations. This includes collective bargaining, negotiating and administering agreements or contracts, grievance handling, maintenance of discipline, joint consultations and development of healthy and peaceful union management relations.

Personal Research and Audit. This involves continuing studies on various aspects of personnel relations and personnel procedures and practices with a view to bring about necessary improvements in personnel management. Audit is necessary for ensuring the effectiveness of personnel policies and practices.

II. Decide which of the following statements are correct.

1. Personnel management is now regarded as a must for successful functioning of an enterprise.

2. Different experts in the field of personnel management offer final list of functions and activities which are in general performed by personnel departments.

3. Manpower planning is the process of analyzing the existing and potential future material losses in various departments.

4. Wage and Salary Administration includes job evaluation, development of a suitable wage structure, development of incentive plans, motivational techniques, implementation and evaluation of merit rating plans.

5. Audit isn't necessary for ensuring the effectiveness of personnel policies and practices.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text is about … . In the next paragraph … . The text elucidates … . It should be noted, that … . The text gives a good insight into … . To conclude … .

IV. Speak about the meaning of personnel management.

V. Translate from Russian into English.

Персонал организации – самый сложный объект управления. В отличие от материальных активов люди способны самостоятельно принимать решения и оценивать предъявляемые к ним требования. Кроме того, персонал – это коллектив, каждый член которого имеет свои интересы и весьма чувствителен к управленческим воздействиям, причем реакцию на них нередко сложно предугадать.

Современные концепции управления персоналом основаны на признании возрастающей значимости личности сотрудника, на изучении его мотивации, умении правильно формировать их и корректировать в соответствии со стратегическими задачами, стоящими перед компанией. Несмотря на то, что с точки зрения руководства основной целью бизнеса является получение прибыли, современная теория и практика управления персоналом немалое внимание уделяет необходимости удовлетворения не только материальных, но и социальных потребностей сотрудников.

Unit 9

FAIRS, EXPOSITIONS AND EXHIBITIONS: HISTORY, TYPES AND FUNCTIONS

VOCABULARY STUDY

Nouns and noun phrases
attendance – участие, присутствие, посещение
commodity – товар, продукт
consumer – потребитель, покупатель
demand – спрос, потребность
enterprise – предприятие, компания, организация
entrepreneur – предприниматель
exhibition – выставка, экспонирование
exhibitor – экспонент, демонстратор, участник выставки
exposition – показ, ярмарка, экспозиция
fair – ярмарка, торгово-промышленная выставка, базар
rival – соперник, конкурент, противник
supply – запас, поставка
wholesale – оптовая торговля, продажа оптом

Adjectives
commercial – торговый, промышленный, коммерческий
contemporary – современный, актуальный
current – текущий, нынешний, современный
non-commercial – некоммерческий, непромышленный
retail – розничный
urban – городской

Verbs
congregate – собираться, скопляться
differentiate – отличать, различать
evolve – выделять, развивать, развернуть

expose – выставлять, демонстрировать
partake – принимать участие, приобщаться
showcase – устраивать презентацию, знакомить, демонстрировать
suppress – подавлять, сдерживать
transact – вести дела, совершать сделки

I. Match the words with the definitions below.

Commodity, demand, to expose, commercial, wholesale, to partake, retail, supply.

1. An amount of something that is available for use.
2. To make something covered or hidden able to be seen.
3. A substance or a financial product that can be traded.
4. The activity of selling goods to the public, usually in small amounts for their own use.
5. A need for goods or services that customers want to buy or use.
6. To become involved with or take part in something with other people.
7. The activity of selling goods, usually in large amounts to businesses which then sell them to the public.
8. Intended to make money or relating to a business intended to make money.

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

Verbs	***Adjectives***	***Nouns***
1.		exhibition
2. to innovate		
3.	amusing	
4.	demonstrative	
5.		promotion

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

A. Demonstration, to transact, to suppress, demand, urban, enterprise, to congregate.

B. To conduct, metropolitan, company, exposition, claim, to gather, to conceal.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
to transact	fair
agricultural	exhibition
wholesale	customer
non-commercial	business
potential	products
global	trade
to showcase	economy

V. Complete the sentences with the words below.

Fair, rival, barter, contemporary, motto, exhibitors, retail, urban.

1. We had no money so we had to live by … .
2. Each … provides … with an income-generating opportunity to market their products.
3. "Hope for the best and prepare for the worst" is my … .
4. Education and both traditional and new media were essential to … communication.
5. The … value would be around $500.
6. The speed limit in … areas is usually 60 km/h.
7. He succeeded to jump higher than his … at the first try.

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

Wholesale, to differentiate, current, promoter, demand, to showcase services, retail commerce, potential customers.

VII. Translate into English.

1. Ярмарки, как правило, проводятся в одном и том же месте, в одно и то же время, и длятся они от нескольких дней до нескольких недель.
2. Ярмарки предоставляют возможность обмена идеями, товарами и услугами.
3. Ежегодно в разных странах мира проводится множество международных, национальных и специализированных выставок и ярмарок.

4. Выставки и ярмарки выгодны как покупателям, так и продавцам.

5. Благодаря ярмаркам и выставкам компании-участники напрямую общаются с клиентами и могут у них получить отзывы на свою продукцию.

6. Ярмарки и выставки предоставляют возможности для проведения маркетинговых исследований.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What is a fair? What is its primary function?
2. What is the history of fairs? What were the most prominent of them in old times?
3. How did the fairs change with the coming of the Industrial Revolution?
4. What was the situation with the fairs by the end of the 20th century?
5. How did fairs influence the old European economy?

Text A. Fairs: History and Role in Economic Development

Fair is a temporary market where buyers and sellers gather to transact business. A fair is held at regular intervals, generally at the same location and time of year, and it usually lasts for several days or even weeks. Its primary function is the promotion of trade. Historically, fairs displayed many different kinds of products in specific commodity or industrial groupings. The older specialty fair evolved into the more modern trade show. Participation in contemporary trade shows is confined to exhibitors representing one industry or even just specialized segments of an industry.

Historically, fairs were created to solve the early problems of distribution. They provided an opportunity for the demonstration of skills and crafts, for the exchange of ideas, and for the bartering of goods. They concentrated supply and demand in certain places at certain times. Fairs were a fixture of the Roman Empire, and the Romans introduced markets and fairs into northern Europe to encourage trade within their conquered provinces. When the Western Roman Empire disintegrated in the late 5th century, virtually all organized commerce

in Europe ceased until the late 7th century. Trade revived under Charlemagne, and fairs eventually evolved from some of the local markets, particularly at points of major caravan route intersections and wherever people congregated for religious festivals. The methods of commerce introduced at such fairs became widespread, and the rules of the fair eventually became the basis of European business law.

The largest of the fairs became quite important. The fair at Saint-Denis near Paris had already risen to prominence in the 7th century, and the Easter fairs at Cologne (Germany) were equally popular in the 11th century. From the mid-12th century on for several hundred years, the fairs of Champagne (France) reigned supreme among the important fairs of Europe. Products from throughout Europe and beyond, including furs from Russia, drugs and spices from East Asia, cloth from Flanders, and linens from southern Germany, were traded there. Important fairs also arose at Lyon (France), Geneva, and Stourbridge (England). Among other fairs of historical interest were those at Kinsai in China, which flourished during Europe's Dark Ages; the great Aztec fair that the Spanish conquistadores found on the present-day site of Mexico City; and the Nizhny Novgorod fair in central Russia. These fairs all succeeded because they were located on major trade or pilgrimage routes.

In almost every civilization – as commerce became standardized, transportation was organized, and cities grew large enough to require daily markets – fairs have become less important. Sometimes they evolved into religious festivals or sites for recreation and amusement. Others were ruined by excessive taxation of greedy rulers, and still others, particularly in modern times, have simply been suppressed. The Soviet Union abolished all of its 17,500 fairs in 1930 as being "unsuited to the Soviet economic and political objective." The commerce of western Europe during the feudal era was largely based on fairs, but, with the coming of the Industrial Revolution, the vitality of the great fairs was sapped; many perished, and the character of many others changed. One remaining vestige of such fairs is found in the county, agricultural, and livestock fairs that are still popular in the United States and in Europe.

Although by the end of the twentieth century the fairs and markets that operated all across the European landscape from the eleventh-century revival of urban life through the nineteenth century remained in most places only as relics of the past, a degree of persistence and continuity

was still identifiable. Small regional fairs remain common, and some cities' provisioning systems, such as Barcelona's, feature a combination of municipal markets, shops, and super/hypermarkets. In many ways the European variant of the late-twentieth-century shopping mall, and even internet dotcoms, can be viewed as larger scale versions of traditional markets. Their distinction from the older institutions for retail commerce lies more in scale, capitalization, and technological foundation than in fundamental arrangement. Likewise, trade fairs and exhibitions, common in virtually every area of the economy, are distinctly reminiscent of the old European fairs whose role in high finance and wholesale trade had been crucial in the process of economic expansion. Fairs and markets have been integral parts of Europe's history, and their study promises to reveal much about the way the economy works today.

II. Choose the best option to the following statements.

1. A fair is held at regular intervals, generally at the same location and time of year, and it usually lasts for … .

a) half a day;

d) several days or even weeks;

c) uncertain period of time.

2. Trade revived under Charlemagne, and fairs eventually evolved from some of the local markets, particularly … and wherever people congregated for religious festivals.

a) at the intersection of forest paths;

b) at the crossroads;

c) at points of major caravan route intersections.

3. From the mid-12th century on for several hundred years, the fairs of Champagne (France) reigned supreme among the important fairs of … .

a) Europe;

b) the Soviet Union;

c) China.

4. The commerce of western Europe during the feudal era was largely based on fairs, but, with the coming of … , the vitality of the great fairs was sapped.

a) the 2nd World War;

b) the Industrial Revolution;

c) the Tartar-Mongolian invasion.

5. Trade fairs and exhibitions, common in virtually every area of the economy, are distinctly reminiscent of … whose role in high finance and wholesale trade had been crucial in the process of economic expansion.

a) modern European fairs;

b) the old European fairs;

c) of the old European circuses.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about the fairs' history using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is the origin of the words "Fair", "Exhibition", "Exposition"?
2. What is the role of fairs, exhibitions and expositions in the commercial world today?
3. What two groups do international trade fairs and exhibitions fall into? What is the difference?
4. What exhibitions and fairs are commercial and non-commercial?
5. What is the purpose of museums?
6. What is the purpose of art exhibitions?
7. What are the trade shows?
8. What advantages of exhibitions and fairs do you know?
9. Are there any disadvantages of fairs, expositions and exhibitions?
10. What is the role of fairs and exhibitions in marketing?

Text B. Fairs, Expositions and Exhibitions: Types and Functions

The roots of the phenomenon "Fairs, Expositions and Exhibitions" can be traced back to its language origin: "Fair" comes from Latin "feria", meaning "holiday" as well as "market fair". This in turn corresponds to the Latin "feriae", which means – religious festival. During

the 12th century the importance of trade-related meetings increased; fairs were held close to churches, so that the concepts of religious festival and market fair were combined in the common language. The word exhibition was mentioned as early as 1649. It is a derivative of the Latin word "expositio", meaning "displaying" or "putting on a show". Exhibitions are not just collections of interesting objects brought together at a certain place and time. They are human activities, human enterprises, undertaken for definite reasons and in order to achieve certain specified results. They are a form of human exchange, whereby the promoters and exhibitors communicate with the visitors. Their results can only be told in terms of further human thought and activity. The word "exposition" goes back to the same origin as "exhibition". Expositions, rooted in old French, tended to be very similar to their English cousins, exhibitions. Expositions were held in facilities built specifically for them. They were organized by either government departments or groups of entrepreneurs with government assistance for the express purpose of promoting trade. Manufacturers were invited to show their goods. In colloquial speech the concepts are used similarly. However, there are some interesting conceptual differences which show the variability of today's exhibition industry.

In the commercial world today fairs, expositions and exhibitions play an important role. Every year a lot of international, national and specialized exhibitions and fairs are held in different countries of the world. Both individuals and businesses partake in these events to reach specific goals. Various types of exhibitions are especially organized to cater the needs of the participants. The number of countries and companies who take part in them is growing from year to year and the scope of fairs and exhibitions is becoming larger.

International trade fairs and exhibitions today fall mainly into two groups: specialized – concentrating on products of a particular industry or group of industries, and general – covering mainly different fields.

There are commercial and non-commercial exhibitions and fairs. Commercial exhibitions are intended to attract buyers and sell the displayed items while non-commercial exhibitions are simply arranged for appreciation of talents and skills. Exhibitions can be categorized further into museums, art exhibitions, trade exhibitions and consumer exhibitions.

Museums are devoted to conservation of valuable scientific, artistic, cultural and historical objects. It is open for public viewing which aims to give its visitors significant knowledge. It is a non-commercial

type of exhibition since its purpose is to protect its collection from being lost and damaged and make them last for years.

Art exhibitions can include paintings, figurines, drawings and photos. They can be commercial and non-commercial. Non-commercial art gallery shows art pieces of renowned artists and is available to the public. Commercial art exhibitions, on the other hand, are held to showcase the artworks of debutant artists. Their purpose is to have their works examined by art enthusiasts. They can end up selling their pieces once it gets attention and recognition.

Trade shows are events between organizations and business. They are designed to let the participants showcase their products and services and see if it can gain the interest of another company. They are commercial exhibition but only those invited can attend.

Consumer exhibitions are taken advantage by different companies to expose their products and services to the public. The theme can be intended for a particular demographic (mothers, teenagers) or assembled to show a particular product or service (IT shows, car shows). The idea behind this event is to attract the public to buy their products or services.

Exhibitions and fairs are advantageous both for buyers and sellers. Sellers gain income by participating in these events while buyers have an option to differentiate brands and services and find the product that best suits them in one place.

Thanks to fairs and exhibitions the participant companies communicate to the customers they work with, have the opportunity to learn the customers' thoughts about the products they produce, perform their advertising activities directly without the intervention of any person or mass media, have the opportunity to encounter with potential customers and have a chance to build business partnerships.

Fairs and exhibitions provide important opportunities for performing marketing researches. For example if a participant company thinks about releasing a product or service to the market, they can develop an idea on issues such as pricing and distribution by performing a research on the visitors of the expertise exhibition, and also can collect information on basic features and benefits, quality standards the product should have. Besides that the companies get the chance to observe their rivals. Thus they can perform very important researches for collecting information on the sector such as observing the current status of the rival, following the relations between the rival companies and the customers, their attitude towards customers and their working methods.

At the same time there are some disadvantages of fairs, expositions and exhibitions. A distinguishing feature of fairs is their limited availability. Four dimensions can be identified: 1) the date and the place is fixed by the organizer and cannot be moved at the demand of an individual participant; 2) some fairs have appointed times by tradition. They often have been fixed according to industry innovation cycles. Other organizers date their exhibitions following the buying season of the industry; 3) sometimes important exhibitor groups are able to apply considerable pressure on the organizers because of the importance of their attendance; 4) due to this, other marketing activities must be adapted to the fixed trade fair participation, whose dates have to be considered, especially for advertising campaigns connected with the trade shows. The limited availability also applies to other marketing instruments: e.g. advertising, TV or radio campaigns take place at fixed dates and have a limited circulation.

Fairs and exhibitions are usually held under various mottoes. "People and Progress", "Peace and Progress through Economic Cooperation" and so on.

Fairs and exhibitions play an important role in marketing and they will continue to do so in the future. The exhibition industry is a part of the global economy and therefore it directly influences the economic and social changes of all countries. International fairs, expositions and exhibitions pave the way for the consolidation of friendship among countries and nations. Indeed all participants along with showing the best they can offer, try to give visitors a good idea of the country's way of life and tourist attractions.

II. Decide which of the following statements are correct.

1. The word exhibition is a derivative of the French word "expositio", meaning "displaying" or "putting on a show".

2. Exhibitions are just collections of interesting objects brought together at a certain place and time.

3. Every year a lot of international, national and specialized exhibitions and fairs are held in different countries of the world.

4. Museum is a non-commercial type of exhibition since its purpose is to protect its collection from being lost and damaged and make them last for years.

5. Thanks to fairs and exhibitions the participant companies communicate to the customers they work with, have the opportunity to learn the customers' thoughts about the products they produce.

6. The exhibition industry is a part of the global economy but it cannot directly influence the economic and social changes of all countries.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text begins with … . Analyzing the text I would like to say that … . The text highlights … . Further the author passes on … . At the end of the story the author … . To sum up … .

IV. Give a two-minute talk on the types and functions of fairs, exhibitions and expositions.

V. Translate from Russian into English.

По определению Международного бюро выставок, выставка – это показ, основная цель которого заключается в ознакомлении публики со средствами, которые имеются в распоряжении человечества для удовлетворения его потребностей, а также для содействия прогрессу в одной или нескольких сферах деятельности или будущих перспектив.

По определению Союза международных ярмарок, ярмарка – это международная экономическая выставка образцов, которая представляет собой крупный рынок товаров широкого потребления и (или) оборудования, действует в установленные сроки в течение ограниченного периода в одном и том же городе. Здесь экспонентам разрешается представлять образцы своей продукции для заключения торговых сделок в национальном и международном масштабах.

Общими чертами выставок-ярмарок является то, что они организуются физическими и юридическими лицами, имеют ограниченную продолжительность, действуют периодически в постоянных или заранее определенных местах, предназначенные для большого количества экспонентов и посетителей и являются организованными товарными рынками. Кроме того, конечной целью организации как выставок, так и ярмарок является содействие увеличению объемов реализации продукции, производимой на фирме.

Unit 10

WORLD EXHIBITIONS

VOCABULARY STUDY

Nouns and noun phrases
collaboration – сотрудничество, взаимодействие
collapse – крах, распад
commitment – решимость, готовность, обещание
dedication – целеустремленность, решимость
entity – орган, подразделение, учреждение
forefront – передний план, центр внимания
ingenuity – изобретательность, умение
jubilation – ликование
sustainability – устойчивость, стабильность
venue – место проведения, место встречи

Adjectives
ambitious – амбициозный, масштабный
confident – уверенный, самоуверенный
enormous – огромный, колоссальный
enthusiastic – восторженный, увлеченный
gigantic – гигантский, огромный
spectacular – эффектный, зрелищный

Verbs
anchor – закреплять, привязывать
astonish – удивлять
entitle – давать право, предоставлять
estimate – оценивать, определять
loan – одолжать, давать взаймы
marvel – восхищаться, удивляться
ramp up – наращивать
set up – создавать, учреждать
shape up – подтягиваться
stun – оглушать, ошеломлять
up-lift – возвышать

I. Match the words with the definitions below.

Forefront, to marvel, spectacular, commitment, dedication, collaboration.

1. Exciting and interesting because of being large or extreme.
2. The activity of giving a lot of your energy and time to something you think is very important.
3. To show or experience great surprise or admiration.
4. It is the most noticeable or important position in a particular market, activity or group.
5. The situation of two or more people working together to create or achieve the same thing.
6. Willingness to give your time and energy to a job, activity, or something that you believe in.

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

Verbs	***Adjectives***	***Nouns***
1. to marvel		
2.	spectacular	
3. to astonish		
4.		dedication
5.		mobility
6. to estimate		
7.	confident	
8.		sustainability

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

A. Gigantic, forefront, to up-lift, ambitious, to set up, astonishment.

B. To exhilarate, aspiring, enormous, amazement, construct, leading edge.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
human	organization
to share	impact
international	an agreement

to sign	ingenuity
to host	technology
a positive	changes
the latest	occasion
uplifting	ideas

V. Complete the sentences with the words below.

Commitment, manifestation, collaboration, artifacts, astonishment, spectacular.

1. The new airport is a … between two of the best architects in the country.
2. His refusal to see us was a … of his guilt.
3. There was a … sunset last night.
4. Can you give a … that the money will be made available?
5. To the … of her colleagues, she turned down the award.
6. The museum has … dating back to prehistoric times.

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

To showcase innovations, to take part in, to earn the victory, collaboration, enthusiastic, enormous, to display.

VII. Translate into English.

1. Всемирная ярмарка – это международная выставка промышленных, научных и культурных достижений, которые экспонируются в определенном месте от трех до шести месяцев.
2. Международные выставки представляют экспонаты из различных стран мира, они также оборудованы развлекательной зоной, где посетители могут насладиться экзотическими аттракционами, вкусной едой и напитками.
3. Первая всемирная выставка состоялась в 1851 году в лондонском Хрустальном дворце. На ней было представлено более 100 объектов, демонстрирующих изобретения промышленной революции.
4. После Первой мировой войны ярмарки утратили свой культурный статус и многие из них не были коммерчески или художественно успешными.

5. В 21 веке всемирные ярмарки стали проходить реже из-за растущих затрат на их организацию.

6. Удивительными изобретениями, которые были впервые представлены миру на всемирных выставках разных лет, являются телеграф, пишущая машинка, цветной телевизор, фильмы IMAX и др.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What kind of event is the World Expo?
2. What is the aim of the World Expo?
3. How is a host city determined?
4. Where will the next World Expo take place?
5. Which building will be the heart of Expo 2020?

Text A. The World Expo 2020 in Dubai

The World Expo is one of the oldest and biggest events on the planet. It is a global destination for millions of people to share ideas, showcase innovation, encourage collaboration and celebrate human ingenuity. Every five years, a city takes its turn to host the occasion, which lasts six months at a time and invites every country in the globe to take part in showcasing the best of what they have to offer. Its aim is to help people and nations across the Earth learn by sharing ideas, at the same time demonstrating innovation and further paving the path for progress in fields such as technology and architecture.

Which city will host is determined by the Bureau International des Expositions, the international organization responsible for overseeing, regulating and selecting the candidate for the world fair, and thinking about a new theme every five years. The next **World Expo 2020 Dubai** has the theme ‘Connecting Minds, Creating the Future’ at its core and takes place from October 20, 2020 until April 10, 2021.

“Ladies and gentlemen, Dubai wins”, – those were the words in 2013 which brought about jubilation both in Paris at the general assembly of the Bureau International des Expositions and in the UAE where residents were waiting for the outcome of the voting of the 164 nation members entitled to vote. Dubai won by a resounding majority with 116 votes, leaving Yekaterinburg, Russia, with only 47.

“I am proud of our teams who earned this victory for Dubai with two years of hard work, dedication and commitment, – Sheikh Mohammed bin Rashid, Vice President and Ruler of Dubai, said. – We renew our promise to astonish the world in 2020”. When the victory announcement was made fireworks filled the sky in Dubai. Sheikh Mohammed later announced a holiday for all educational institutions across the UAE.

The Expo site is located in the area known as Dubai South, close to Al Maktoum International Airport. The site covers 4.38 sq km and has four main entrances. The Dubai Metro Route 2020 will take 46,000 passengers per hour to and from the Expo site in under 16 minutes from Dubai Marina.

Al Wasl Plaza will be the heart of Expo 2020. It is said to bring together a physical manifestation of the main theme of the Expo, which is “Connecting Minds, Creating the Future”. Significant events such as the opening and closing ceremonies will be held here.

The public were given their first look in April 2017 at how Al Wasl Plaza is expected to shape up. A dome is set to double up as a 360-degree screen at night, projecting images to thousands of visitors both inside and outside.

The dome will be 65 m tall with a diameter of 150 m, and will hold an estimated 10,000. Filled with fountains, waterfalls, parks and palm-lined courtyards, the dome will be partly open to the sky at the top.

Each participating country will have its own pavilion, while there will also be a pavilion for each of the main themes – sustainability, mobility and opportunity.

According to the official Expo 2020 website, the legacy plans are “wide-ranging and ambitious”. “We hope to stimulate the development of a knowledge economy here in Dubai, anchored to the Expo site itself, which will continue, after the event, to be a destination that attracts visitors, students and companies and is home to a combination of organizations including strategic industries, specialized technology companies, social entities and education facilities”, – it says. More than 80 per cent of the site is planned to be reused or repurposed in the legacy phase.

Siemens has already announced that it would be setting up its global logistics base on the Expo site from 2021, and other companies are actively considering following in its tracks.

A conference and exhibition centre will be a key building in the Expo master plan, and will become a major event venue to be operated by Dubai World Trade Centre.

The Expo project has given a boost to the area around the site developments being ramped up in Dubai South. Off-plan sales in the first seven months of the year in Dubai South increased 285 per cent, compared with the whole of last year.

Once the site is fully developed, it is expected to be home to about 1 million residents and 500,000 jobs. It's not just on the ground that the Expo effect will be felt, as Uber has signed an agreement with the Dubai Roads and Transport Authority to test flying cars at Expo 2020.

The public has been enthusiastic about the Expo. In March 2019 survey, Dubai residents are confident Expo 2020 will deliver a positive impact on the economy, society and culture.

II. Choose the best option to the following statements.

1. …, a city takes its turn to host the occasion, which lasts six months at a time and invites every country in the globe to take part.

a) every five years;

b) every ten years;

c) every three years.

2. Which city will host is determined …, the international organization.

a) by the United Nations;

b) by the European Union;

c) by the Bureau International des Expositions.

3. The Expo site is located in the area known as …, close to Al Maktoum International Airport.

a) Dubai North;

b) Dubai South;

c) Dubai West.

4. Each participating country will have its own pavilion, while there will also be … for each of the main themes – sustainability, mobility and opportunity.

a) a palace;

b) a tent;

c) a pavilion.

5. … has already announced that it would be setting up its global logistics base on the Expo site from 2021.

a) Siemens;

b) Apple;

c) Samsung.

6. Uber has signed an agreement with the Dubai Roads and Transport Authority to test … at Expo 2020.

a) flying cars;

b) jumping cars;

c) barking cars.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about the World Expo in Dubai using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. Where was the Great Exhibition of 1851 held?
2. What kind of artifacts did it show?
3. Who was the inventor of idea of the Great Exhibition?
4. What was the Crystal Palace made of?
5. What was the total number of exhibitors?
6. What did Queen Victoria loan for the Great Exhibition?

Text B. Britain's Great Exhibition of 1851

The Great Exhibition of 1851 was held in London inside an enormous structure of iron and glass known as the Crystal Palace. In five months, from May to October 1851, six million visitors came to the gigantic trade show, marveling over the latest technology as well as displays of artifacts from around the world.

The stunning display of inventions, works of art, and objects collected in distant lands was something of a precursor of a World's Fair. And it had a definite purpose: the rulers of Britain intended to show the world that technology was bringing uplifting changes to society and Britain was leading the race into the future.

The idea of the Great Exhibition originated with Henry Cole, an artist, and inventor. But the man who ensured the event happened in spectacular fashion was Prince Albert, the husband of *Queen Victoria.*

Albert wanted to create a massive trade show that would place Britain at the forefront of technology by displaying its latest inventions, everything from massive steam engines to the latest cameras. Other nations were invited to participate, and the official name of the show was The Great Exhibition of the Works of Industry of All Nations.

The building for the exhibition was designed by architect Joseph Paxton. It was constructed of iron and glass. The building itself was a marvel and was called the Crystal Palace. Nothing like the Crystal Palace had ever been built, and skeptics predicted that wind or vibration would cause the colossal structure to collapse. Prince Albert had detachments of soldiers march through the various galleries before the exhibit opened. The building was safe for the public.

The Crystal Palace was filled with an astonishing amount of items devoted to new technology. People came to see gleaming steam engines designed to be used aboard, power drills, stamping machines. The Great Western Railway displayed a locomotive. Part of the enormous "Machines in Motion" hall contained all the complicated machines that turned raw cotton into finished cloth. Spectators stood, watching spinning machines and power looms manufacture fabric before their eyes. There were also early steam tractors and steam-powered machines to grind grain. In second-floor galleries devoted to "philosophical, musical, and surgical instruments" were displays of items ranging from pipe organs to microscopes. Visitors to the Crystal Palace were amazed to discover all the inventions of the modern world displayed in one spectacular building.

The Great Exhibition of the Works of Industry of All Nations was officially opened with an elaborate ceremony at noon on May 1, 1851. Queen Victoria and Prince Albert rode in a procession from Buckingham Palace to the Crystal Palace to personally open the Great Exhibition. It was estimated that more than a half-million spectators watched the royal procession move through the streets of London. Queen Victoria was fascinated by the Great Exhibition and returned to it repeatedly, usually bringing her children. According to some accounts, she made more than 30 visits to the Crystal Palace between May and October.

The Great Exhibition was designed to showcase technology and new products from Britain and its colonies, but to give it a truly international flavor, half the exhibits were from other nations. The total

number of exhibitors was about 17,000, with the United States sending 599.

Artifacts and items of interest from around the world were displayed, including enormous sculptures and even a stuffed elephant from The Raj, as British India was known.

Queen Victoria loaned one of the world's most famous diamonds. It was described in the exhibit's catalog: "The Great Diamond of Runjeet Singh called 'Koh-i-Noor', or Mountain of Light". Hundreds of people stood on the line each day to view the diamond, hoping the sunlight streaming through the Crystal Palace might show its legendary fire.

Many more ordinary items were displayed by manufacturers and merchants. Inventors and manufacturers from Britain displayed tools, household items, farm implements, and food products.

II. Decide which of the following statements are correct.

1. The Great Exhibition of 1851 was held in London inside an enormous structure of steel and glass known as the Crystal Palace.

2. The idea of the Great Exhibition originated with Prince Albert, the husband of Queen Victoria.

3. Albert wanted to create a massive trade show that would place Britain at the forefront of technology by displaying its latest inventions, everything from massive steam engines to the latest cameras.

4. Nothing like the Crystal Palace had ever been built, and skeptics predicted that wind or vibration would cause the colossal structure to collapse.

5. According to some accounts, Queen Victoria refused to visit the Crystal Palace between May and October.

6. Artifacts and items of interest from around the world were displayed, including enormous sculptures and even a stuffed elephant from The Raj, as British India was known.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

To begin with … . Analyzing the text, I would like to say ... . The text highlights ... . It would be wise to mention here ... . To sum up … .

IV. Speak about the Britain's Great Exhibition.

V. Translate from Russian into English.

Первая всемирная промышленная выставка открылась в Лондоне в 1851 г. В 1862 г. там же приняла своих первых посетителей третья всемирная промышленная выставка. Интерес к всемирным промышленным выставкам в Лондоне 1851 и 1862 гг. понятен: первые всемирные промышленные выставки положили начало традиции периодического проведения международных смотров достижений хозяйства, которая сохранялась и поныне.

Почему именно в Англии состоялась первая промышленная выставка?

В середине XIX в. Англия была самым богатым государством мира. Страна занимала первое место в мировой торговле. К 1850 г. объем экспорта из Англии увеличился в 3 раза по сравнению с его уровнем в начале века. На всех рынках мира дешевые товары из Англии имели большой спрос. Они буквально наводнили рынки Европы, Азии и Америки, успешно вытесняя продукцию других стран, так как их техническое превосходство было очевидно.

Unit 11

MONEY

VOCABULARY STUDY

Nouns and noun phrases
alloy – сплав, примесь
asset – актив
bearer – держатель, предъявитель
coinage – монеты, металлические деньги
conquest – завоевание, победа
commodity – товар, предмет потребления
check – квитанция, чек
e-cash – электронная наличность, е-деньги
expense – трата, издержки, расход
mint – монетный двор
purchase – закупка, депозит
precursor – предшественник, прототип
prohibition – запрет, недопущение
rarity – редкость, раритет
substitution – подмена, замещение
wholesale – оптовая торговля

Adjectives
cellular – мобильный, сотовой связи
centesimal – сотенный
digital – цифровой, компьютерный
inherent – свойственный, неотъемлемый
intermediary – промежуточный
monetary – валютный, денежный
portable – портативный, переносной
rampant – буйный, угрожающих размеров
torn – разорванный, порванный

Verbs
churn out – штамповать, выпускать потоком
counterfeit – подделывать

dematerialize – дематериализовывать
diminish – уменьшать, снижать
disrupt – срывать, подрывать, нарушать
enable – позволять, давать возможность
flourish – процветать, развиваться
issue – издавать, выдавать, выпускать
herald – предвещать, возвещать
hoard – копить, запасать
purchase – покупать, приобретать
stick with – придерживаться чего-л.
wear out – изнашивать

I. Match the words with the definitions below.

Commodity, monetary value, banknote, coinage, counterfeit, creditor.

1. A set of coins of different values used in a country's money system.
2. Something that is made to look like the original of something else, usually for dishonest or illegal purposes.
3. A substance or product that can be traded, bought or sold.
4. A country, organization, or person to whom money is owed.
5. The money supply of a country.
6. A piece of printed paper that has a particular value as money.

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

Verbs	***Adjectives***	***Nouns***
1. to substitute		
2.	intensive	
3. to issue		
4.		creditor
5.		emergence
6. to accept		
7.	printable	
8.		value

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

A. Prohibition, commodity, deposit, receipt, wholesale, value.
B. Amount, security, voucher, large-scale, goods, constraint.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	*B*
official	value
to mint	law
monetary	notes
blockchain	currency
counterfeiting	user
worn out	telephone
cellular	technology
active	coins

V. Complete the sentences with the words below.

Portable, technology, credit card, mobile banking, creditor.

1. What is the expiry date on your …?
2. Young users are the most frequent users of … technology.
3. The laptop's ultra compact design makes it extremely … and practical.
4. What this country needs is a long-term policy for investment in science and … .
5. He's trying to earn enough to pay off his … .

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

Monetary system, digital money, e-cash, cryptocurrency, commercial transaction, to wear out, to churn out.

VII. Translate into English.

1. Самая ранняя валюта, используемая в коммерческих операциях, появилась в Египте и Месопотамии в третьем тысячелетии до нашей эры.
2. Самые ранние монеты, известные в западном мире, появились в городе Эфес (западная Турция) в 650 году до нашей эры.
3. Бумажные деньги впервые появились в Европе в 17 веке.
4. Страны контролируют и гарантируют эмиссию денег через свои центральные банки.

5. Деньги, в какой бы форме они не использовались, ценны не для себя, а представляют важность для всех товаров и услуг, которые за них можно приобрести.

6. Компания Вестерн Юнион провела первый электронный перевод денежных средств в 1860 году, представив миру возможность использования цифровых или электронных денег.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What is money?
2. What forms of money do you know?
3. What did appear first coins or paper money?
4. When did the development of banknote begin?
5. Did the law regulate the issue of money in the 17th century?

Text A. History of Money

Money, one of the earliest and most significant inventions of civilization, is essential to the development of trade. Money provides an intermediary substance, enabling the seller to choose when and where he wishes to become a buyer.

All primitive societies invest certain things with a special value – particularly livestock, and items of rarity or beauty. Starting as early as 9000 BC, humans began bartering as a form of early trade for physical commodities. First recorded in Egypt, bartering was used mainly for grain, wheat, and cattle which were common commodities used by farmers and other kinds of agricultural professionals of the time.

But these objects are not money in our sense, capable of easy use in everyday transactions.

As time went on, people began to develop other forms of money which still had inherent value, this time in the form of coins. Before we saw the emergence of coins, other physical objects were used which served as precursors to them (e.g. cowrie shells). The first *official* currency was minted by King Alyattes of Lydia which is in modern day Turkey. For many years to follow, the coin developed and changed into a rounder and smoother design, mainly for practical reasons.

In China, gold coins were first standardized during the Qin dynasty (221–207 BC). After the fall of the Qin dynasty, the Han emperors add-

ed two other legal tenders: silver coins and deerskin notes, a predecessor of paper currency which was invented in China. Gold and silver have been the most common forms of money throughout time, and although other metals were also used to mint coins, these kinds of metal-based coins did not emerge until much later. This is due to the fact that gold has held inherent value since the very beginning of time, leading humans to stick with the gold standard for their coins instead of other metals moving forward.

It wasn't until the 11th century that paper money became an *actual* form of accepted monetary value, first introduced during the Song Dynasty. Marco Polo's travels to Eastern Asia – specifically China – brought the idea of paper currency back to the Europeans. Until then, the Florin – a gold coin minted in Florence, Italy, was widely used and accepted throughout Europe allowing for trade and international exchange to flourish in the area.

The development of the banknote began in the seventh century though, with its roots coming from merchant receipts of deposit. Merchants and wholesalers sought to avoid the heavy bulk of copper coinage in large commercial transactions, so they turned to issuing, for lack of better words, ancient IOUs which acknowledged that a person had received money or property in return for another sale.

It wasn't until 1661 that the first banknote was issued in Sweden. Much debate accompanied the issue, with some officials and merchants predicting paper money would herald the downfall of the country's monetary system. However, they were an immediate success, replacing the necessity to carry large, heavy, easily stolen quantities of gold or silver. With the brand new concept of paper money, most countries at the time lacked laws governing who could print money. Counterfeiting laws which made it illegal to copy existing coins were updated to cover paper money, but few countries had prohibitions against anyone issuing their own currency. As such, just about anyone with access to a printing press started churning out banknotes.

As a result, the face value of many banknotes became almost meaningless. A banknote's value was determined by the reputation of the issuer and the amount of coins backing it. Some notes were not accepted at all, rendering them worthless; while others were accepted only at a discount from face value. A few rare banknotes actually circulated at greater worth than face value, especially if the issuers specified that they would honor the banknote's exchange for specific amounts of gold or silver.

II. Choose the best option to the following statements.

1. All primitive societies invest certain things with a special value – particularly livestock, and … .

a) items of rarity or beauty;

b) candy wrappers;

c) tin cans.

2. Bartering was used mainly for grain, wheat, and cattle which were common commodities used by … of the time.

a) businessmen and bankers;

b) farmers and other kinds of agricultural professionals;

c) supermarkets and shops.

3. For many years to follow, the coin developed and changed into … mainly for practical reasons.

a) convertible currency;

b) a rounder and smoother design;

c) gold dollar.

4. With the brand new concept of paper money, most countries at the time lacked laws governing … .

a) who could spend money;

b) who could earn money;

c) who could print money.

5. Some notes were not accepted at all, rendering them worthless; while others were accepted only at a discount from … .

a) body value;

b) head value;

c) face value.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about the history of money using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is a country's monetary system?
2. How do countries control the issue of money?
3. What is a check?

4. When did digital money appear?
5. How was mobile banking introduced in Europe?
6. How did cryptocurrency appear?

Text B. Modern Money

The concept of *money* has come a long way since the dawn of time. From trading physical commodities, to paper currency, and now to digital assets, the value of money has taken all sorts of shapes and forms as time has passed.

The set of coins and bank notes used by a country form its monetary system. The system is regulated by appropriate legislation.

Currently almost all countries use a monetary system of centesimal basis, in which the coinage dividing the unit represents one hundredth of its value. Normally, higher values are expressed in notes while smaller values are represented by coins. The current world trend is that daily expenses be paid with coins. Modern metallic alloys enable coins to be more durable than notes, making them more appropriate to the intense use of money as change.

The countries, through their central banks, control and guarantee the issue of money. The set of notes and coins in circulation, the so called monetary mass, is constantly renewed through the process of sanitation, substitution of worn out and torn notes.

As coins and notes ceased to be convertible into precious metal, money became more dematerialized and assumed abstract forms.

One of these forms is the check that, for simplicity of use and security offered, is being adopted by an increasing number of people in their day-by-day activities. This document, by which one orders payment of a certain amount to its bearer or to a person mentioned in it, aims mainly at transactions with bank deposits. The important role played today in the economy by this form of payment is due to the innumerable advantages offered by it, speeding transactions with large sums, avoiding hoarding and diminishing the need of change by being a document completed by hand in the necessary amount.

Money, whatever the form it has, is not valuable for itself, but for the goods and services it may purchase. It is a sort of security giving its bearer the faculty of being creditor of society and take advantage, through his or her purchasing power, of all conquests of modern man.

Money was not, hence, invented by a stroke of genius, but stemmed from a need, and its evolution reflects, at each time, the willingness of man to harmonize its monetary instrument to the reality of its economy.

You may consider yourself to be relatively knowledgeable about the novelty of digital money, but did you ever know that the idea of digital money actually dates back to 1860. Western Union conducted the first electronic fund transfer (EFT) in 1860, introducing the world to the possibility of digital or electronic money. For the next century, developments in infrastructure and technology led to the development of the first credit card, the cardboard Diners' Club card in 1950.

As credit cards continued to grow in popularity and portable electronic devices such as cellular telephones became common, mobile banking was introduced in Europe in 1999. Of course, there were no iPhones or Samsung phones which are commonly referred to today as smartphones, but mobile banking was still achieved by using primitive smartphones and personal digital assistants (PDAs) at the time. A form of digital currency called e-cash was developed in 1982 but was never fully adopted, still serving as a crucial component for future creations such as hashcash.

One of the earliest predecessors of today's most popular cryptocurrency Bitcoin (BTC) is B-money. This was created in 1998 by computer scientist Wei Dei and aimed to serve as an "anonymous, distributed electronic cashsystem". However, B-money never actually launched and remained an equivalent to today's white paper, but was instrumental in BTC's development and creation. Bit Gold was another early idea for digital money proposed by Nick Szabo. Although first speaking about Bit Gold in 1998, Szabo fully described the system in 2005 on his blog.

Cryptocurrency has taken off over the past few years and the industry has exploded in terms of the amount of active users and companies involved in the space. Although the concept of Bitcoin dates back to 2007, it wasn't until 2009 that the first BTC transaction took place. As BTC underwent major changes and progressions in the following years to grow into a usable cryptocurrency, it wasn't until 2010 that BTC was actually used to make a real world purchase.

Thousands of new cryptocurrencies have emerged and diversified the ever-expanding cryptocurrency market. Today, the internet runs rampant with talk about blockchain technology and crypto. It seems to be among the hottest trends of the modern era. Over the last several years, many industries have been disrupted by the introduction of cryptocurrencies as a means of transferable value.

II. Decide which of the following statements are correct.

1. The set of coins and bank notes used by a country form its monetary system. The system is regulated by appropriate legislation.

2. The set of notes and coins in circulation, the so called monetary mass, is constantly renewed through the process of sanitation, substitution of worn out and torn notes.

3. Money, whatever the form it has, is valuable for itself, but for the goods and services it may purchase.

4. As credit cards continued to grow in popularity and portable electronic devices such as cellular telephones became common, digital banking was introduced in Europe in 1999.

5. A form of digital currency called i-cash was developed in 1982 but was never fully adopted.

6. Although the concept of Bitcoin dates back to 2007, it wasn't until 2009 that the first BTC transaction took place.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text is about … . It would be wise to mention here … . Frankly speaking … . To pass on to … . With the help of … . To sum up … .

IV. Speak about modern money.

V. Translate from Russian into English.

На протяжении многих веков золото было одной из самых распространенных форм денег. Поскольку бумажные деньги стали наиболее популярной формой выражения стоимости, золото, в конечном счете, стало использоваться странами для установления золотого стандарта.

Золотой стандарт – это денежная система, в которой валюта страны или бумажные деньги имеют ценность, непосредственно связанную с физическим золотом. С помощью золотого стандарта страны согласились конвертировать бумажные деньги в фиксированное количество золота. Страна, которая использует золотой стандарт, устанавливает фиксированную цену на золото, покупает и продает драгоценный металл по этой цене. Фиксированная цена используется для определения стандартной стоимости валюты.

В настоящее время золотой стандарт не используется ни одним правительством. Золотой стандарт полностью заменен фиатными деньгами. Фиатные деньги – это деньги, номинальная стоимость которых устанавливается и гарантируется государством и которые правительство страны объявило в качестве законного средства платежа.

Unit 12

PRICING POLICIES

VOCABULARY STUDY

Nouns and noun phrases

clientele – клиентура

competitor price policy – ценовая политика конкурентов

damaged merchandise – поврежденный товар

loss leader – товар, продаваемый в убыток для привлечения покупателей

markdown – маркдаун, снижение цены, величина скидки (с первоначально установленной цены)

market strategy – рыночная стратегия

novelty – новизна

price lining – шкала цен, категория цен

profit margin – маржинальный доход, коэффициент прибыльности, коэффициент доходности (отношение чистой прибыли к чистой выручке)

target return pricing – назначение цен, обеспечивающих получение целевой нормы прибыли

Adjectives

affluent – состоятельный, богатый

fair – справедливый, честный

initial – начальный

operating – рабочий, текущий

overall – общий, совокупный

total – общий, совокупный

Verbs and verb collocations

affect – влиять, воздействовать

alter price – изменять цену

assure – гарантировать, обеспечивать

charge price – назначать цену

reflect in price policy – отражать в ценовой политике

retail the product on the price – продавать товар в розницу по цене

set price – устанавливать цену

I. Match the words with the definitions below.

Strategy, clientele, markdown, loss leader, profit margin, chain store, target.

1. All the people who use the services of a particular firm.
2. The percentage of the wholesale or cost price added to produce the retail or selling price.
3. A deduction in the price of goods to encourage sales.
4. One of a number of similar shops belonging to the same company.
5. A plan of future action which, in a company, is usually decided by senior management.
6. A product sold at a loss to encourage trade.
7. A goal or result aimed at; an objective.

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

Verbs	***Adjectives***	***Nouns***
1.		competition
2. to protect		
3.	special	
4.		consideration
5. to recognize		

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

A. Customer, set, manufacture, similar, merchandise, store, luxury items.

B. Goods, analogous, shop, inessentials, client, produce, establish.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
price	demand
overall	discount
competitor	cost
protect	price
alter	lining
advertised	merchandise
elastic	profit margin

V. Complete the sentences with the words below.

Alter, combat, figure, recognize, fair, assure, affluent, exist, reflect, protect.

1. Are qualifications gained in Britain … in other European countries?
2. Their stock prices fell to levels that didn't … the true value of their assets.
3. The Common Law has always … individual rights.
4. Communities who live by hunting and gathering still … .
5. The schools were fighting endlessly to … truancy.
6. He could resign if he wanted and … himself of £156,000 a year pension.
7. This doesn't … the fact that the problem has got to be dealt with.
8. They both come from relatively … backgrounds.
9. He must have made a … amount of money.
10. The five year boy demonstrated the ability to read, write and do simple … .

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

Loss leader, price policy, type of merchandise, target return pricing, shortage, seasonal nature of sales, markdown, cover expences.

VII. Translate into English.

1. Законы о справедливой торговле позволяют производителю продукта заключать соглашения с дилерами, которые продают продукт в розницу по цене, по которой он может быть продан.
2. На ценовую политику существенно влияет вид товара.
3. Характер общего спроса также учитывается при установлении индивидуальных цен.
4. Плохое ценообразование может в конечном итоге стоить владельцу клиентов и прибыли.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. Which of the factors affecting individual prices are of primary importance from your point of view?

2. What does market strategy mean as a price policy?
3. What is a loss leader?
4. What items are of importance for setting initial prices?

Text A. Factors Affecting Individual Prices

The prices that any firm can charge for its merchandise are subject to many influences. Some or all of the following considerations may apply in a particular case: 1) fair trade laws; 2) nationally advertised prices; 3) desired customer clientele; 4) competitor price policies; 5) market strategy; 6) manufactures' suggested prices; 7) type of merchandise handled; 8) policy on loss leaders; 9) seasonal nature of sales; 10) demand factor for certain products; 11) price lining; 12) target return pricing.

Some information about each of these factors will introduce us to the total scene of setting prices. Fair trade laws still exist in many states. These laws allow the manufacturer of a product make agreements with dealers who retail the product on the price at which it can be sold to the public. Nationally advertised prices must be recognized by small firms as at least an upper limit to the prices they place on items so advertised. Competitor prices on similar lines or mechandise with similar quality must be recognized when active competition exists between firms. Market strategy is a policy of setting prices and quality in a range not served by competitors. When a special clientele is served, its buying habits can be reflected in price policy. For example, if affluent people want special services and special merchandise, they are willing to pay them. In other cases, the desired clientele may be price-conscious and price policy will be directed to serve them.

Manufacturers' suggested prices are designed by the manufacturers to protect the quality image of their products and to protect profit margins for the individual retailer. Price policy is significantly affected by the type of merchandise. Novelties or special-interest items normally carry higher markups.

Loss leaders (products sold below cost) are still illegal in some states whose laws reflect an earlier attempt by independent firms to combat the increase of chain store competition seasonal nature of sales can affect pricing policy by making it possible to alter prices with the high and low seasons of sales volume. The nature of overall demand is likewise a consideration in setting individual prices. Elastic demand suggests lower prices. Specialty goods, such as luxury items and style

merchandise, carry higher prices. Price lining is a policy of keeping merchandise in fairly well-defined price ranges. Dresses at $19.95, $24.95, and $29.95 would be an example.

Target return pricing involves adding a desired percentage return on investment or a specific dollar amount return to total fixed costs in setting retail prices.

Setting initial prices. Initial prices on merchandise must cover all these items: 1) markdowns; 2) shortages; 3) damaged merchandise; 4) employee discounts; 5) operating expenses; 6) cost of goods sold; 7) profits.

When a business owner decides what price to charge for different items and services offered, some kind of method should be used. Poor pricing may end up costing the owner customers and profits. Two basic questions must be answered: 1. Are prices high enough to cover expenses and assure a fair profit? 2. Are prices low enough to meet or undersell the competition and attract customers?

II. Choose the best option to the following statements.

1. Price policy is significantly affected … .
a) by the market and the competitors;
b) by the type of goods;
c) by the productivity merchandise.
2. Which of the following statements is true?
a) elastic demand suggests higher prices;
b) elastic demand doesn't influence prices;
c) elastic demand suggests average prices.
3) Manufacturers' suggested prices are designed by … .
a) retailers;
b) wholesalers;
c) manufacturers.
4. Initial prices on merchandise must cover … .
a) operating expenses and cost of goods sold;
b) shortages;
c) all of the above.
5. The pricing strategy helps to determine if the business … .
a) receives enough income and makes an adequate profit;
b) receives enough money to pay the expenses;
c) all of the above.

6. What things must you take into consideration in setting the price on your goods and services?

a) how does the price of your products compare with your competitors;

b) how must a basic promotion idea or philosophy be developed;

c) how should advertising, display, and public relations be studied.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about pricing policy using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What do internal company factors affecting pricing decisions include?
2. What factors are considered to be external environmental factors?
3. What principal and additional objectives may the company determine before setting prices?
4. What should be done by the company to form an effective marketing program?
5. What decisions are made first: pricing decisions or marketing mix decisions?
6. What costs should the price cover?
7. How does the efficiency of the company affect prices?
8. How do organizational considerations influence the way of setting prices?

Text B. Internal Factors Affecting Price Decisions

A company's pricing decisions are affected by many internal company factors and external environmental factors. Internal factors include the company's marketing objectives, marketing mix strategy, costs, and organization. External factors include the nature of the market and demand, competition, and other environmental factors.

Marketing objectives. Before setting price, the company must decide on its strategy for the product. If the company has selected its target market and positioning carefully, then its marketing mix strategy, including price, will be fairly straightforward. For example, if General Motors decided to produce a new sports car to compete with European sports cars in the high income segment, this suggests charging a high price. At the same time, the company may seek additional objectives. The clearer a firm about its objectives, the easier it is to set price. Examples of common objectives are survival, current profit maximization, and product quality leadership.

Marketing-mix strategy. Price is only one of the marketing-mix tools that the company uses to achieve its marketing objectives. Price decisions must be coordinated with product design, distribution, and promotion decisions to form a consistent and effective marketing program. Decisions made for other marketing-mix variables may affect pricing decisions. For example, producers who use many resellers expected to support and promote their products may have to build larger reseller margins into their prices. The decision to develop a high-quality position will mean that the seller must charge a higher price to cover higher costs. The company often makes its pricing decisions first and then bases other marketing-mix decisions on the price it wants to charge.

Costs. Costs set the floor for the price that the company can charge for its product. The company wants to charge a price that both covers all its costs for producing, distributing, and selling the product and delivers a fair rate of return for its effort and risk. A company's costs may be an important element in its pricing strategy. Many companies work to become the 'low-cost producers' in their industries. Companies with lower costs can set lower prices that result in greater sales and profits.

Organizational considerations. Management must decide who within the organization should set prices. Companies set prices in a variety of ways. In small companies, prices are often set by top management rather than by the marketing or sales department. In large companies, pricing is typically handled by divisional or product-line managers. In industrial markets, salespeople may be allowed to negotiate with customers within certain price ranges – even so, top management sets the pricing objectives and policies and often approves the prices proposed by lower-level management or salespeople. In industries in which pricing is a key factor (aerospace, railroads, oil companies), companies will often have a pricing department to set the

best prices or help others in setting them. This department reports to the marketing department or top management. Others who have an influence on pricing include sales managers, production managers, finance managers, and accountants.

II. Decide which of the following statements are correct.

1. Internal factors include the nature of the market and demand, competition, and other environmental factors.
2. If target market and positioning are carefully selected, then marketing mix strategy will be fairly straightforward.
3. Common objectives are survival, current profit maximization, and product quality leadership.
4. A company's costs do not significantly determine its pricing strategy.
5. Sales managers, production managers, finance managers, and accountants may have an influence on pricing policy.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text deals with … . The author points out that … . It is pointed out that … . It should be noted that … . Attention is drawn to the fact that … . The author comes to the conclusion that … .

IV. Give a two-minute talk on the internal factors affecting price decisions.

V. Translate from Russian into English.

Компания должна узнать цену и качество предложения каждого конкурента. Можно получить прайс-листы конкурентов или купить оборудование конкурентов. Можно узнать мнение покупателей о цене и качестве продукта каждого конкурента. Как только компания узнает о ценах и предложениях конкурентов, она может использовать их в качестве отправной точки для своего собственного ценообразования. При установлении цен компания должна учитывать и другие факторы внешней среды. Например, экономические факторы, такие как инфляция или рецессия, влияют на ценовые решения, поскольку они воздействуют как на затраты на производство продукта, так и на потребительское восприятие цены и стоимости продукта.

Unit 13

EARLY BANKING. BANK AND ITS CLASSES

VOCABULARY STUDY

Nouns and noun phrases

bank of deposit – депозитный банк
bill of exchange – вексель
bullion – слиток золота, драгоценный металл
commodity – продукт, товар
intermediation activity – посредническая деятельность
lender of last resort – последний кредитор в критической ситуации
merchant banking business – коммерческое банковское дело
savings deposit – сберегательный вклад на неопределенный срок под процент
storage facility – хранилище, склад

Adjectives

deplorable – печальный, прискорбный
full-fledged – полноценный
private – частный
uniform – единообразный
valuable – ценный

Verbs and verb collocations

charge fees – взимать плату, начислять комиссионные
derive a profit – извлекать прибыль
emerge – возникать, появляться
hold assets – держать активы
make loan – осуществлять заем, оформлять кредит
transfer – переводить, перемещать

I. Match the words with the definitions below.

Ownership, depository, safe, trader, to facilitate, exchange, to substitute, interest rate.

1. A person who buys and sells something, such as stocks or commodities futures in search of short-term profits.

2. Funds payable currently at a distant point either in a foreign currency or in domestic currency.

3. The state, relation, or fact of being an owner.

4. To put or use in the place of another.

5. To make easier; to help bring about.

6. The profit in goods or money that is made on invested capital.

7. Secure from threat of danger, harm, or loss.

8. A place where something is deposited especially for safekeeping; a bank chosen for the depositing of government funds.

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

Verbs	*Adjectives*	*Nouns*
1.		facility
2. to transport		
3.	different	
4.		value
5. to establish		

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

A. Precious, loan, accept, trader, supervision, significant, fee, to supply.

B. Important, valuable, receive, to provide, control, seller, credit, charge.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	*B*
provide	service
supply	assets
hold	metal money
reliable	bills
valuable	banks
exchange	goods
maintain	reserves

V. Complete the sentences with the words below.

Amount, commercial, reserve, borrowers, assets, balance, account, function.

1. The primary … of banks is to put their account holder's money to use by lending it out to others who can then use it.
2. When you deposit your money in the bank, your … is credited with the amount of your deposit.
3. When you write checks, that … is deducted from your account balance.
4. Interest you earn on your … is also added to your account.
5. The Federal Reserve Act requires that banks keep a certain percentage of their money in … .
6. The interest rate a bank charges its … depends on both the number of people who want to borrow and the amount of money the bank is available to lend.
7. … banks borrow money from the public, crediting them with a deposit.
8. The balance sheet of a bank includes … and liabilities.

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

Valuable commodities, hold assets, bills of exchange, exchange banks, banks of deposit, interest rate, make loans, charge fees, profit.

VII. Translate into English.

1. Центральные банки пользуются различной степенью автономии без прямого государственного контроля.
2. Ссужать деньги – это рискованный бизнес.
3. Коммерческие банки в большинстве стран предпочитают выдавать краткосрочные кредиты, поскольку они сопряжены с меньшим риском.
4. Современные банки сталкиваются с самыми разнообразными рисками.
5. Большинство стран требуют от банков участия в федеральной программе страхования, направленной на защиту владельцев банковских вкладов от убытков.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What banking services were provided in ancient times?
2. What did the earliest genuine European banks deal in?
3. What are exchange banks and banks of deposit?
4. What are major classes of banks?
5. What functions do commercial banks perform?
6. What are central banks involved in?

Text A. Historical Development. Early Banking

Some authorities, relying upon a broad definition of banking that equates it with any sort of intermediation activity, trace banking as far back as ancient Mesopotamia, where temples, royal palaces, and some private houses served as storage facilities for valuable commodities such as grain, the ownership of which could be transferred by means of written receipts. There are records of loans by the temples of Babylon as early as 2000 BC; temples were considered especially safe depositories because, as they were sacred places watched over by gods, their contents were believed to be protected from theft. Companies of traders in ancient times provided banking services that were connected with the buying and selling of goods.

Many of these early "protobanks" dealt primarily in coin and bullion, much of their business being money changing and the supplying of foreign and domestic coin of the correct weight and fineness. Full-fledged banks did not emerge until medieval times, with the formation of organizations specializing in the depositing and lending of money. The merchant banking business arose from the fact that many merchants traded internationally, holding assets at different points along trade routes.

The earliest genuine European banks, in contrast, dealt neither in goods nor in bills of exchange but in gold and silver coins and bullion, and they emerged in response to the risks involved in storing and transporting precious metal moneys and, often, in response to the deplorable quality of available coins, which created a demand for more reliable and uniform substitutes.

Banks in Europe from the 16th century onward could be divided into two classes: exchange banks and banks of deposit. The last were banks that, besides receiving deposits, made loans and thus associated themselves with the trade and industries of a country. The exchange

banks included in former years institutions such as the Bank of Hamburg and the Bank of Amsterdam. These were established to deal with foreign exchange and to facilitate trade with other countries. The others – founded at very different dates – were established as, or early became, banks of deposit, such as the Bank of England, the Bank of Venice, the Bank of Sweden, the Bank of Germany, and others. The period of their activity had generally passed by the last half of the 19th century.

Nowadays, bank is an institution that deals in money and its substitutes and provides other financial services. Banks accept deposits and make loans and derive a profit from the difference in the interest rates. They also have the power to create money. The two major classes of banks are commercial and central banks. Commercial banks accept savings deposits, make loans and other investments, and offer financial services that facilitate the exchange of funds among individuals and institutions. In addition to the profit derived from the difference in the interest rates, commercial banks charge fees for various services. Central banks are involved in the issue of money and maintain the country's currency reserves. Central banks maintain the accounts of other banks and supervise their activities. Central banks act as bankers to governments, as the designers of monetary and credit policies, and as lenders of last resort to commercial banks in case of financial crisis. Central banks also play a significant psychological role as guarantors of the monetary system. Central banks may be nationalised organisations and are subject to government control, but some of them can have independence from government supervision.

II. Choose the best option to the following statements.

1. The storage facilities for valuable commodities were … .
a) companies of traders;
b) temples, royal palaces, and some private houses;
c) market institutions.
2. The early "protobanks" dealt primarily in … .
a) coins and bullions;
b) money exchange;
c) trade services.
3. The exchange banks included in former years institutions such as … .
a) the Bank of England, the Bank of Venice;
b) the Bank of Sweden, the Bank of Germany;
c) all of the above.

4. Commercial banks … .
a) accept savings deposits;
b) issue money;
c) maintain currency reserves.
5. Central banks also play a significant role as … .
a) bankers to governments;
b) designers of monetary and credit policies;
c) guarantors of the monetary system.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about early banking systems using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is a bank? What factors determine the success of its operation?
2. What do bank trust operations encompass?
3. What groups do the bank trust operations fall into?
4. Why are deposits so important?
5. What are the advantages and disadvantages of the current account from the point of view of a bank customer?
6. What are the main types of deposits?

Text B. New Services in Banking

Banks perform the widest range of functions in the economy. They are trust, insurance, brokerage, investment, cash management, credit, planning, payment, saving functions. Consequently, any modern full-services banking institution should provide the widest variety of services. The banks' failure or success hinges on their ability to identify the financial services the public demands, produce those services efficiently, and sell them at a competitive price. The service menu of banks does not remain unchanged as new services are constantly being introduced and are developed by commercial banks. Many of them offer a combination of wholesale and retail banking. The former provides large scale services to the corporate sector. The latter mainly provides smaller scale services to the general public.

Trust services are one of the most important and rapidly growing bank service areas today. Bank trust operations encompass the management of property and other assets owned by a bank customer and the administration of a customer's security holdings and borrowings. In offering trust services bank places itself as authorized agent between the marketplace and the customer, making investment and management decisions on the customer's behalf and dispensing funds when needed to cover the customer's obligations. A bank's trust operations are usually divided into three broad areas: a) personal trust services; b) business trust services; c) trust services for charities and nonprofit organizations. A trust department acts to benefit its customers within those areas defined by contract (the trust agreement) between the bank (trustee) and the customer (trustor) covering a specific period of time.

Banks provide a wide range of trust services for individuals and families in the form of estate settlement, trust administration and agency services. Bank trust divisions act as agents for corporations and other businesses in a host of different ways. This may involve issuing securities on the business customer's behalf, paying dividends or interest owed on any securities issued, reinvesting the dividends for securities holders who request that service, and retiring the securities at maturity.

Banks carrying lending and investment operations have the use of the money of their clients from the moment they pay their money into the bank till the moment they draw it out. The accounts they hold with the bank have credit balances and are called deposits.

Deposits are the raw material of banking and thus, represent the ultimate source of bank profitability and growth. They are a unique item on a bank's balance sheet that clearly distinguishes a bank from other types of business firms. There are two main types of accounts opened by the British clearing banks for their customers: the current account and the deposit account. Some banks provide a savings bank account. It is worth mentioning that banks have been eager in recent years to attract the accounts of even quite modest private people, despite the likely small size of the individual deposits and the high overheads incurred in servicing such accounts. The banks do not pay any their customers any interest on current accounts, but provide some free of charge services to the holders and issue them with checkbooks. An account of checks paid, credits received and resulting balances is printed out by the bank's computer and sent to the customer. Big companies will require their statements daily, small private customers usually get theirs

every three or six months. If an account becomes overdrawn a special code sign warns the account holder that his balance is in debit. In case of overdrafts, a bank levies extra charges. Money on a deposit account is not instantly available but can be withdrawn after giving the bank seven days' notice. Banks pay interest on deposit accounts. For years this rate was fixed at 2 per cent below bank rate but now the banks key their rates to a base rate which varies with the money market rates.

II. Decide which of the following statements are correct.

1. The service menu of banks remains unchanged.
2. The accounts the clients hold with the bank have credit balances and are called deposits.
3. The banks never pay any their customers any interest on current accounts.
4. Money on a deposit account is instantly available and can be withdrawn anytime.
5. Banks pay interest on deposit accounts, fixed at 2 per cent.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text introduces the data on … . The author covers the problem … . It is focused on … . It should be noted that … . Attention is drawn to the fact that … . The author concludes that … .

IV. Give a two-minute talk on the history of banks development.

V. Translate from Russian into English.

Коммерческие банки – это финансовые учреждения, которые принимают депозиты до востребования от населения, переводят средства из одного банка в другой и получают прибыль.

Коммерческие банки играют значительную роль в выполнении краткосрочных и среднесрочных финансовых требований отраслей промышленности. Они не предоставляют долгосрочного кредита, так что ликвидность активов должна поддерживаться. Коммерческие банки, предоставляя кредиты предприятиям, учитывают различные факторы, такие как характер и размер бизнеса, финансовое состояние и рентабельность бизнеса, а также его способность погашать кредиты.

Unit 14

BANKING SYSTEM OF THE REPUBLIC OF BELARUS

VOCABULARY STUDY

Nouns and noun phrases

banks' branch – филиал банка
commemorative coin – памятная монета
currency – валюта
exchange rate – обменный курс
issue center – эмиссионный центр
securities – ценные бумаги
share – пай, доля, акция
subsidiary – филиал, дочерняя фирма

Adjectives

authorized capital – уставной капитал, уставной фонд
centrally-planned economy – централизованная плановая экономика
compelling – убедительный
monetary policy – монетарная политика, денежно-кредитная политика
state-owned bank – государственный банк
subordinate – подчиненный, второстепенны

Verbs

adopt – принимать
decree – постановлять, издавать указ
exceed – превышать
inherit – наследовать
pass – одобрять
set up – основывать, организовывать

I. Match the words with the definitions below.

Origins, commonplace, intervention, establishment, hallmark, contribution, computation.

1. The act or action of computing, calculation.
2. Something commonly found.
3. The act of interfering with outcome or course especially of a condition or process (as to prevent harm or improve functioning).
4. A place of business or residence with its furnishings and staff; a public private institution.
5. The point at which something begins or rises or from which it derives.
6. A distinguishing characteristic, trait, or feature.
7. A payment (such as levy or tax) imposed by military, civil, or ecclesiastical authorities usually for a special or extraordinary purpose.

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

Verbs	***Adjectives***	***Nouns***
1.		origins
2. to preserve		
3.	commemorative	
4.		contribution
5. to compute		

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

A. Securities, state, obtain, effective, preserve, territory, intervention, enterprise.

B. Area, keep, private, efficient, business company, interposition, financial documents, receive.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
banking	capital
financial	economy
national	institution
commercial	documents

non-state	enterprise
authorized	bank
stabilize	currency

V. Complete the sentences with the words below.

Accounts, subject, analytical, protecting, reports, represent, payments.

1. Cash … to the state budget funds are made without size limits.
2. Annual financial accounting … of business entities are the primary source of information about the results of their economical activity and their financial condition.
3. Organizations must … the annual accounting not later than 31 March of the year following the reporting year.
4. Other organizations can publish their annual … at will.
5. The country has a well-developed information and … system, covering the results of the circulation of securities issued in the country.
6. The banking system was … to a major reorganization in 1987 as well.
7. The main objectives of the National Bank are … the Belarusian ruble and ensuring its stability.

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

The first banking institution, commemorative coins, a market-type economy, national currency, issue center, the official exchange rate of the Belarusian ruble.

VII. Translate into English.

1. Банки финансируют государственные программы и составляют около 90% всех активов белорусского банковского сектора.
2. Беларусь можно отнести к числу стран с высокой долей концентрации банковского капитала в группе ведущих банков.
3. Все белорусские банки универсальны, т. е. они могут получать прибыль, оказывая услуги своим клиентам и проводя инвестиционные операции.

4. Основную часть доходов белорусских банков составляют кредитные услуги.

5. Среди малых и средних банков есть некоторые финансовые учреждения, деятельность которых можно считать узкоспециализированной.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. What is the date of the origins of the Belarusian banking system?
2. When did Belarus create the national currency?
3. When was the National Bank of the Republic of Belarus established?
4. What are the two-level banking system in Belarus?
5. What are the banks which operate jointly with foreign capital?
6. What way are the exchange rates for other currencies set?

Text A. Banks on Belarusian Territory: Milestones in History

Until recently, it was assumed that the origins of the Belarusian banking system go back to January 3, 1922 – the date on which the Byelorussian Office of the State Bank under the People's Finance Commissariat of the Byelorussian Soviet Socialist Republic became operational in Minsk.

However, the research into archive materials and the study into collections of financial documents and securities made it possible to obtain a compelling documentary evidence that the first banking institution in the territory of present-day Belarus was started at least half a century earlier, i.e. on January 8, 1870, when the Decree on the Establishment of the City Public Bank in Gomel issued by the Senate of the Russian Empire was signed. The history of the making and the development of the Belarusian banking system goes back to that time.

The establishment of the institutions of the People's Bank was not commonplace in Belarus due to the civil war and military intervention. Nevertheless, on December 4, 1921, the Council of People's Commissars decreed the establishment of the State Bank (Gosbank) of the RSFSR.

On December 14, 1990, the Supreme Soviet of the BSSR passed laws "On the National Bank of the Byelorussian Soviet Socialist

Republic" and "On Banks and Banking in the Byelorussian Soviet Socialist Republic" which became effective from January 1, 1991.

On December 21, 1990, the Supreme Soviet of the BSSR adopted Resolution declaring the USSR banks' branches with their establishments, enterprises and organizations located in the BSSR to be the property of the independent state.

The establishment of the National Bank was finalized on April 1, 1991.

The Belarusian banking system entered its modern history.

The National Bank of the Republic of Belarus created the national currency in the most challenging environment of the early 1990s crisis. This made it possible not only to stabilize the economy but also preserve independence of the Republic of Belarus. In addition, since the mid-1990s the issue center has been actively involved in creating and issuing commemorative coins which retain the most essential information about our state and have already become the hallmark of Belarus.

The transformation of the centrally-planned economy into a market-type economy required that a finance and credit system be formed in the Republic on the basis of the transition from inherited previous mono-structure of monetary and credit institutions to two-step banking system with a clear division of functions between the central bank and commercial banks.

The first of these levels is represented by the National Bank which is the central bank of the Republic of Belarus having large powers. It is independent in its activities and is subordinate to the Parliament only.

The second level of the banking system is represented by commercial banks through which the monetary policy of Belarus is implemented.

According to the current legislation the commercial banks enjoy a high degree of independence in choosing the main spheres of their activities. As regards their form, the commercial banks may be both state-owned and non-state banks set up by founders (legal and physical persons) on a share or contribution basis.

The commercial banks of Belarus have been formed in two ways. The first way was to set up new commercial banks. On the 1st of January 1996, 40 commercial banks were registered in the Republic having universal forms of services. Out of them in 6 banks the control package is owned by founders with the state form of property, 33 banks are non-governmental.

Today the share of foreign subjects in the authorized capital of the entire banking system of Belarus does not exceed 10%. There are banks which operate jointly with Russian capital and a bank with the participation of Swiss and Latvian capitals; a number of subsidiaries and representations of foreign banks have been operated: Kommertz Bank Germany, Deposit-Credit Bank of Poland, and others. The Republic is a member of the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development. In February 1993 Belarus set up the Inter-Bank Currency Exchange which is the main instrument of the legal currency market.

The trades are performed in four main currencies: US dollar, Euro, Russian ruble and Ukrainian grivna. The National Bank established the official exchange rate of the Belarusian ruble in relation to the US dollar, Euro and the Russian ruble twice a week, on Tuesday and Thursday, on the basis of the auction results. The exchange rates for other currencies are set through computations using the exchange rate of the US dollar at the main currency exchanges of the world.

II. Choose the best option to the following statements.

1. The origins of the Belarusian banking system go back to … .
a) January 3, 1922;
b) January 8, 1870;
c) December 4, 1921.
2. The National Bank of the Republic of Belarus … .
a) is the first level of the banking system;
b) created the national currency;
c) determined the national independence.
3. The second level of the banking system is represented by … .
a) foreign banks;
b) commercial banks;
c) the National Bank of the Republic of Belarus.
4. The trades are performed in four main currencies:
a) US dollar, Euro;
b) British pound, Swiss frank;
c) Russian ruble and Ukrainian grivna.
5. The exchange rates for other currencies are set … .
a) by the legal currency market;
b) on the basis of the auction results;
c) through computations.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about the origins and the development of the Belarusian banking system using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is the National Bank of the Republic of Belarus?
2. What does the accountability of the National Bank to the President of the Republic of Belarus mean?
3. What does the President approve?
4. Who does the President appoint?
5. What are the main objectives of the National Bank?
6. What functions shall the National Bank perform?
7. The National Bank shall perform its activities on the basis of the Monetary Policy Guidelines approved by the President of the Republic of Belarus, shall not it?

Text B. The Main Functions of National Bank of the Republic of Belarus

The National Bank of the Republic of Belarus (hereinafter referred to as the National Bank) is the central bank and a government agency of the Republic of Belarus operating exclusively in the interests of the Republic of Belarus.

In performing its activities, the National Bank shall be guided by the Constitution of the Republic of Belarus, the Banking Code, laws, and shall be independent in its activities.

The National Bank shall be accountable to the President of the Republic of Belarus. The accountability of the National Bank to the President of the Republic of Belarus, means that:

– the President of the Republic of Belarus approves the Statute of the National Bank and modifications and/or amendments thereto;

– the President of the Republic of Belarus appoints, with the consent of the Council of the Republic of the National Assembly of the

Republic of Belarus, the Chairperson and Members of the Board of the National Bank, and removes them from their positions notifying the Council of the Republic of the National Assembly of the Republic of Belarus accordingly;

– determination by the President of the Republic of Belarus of an audit organization for the audit of the annual accounting (financial) statements of the National Bank;

– the President of the Republic of Belarus approves the annual report of the National Bank.

The main objectives of the National Bank shall be as follows:

– ensuring price stability;

– maintaining the stability of the banking system of the Republic of Belarus;

– ensuring efficient, reliable, and secure functioning of the payment system. Gaining profit shall not be the main objective of the National Bank.

Functions of the National Bank. The National Bank shall perform the following functions:

– develop the Republic of Belarus Monetary Policy Guidelines and pursue, in concert with the Government of the Republic of Belarus, unified monetary policy of the Republic of Belarus in the manner prescribed by this Code and legislative acts of the Republic of Belarus;

– perform transactions required to attain the main objectives of the National Bank;

– act as the lender of last resort with respect to banks and provide refinancing thereof;

– issue money;

– issue the National Bank's securities; determine the procedure for issuing, circulating and redeeming the securities of the National Bank in coordination with the republican agency of state administration exercising state regulation of the securities market;

– create the gold reserve stock and precious stones fund of the National Precious Metals and Precious Stones Foundation of the Republic of Belarus and manage it on a day-to-day basis within the scope of its authority;

– establish, in consultation with the President of the Republic of Belarus, gold and foreign exchange reserves and manage them within the scope of its authority;

– carry out foreign exchange regulation and foreign exchange control in accordance with legislation of the Republic of Belarus;

– establish the procedures for issuing permissions and submitting notifications required for foreign exchange regulation purposes, as well as issue permissions required for foreign exchange regulation purposes;

– regulate credit relations;

– regulate and organize money circulation;

– act as a financial agent for the Government of the Republic of Belarus and local executive and administrative bodies in the matters relating to the execution of the republican and local budgets;

– establish banking operations rules and procedures;

– give consent, in accordance with the procedures laid down thereby, for banks and non-bank financial institutions to engage in securities transactions in cases prescribed by law of the Republic of Belarus;

Monetary Policy Guidelines of the Republic of Belarus. The National Bank shall perform its activities on the basis of the Monetary Policy Guidelines approved by the President of the Republic of Belarus annually.

The National Bank, in concert with the Government of the Republic of Belarus, shall annually submit the country's Monetary Policy Guidelines for the subsequent year to the President of the Republic of Belarus by October 1 of the current year.

The National Bank shall, on a quarterly basis, inform:

– the President of the Republic of Belarus and the Government of the Republic of Belarus on the volume of currency issue and on implementation of the Republic of Belarus Monetary Policy Guidelines;

– the President of the Republic of Belarus on the size of gold and foreign exchange reserves established in line with objectives and tasks stipulated in the Republic of Belarus Monetary Policy Guidelines.

II. Decide which of the following statements are correct.

1. The President of the Republic of Belarus appoints the Chairperson and Members of the Board of the National Bank.

2. The President of the Republic of Belarus controls an audit organization for the audit of the annual accounting (financial) statements of the National Bank.

3. The National Bank determines the basis of the Monetary Policy Guidelines approved by the President.

4. The National Bank informs the President of the Republic of Belarus and the Government of the Republic of Belarus on the volume of currency issue.

5. The National Bank informs the President of the Republic of Belarus on the size of gold and foreign exchange reserves.

6. The National Bank annually submits the country's Monetary Policy Guidelines for the subsequent year to the President of the Republic of Belarus by October, 1 of the current year.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text deals with … . The activities are guided by … . It is pointed out that … . It should be noted that … . Attention is drawn to the fact that … . The information is provided by … .

IV. Give a two-minute talk on the history of National Bank of the Republic of Belarus.

V. Translate from Russian into English.

Национальный банк Республики Беларусь выполняет следующие функции: государственная регистрация и регулирование деятельности банков, лицензирование банковской деятельности, регулирование кредитных отношений и денежного обращения, определение порядка расчетов и исключительного права на эмиссию валюты. Национальный банк отвечает за сотрудничество с Международным валютным фондом.

Второй уровень банковской системы Беларуси включает коммерческие банки и небанковские кредитно-финансовые организации. По состоянию на 1 февраля 2016 года банковский сектор Беларуси состоял из тридцати коммерческих банков. Основными банками в этой категории являются Беларусбанк, Белинвестбанк, Белагропромбанк, Технобанк, МТБанк, Приорбанк, Белорусский Национальный Банк, БПС-Сбербанк.

Unit 15

ADVERTISING: HISTORY, TYPES, AIMS AND GOALS

VOCABULARY STUDY

Nouns and noun phrases

advertisement – рекламное объявление
advertising – рекламирование, рекламный процесс
by word of mouth – устно
campaign – кампания
charity – благотворительность
circulation – тираж (газет, журналов, книг)
establishment – основание, создание
media – средства массовой информации
technique – технический прием, метод, способ

Adjectives

affecting someone's private life – влияющий на чью-л. частную жизнь
annoying – раздражающий
existing – существующий
intrusive – навязчивый, назойливый
pervasive – распространенный
spreading – распространяющийся

Verbs

broadcast – проводить трансляцию
conduct – проводить
determine – определять
encourage – поощрять
execute – исполнять, осуществлять
flourish – процветать
persuade – убеждать, уговаривать
promote – продвигать, способствовать

I. Match the words with the definitions below.

Respond, charge, circulation, billboard, income, campaign, similar, spot.

1. A gain or recurrent benefit usually measured in money that derives from capital or labour; the amount of such gain received in a period of time.
2. A small quantity or amount; a particular place, area, or part; a small extent of space.
3. Say something in return; to make an answer; to show favorable reaction.
4. The average number of copies of a publication sold over a given period.
5. Having characteristics in common; comparable.
6. Ask payment of; impose or record as financial obligation.
7. A connected series of operations designed to bring about a particular result.
8. A large panel designed to carry outdoor advertising.

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

Verbs	***Adjectives***	***Nouns***
1. to persuade		
2.	intrusive	
3.		circulation
4. to advertise		
5.	annoying	
6.		manufacturer

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

A. Execute, ancient, frequently, audience, establishment, expansion, campaign.

B. Movement, arrangement, often, gain, old, perform, spectators.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
carry	spot
makes	agency

support	campaign
charge	advertisement
advertising	industry
execute	customers
provide	money
similar	information

V. Complete the sentences with the words below.

Advertisers, campaigns, decisions, technology, production, placement.

1. In the 21st century, with an intensely competitive consumer market, advertisers increasingly used digital … to call greater attention to products.
2. For an advertisement to be effective, its production and … must be based on a knowledge of the public and a skilled use of the media.
3. Advertising agencies serve to orchestrate complex … whose strategies of media use are based on research into consumer behaviour and demographic analysis of the market area.
4. A strategy will combine creativity in the … of the advertising messages with canny scheduling and placement, so that the messages are seen by, and will have an effect on, the people the advertiser most wants to address.
5. Given a fixed budget, … face a basic choice: they can have their message seen or heard by many people fewer times, or by fewer people many times.
6. This and other strategic … are made in light of tests of the effectiveness of advertising campaigns.

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

Advertising techniques, provide information, execute complete advertising campaigns, large circulation, media, advertising spots, intrusive.

VII. Translate into English.

1. Общество знает, что реклама отстаивает определенные взгляды, и принимает их со скептицизмом.
2. Реклама является позитивной силой для экономического стимулирования.

3. Целевая реклама имеет значение для расширения диапазона медиа.

4. Политическая реклама, даже если она вводит в заблуждение, отражает характер кандидатов и редко остается без внимания.

A. TEXT STUDY

I. Read the text and answer the following questions.

1) What are advertising techniques and practices used for?
2) What is the most important source of income for the media?
3) What factors promoted the growth of an advertising industry?
4) What are the principal media for advertising?
5) What does the size of the audience determine?

Text A. Advertising and Its History

To advertise means to tell people publicly about a product or service in order to persuade them to buy it. Advertising is the techniques and practices used to bring products, services, or opinions to public notice for the purpose of persuading the public to respond in a certain way toward is advertised. Most advertising involves promoting a good that is for sale, but similar methods are used to encourage people to drive safely, to support various charities, or to vote for political candidates. In many countries advertising is the most important source of income for the media through which it is conducted. The media are all the organizations, such as television, radio, and the newspapers, that provide information for the public. In the ancient and medieval world such advertising as existed was conducted by word of mouth. The first step toward modern advertising came with the development of printing in the 15th and 16th centuries. In the 17th century weekly newspapers in London began to carry advertisements, and by the 18th century such advertising was flourishing. The great expansion of business in the 19th century was accompanied by the growth of an advertising industry; it was that century, primarily in the United States, that saw the establishment of advertising agencies. Advertising agency is a company that designs and makes advertisements for other companies. By the 1920s advertising agencies could plan and execute complete advertising campaigns.

There are some principal media for advertising. Newspapers can offer advertisers large circulations (circulation – the average number of

copies of a newspaper or magazine that are usually sold each day, week, month etc.) and the opportunity to alter their advertisements frequently and regularly. Magazines may be of general interest or they may be aimed at specific audiences (such as people interested in computers or literature) and offer the manufacturers of products of particular interest to such people the chance to make contact with their most likely customers. The most pervasive (existing or spreading everywhere) media are television and radio. Advertisers can buy short "spots" of time to promote their products or services. Advertising spots are broadcast between or during regular programs. For advertisers the most important facts about a given television or radio program are the size and composition of its audience. The size of the audience determines the amount of money the broadcaster can charge an advertiser, and the composition of the audience determines the advertiser's choice as to when a certain message, directed at a certain segment of the public, should be run. The other advertising media include direct mail, outdoor billboards, posters, and etc. Advertising is on some occasions too intrusive (affecting someone's private life or interrupting them in an unwanted and annoying way).

II. Choose the best option to the following statements.

1. Most advertising methods are used to encourage people … .

a) to drive safely, to support various charities;

b) to vote for political candidates;

c) to buy as much as possible.

2. The media are all the organizations, such as … that provide information for the public.

a) television, radio, and the newspapers;

b) Internet, Viber, WhatsApp;

c) direct mail, outdoor billboards, posters.

3. The 19th century, primarily in the United States, saw the establishment of … .

a) the market;

b) advertising agencies;

c) small business firms.

4. There are some principal … for advertising.

a) advertising campaigns;

b) internet blogs;

c) media.

5. Advertising spots are broadcast … regular programs.
a) between or during;
b) according to;
c) beyond.
6. The advertising media include … and etc.
a) publication, radio, TV;
b) advertising campaigns;
c) direct mail, outdoor billboards, posters.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about advertising and its history using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. What is extremely important and necessary to a company's survival?
2. What are the functions of advertising agencies?
3. What is the role of demographic analysis?
4. What tasks do advertisers face?
5. Do consumers pay for the cost of advertising in the form of higher prices for goods?
6. Why is advertising often criticized?

Text B. Advertising, Its Cost, Influence and Effectiveness

There is no serious disagreement over the power of advertising to inform consumers of what products are available (can easily be bought or found). In a free-market economy effective advertising is extremely important and necessary to a company's survival; unless consumers know about a company's product they are unlikely to buy it. For an advertisement to be effective its production and placement must be based on a knowledge of the public and a skilled use of the media. A career in advertising is a difficult one. Good advertisers are in great demand. Advertising agencies serve to organize complex advertising campaigns.

The effectiveness of advertising campaigns is based on research into consumer behaviour and demographic analysis of the market area (demography is the study of human populations and the ways in which they change). Advertisers combine creativity in the production of the advertising messages with canny scheduling and placement, so that the messages are seen by, and will have an effect on, the people advertisers most want to address. Given a fixed budget, the advertiser faces a basic choice: he can have his message seen or heard by many people fewer times, or by fewer people many times.

In criticism of advertising it has been argued that the consumer must pay for the cost of advertising in the form of higher prices for goods; against this point it is argued that advertising enables goods to be mass marketed, thereby bringing prices down. It has been argued that the cost of major advertising campaigns is such that few firms can afford (to have enough money to buy or pay for something) them, thus helping these firms to dominate (to have power and control over) the market; on the other hand, whereas smaller firms may not be able to compete (to try to be more successful) with larger ones at a national level, at the local level advertising enables them to hold their own. Finally, it has been argued that advertisers exercise an undue (more than is reasonable, suitable, or necessary) influence over the regular contents of the media they employ – the editorial stance (an opinion that is stated publicly) of a newspaper or the subject (the thing one is talking about or considering in a conversation, discussion, book, film etc.) of a television show. In response it has been pointed out that such influence is counteracted, at least in the case of financially strong media firms, by the advertiser's reliance on the media to convey his messages; any compromise (an agreement between two contracting parties that is achieved by both of them accepting less than they wanted at first) of the integrity of a media firm might result in a smaller audience (the persons reached by a publication, radio, TV, etc.) for his advertising.

II. Decide which of the following statements are correct.

1. For an advertisement to be effective its production and placement must be based on a knowledge of the national legislation and a skilled use of the media.

2. Advertising agencies serve to organize complex advertising campaigns.

3. Consumer must pay for the cost of advertising in the form of the value-added tax imposed on goods.

4. Advertising enables goods to be mass marketed, thereby bringing prices down.

5. The cost of major advertising campaigns is such that any firm can afford it.

6. Advertisers exercise an undue influence over the regular contents of the media they employ.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text deals with … . The author gives a detailed description of … . It is emphasized that … . It has been argued … . The author comes to the conclusion that … .

IV. Give a two-minute talk on the history of advertising.

V. Translate from Russian into English.

Газеты как рекламный ресурс

После того как реклама стала доступна в интернете, местные газеты сохранили значительную долю объявлений, особенно в категориях найма на работу и недвижимости. В небольших сельских регионах местные газеты по-прежнему имеют важное значение для малых предприятий, желающих заниматься рекламой.

Хотя газеты традиционно рассчитывают на доход от подписки и покупки выпусков в газетных киосках, становится все более очевидным, что реклама является основным источником прибыли газеты. Одним из способов стало распространение бесплатных газет, которые опускают в почтовые ящики или распространяют в общественных местах. Многие бесплатные газеты печатаются более мелкими газетными предприятиями и полностью финансируются за счет доходов от рекламы. В начале 21 века крупные столичные газетные издатели начали экспериментировать с бесплатными таблоидными версиями своих ежедневных газет; их целью было создать узнаваемость бренда среди молодых читателей, которые с меньшей вероятностью будут покупать или подписываться на традиционные газеты.

Unit 16

ADVERTISING BUDGET AND ADVERTISING TECHNIQUES

VOCABULARY STUDY

Nouns and noun phrases
allotment – раздача, выделение
appropriation – ассигнование
benefit – выгода
budget allocation – распределение бюджета
deterioration – ухудшение
expense – расход
gross margin – общий резерв, маржа, прибыль
guidelines – руководство
outlay – инвестиционные затраты
timing – сроки проведения наблюдения
visibility – видимость, доступность

Adjectives
consistent – согласующийся
controllable – регулируемый
diminished – уменьшенный
intelligent – разумный

Verbs
afford – позволять
allocate – распределять
assess – оценивать
drain – исчерпывать (ресурсы)
evaluate – оценивать
invest – инвестировать
settle on –делать выбор
stick with – соблюдать, придерживаться

I. Match the words with the definitions below.

Department, profit, tie, objective, labour, appropriation, visibility, reduction.

1. Human activity that provides the goods or services in an economy.
2. To place or establish in relationship.
3. A major division of a business.
4. Money set aside by formal action for a specific use.
5. Having reality independent of the mind.
6. The ratio of profit for a given year to the amount of capital invested or to the value of sales.
7. The amount by which something is reduced.
8. A capability of being readily noticed.

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

Verbs	***Adjectives***	***Nouns***
1. to combine		
2.	controllable	
3.		addition
4. to determine		
5.	appropriate	
6.		deterioration

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

A. Deterioration, intelligent, budget, accomplish, assess, gross margin, survey.

B. Evaluate, fund, fulfil, examination, total profit, brainy, decline.

IV. Form all possible word combinations using the words of both columns and translate them into Russian.

A	***B***
allocate	budget
establish	profit
controllable	methods
advertising	information

combine	guidelines
traditional	business
cut	money
keep	expense

V. Complete the sentences with the words below.

Effectiveness, visual, percentage, competitors, advertising, purchase.

1. An important function of advertising is to build store traffic which results in … of items that are not advertised.
2. Your advertising budget can be determined as a … of past sales, of estimated future sales, or as a combination of the two.
3. Much advertising loses because the advertiser doesn't keep reminding people.
4. Logotypes and signatures in … ads should be clean-lined, uncluttered, and prominently displayed.
5. Unless a product or service is good, few customers will make repeat purchases no matter how much … you do.
6. Don't blindly copy your …, but analyze how their actions may affect your business – and be prepared to act.

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

Controllable expense, advertising budget, percentage of sales or profits, unit of sales, objective and task methods, a coordinated marketing program.

VII. Translate into English.

1. Рекламодатели считают, что выгоды от рекламы можно рассматривать только в долгосрочной перспективе.
2. Если расходы на рекламу сокращаются, то результатом является непропорциональное падение продаж.
3. В настоящее время интернет-маркетинг развивается и позволяет компаниям тратить меньше денег на рекламу, но при этом быть более эффективными.
4. Существует нехватка инструментов, которые обеспечивают в режиме реального времени данные о расходах на рекламу, а также преимущества, которые они генерируют.

A. TEXT STUDY

I. Read the text and answer the following questions.

1. Why are advertising costs a completely controllable expense?
2. What are the methods for intelligently establishing an advertising budget?
3. Describe each method.
4. How can you be sure your advertising outlays aren't out of line?
5. What you'd like to invest in advertising and what you can afford are seldom the same, aren't they?
6. What is a coordinated marketing program necessary for?

Text A. Methods of Planning and Allocating Your Advertising Budget

Advertising costs are a completely controllable expense. Advertising budgets are the means of determining and controlling this expense and dividing it wisely among departments, lines, or services.

There are descriptions of various methods (percentage of sales or profits, unit of sales, objective and task) for intelligently establishing an advertising budget and suggests ways of applying budget amounts to get the effects you want.

If you want to build sales, it's almost certain you'll need to advertise. How should you allocate your advertising dollar? The advertising budget helps you determine how much you have to spend and helps establish the guidelines for how you're going to spend it.

What you'd like to invest in advertising and what you can afford are seldom the same. Spending too much is obviously an extravagance, but spending too little can be just as bad in terms of lost sales and diminished visibility. Costs must be tied to results. You must be prepared to evaluate your goals and assess your capabilities – a budget will help you do precisely this.

Your budget will help you choose and assess the amount of advertising and its timing. It will also serve as the background for next year's plan.

Methods of establishing an advertising budget appropriation. Each of the various ways in which to establish an advertising budget has its problems as well as its benefits. No method is perfect for all types of businesses, nor for that matter is any combination of methods.

Here concepts from several traditional methods of budgeting have been combined into three basic methods:

1) percentage of sales or profits;

2) unit of sales;

3) objective and task.

You'll need to use judgment and caution in settling on any method or methods.

Percentage of sales or profits. The most widely used method of establishing an advertising budget is to base it on a percentage of sales. Advertising is as much a business expense as, say, the cost of labour and, thus, should be related to the quantity of goods sold.

The percentage-of-sales method avoids some of the problems that result from using profits as a base. For instance, if profits in a period are low, it might not be the fault of sales or advertising. But if you stick with the same percentage figure, you'll automatically reduce your advertising allotment. There's no way around it: 2% of $10,000 is less than 2% of $15,000. Such a cut in the advertising budget, if profits are down for other reason, may very well lead to further losses in sales and profits. This in turn will lead to further reductions in advertising investment, and so on.

In the short run a business owner might make small additions to profit by cutting advertising expenses, but such a policy could lead to a long term deterioration of the bottom line. By using the percentage-of-sales method, you keep your advertising in a consistent relation to your sales volume – which is what your advertising should be primarily affecting. Gross margin, especially over the long run, should also show an increase, of course, if your advertising outlays are being properly applied.

In the unit-of-sale method you set aside a fixed sum for each unit of product to be sold, based on your experience and trade knowledge of how much advertising it takes to sell each unit. That is, if it takes two cents' worth of advertising to sell a case of canned vegetables and you want to move 100,000 cases, you'll probably plan to spend $2,000 on advertising them. Does it cost X dollars to sell a refrigerator? Then you'll probably have to budget 1,000 time X if you plan to sell a thousand refrigerators. You're simply basing your budget on unit of sale rather than dollar amounts of sales. Some people consider this method just a variation of percentage-of-sales.

The most difficult (and least used) method for determining an advertising budget is the objective-and-task approach. It relates the

appropriation to the marketing task to be accomplished. It relates the advertising appropriation under usual conditions and in the long run to the volume of sales, so that profits and reserves will not be drained.

To establish your budget by this method, you need a coordinated marketing program with specific objectives based on a thorough survey of your markets and their potential.

II. Choose the best option to the following statements.

1. Advertising budgets are the means of … .
a) appropriating the profit of a company;
b) multiplying the sales;
c) determining and controlling this expense.
2. Several traditional methods of budgeting have been combined into … .
a) three basic methods;
b) a coordinated marketing program;
c) the appropriation to the marketing task to be accomplished.
3. What you'd like to invest in advertising and what you can … are seldom the same.
a) plan;
b) afford;
c) anticipate.
4. In the unit-of-sale method you … .
a) set aside a fixed sum for each unit of product to be sold;
b) add a fixed sum to the price for each unit of product to be sold;
c) sale the goods with a discount.
5. The most difficult method for determining an advertising budget is … .
a) percentage of sales or profits;
b) the objective-and-task approach;
c) unit of sales.

III. Find key words, phrases and the topic sentences which best express the general meaning of each paragraph and make an outline of the text.

IV. Speak about the methods of planning and allocating advertising budget using key words, phrases and the topic sentences.

B. TEXT STUDY

I. Read the text and answer the following questions.

1. Why do companies need to be advertised?
2. What are the most common techniques used by the advertisers to get desired results?
3. What technique involves giving away samples of the product for free to the consumers?
4. Why do advertisers use numbers, proofs, and real examples?
5. Do celebrities participate in advertising products?

Text B. 13 Most Common Techniques Used by the Advertisers

Today every company needs to advertise its product to inform the customers about the product, increase the sales, acquire market value, and gain reputation and name in the industry. Every business spends lot of money for advertising their products but the money spent will lead to success only when the best techniques of advertising are used for the product. So here.

Emotional Appeal. Most common appeals under need are: need for something new; need for getting acceptance; need for not being ignored; need for change of old things; need for security; need to become attractive, etc.

Promotional Advertising. This technique involves giving away samples of the product for free to the consumers. The items are offered in the trade fairs, promotional events, and ad campaigns in order to gain the attention of the customers.

Bandwagon Advertising. This type of technique involves convincing the customers to join the group of people who have bought this product and be on the winning side. For e.g. recent Pantene shampoo ad which says “15 women trusted Pantene, and you?”

Facts and Statistics. Advertisers use numbers, proofs, and real examples to show how good their product works. For e.g. “Lizol floor cleaner cleans 99.99% germs” or “Colgate is recommended by 70% of the dentists of the world”.

Unfinished Ads. The advertisers play with words by saying that their product works better but they don’t answer how much more than the competitor.

Weasel Words. In this technique, the advertisers don't say that they are the best from the rest, but don't also deny. E.g. Sunsilk Hair-fall Solution – reduces hairfall. The ad doesn't say stops hairfall.

Endorsements. The advertisers use celebrities to advertise their products. The celebrities or star endorse the product by telling their own experiences with the product.

Complementing the Customers. Here, the advertisers used punch lines which complement the consumers who buy their products. E.g. Revlon says "Because you are worth it".

Ideal Family and Ideal Kids. The advertisers using this technique show that the families or kids using their product are a happy go lucky family. The ad always has a neat and well furnished home, well mannered kids and the family is a simple and sweet kind of family.

Patriotic Advertisements. These ads show how one can support their country while he uses their product or service. For e. g. some products together formed a union and claimed in their ad that if you buy any one of these products, you are going to help a child to go to school.

Questioning the Customers. The advertisers using this technique ask questions to the consumers to get response for their products. E.g. Amway advertisement keeps on asking questions like who has so many farms completely organic in nature, who gives the strength to climb up the stairs at the age of 70, who makes the kids grow in a proper and nutritious ways, is there anyone who is listening to these entire questions. And then at last the answer comes – "Amway: We are Listening".

Bribe. This technique is used to bribe the customers with some thing extra if they buy the product using lines like "buy one shirt and get one free", or "be the member for the club for two years and get 20% off on all services".

Surrogate Advertising. This technique is generally used by the companies which cannot advertise their products directly. The advertisers use indirect advertisements to advertise their product so that the customers know about the actual product. The biggest example of this technique is liquor ads. These ads never show anyone drinking actual liquor and in place of that they are shown drinking some mineral water, soft drink or soda.

These are the major techniques used by the advertisers to advertise their product. There are some different techniques used for online

advertising such as web banner advertising in which a banner is placed on web pages, content advertising using content to advertise the product online, link advertising giving links on different sites to directly visit the product website, etc.

II. Decide which of the following statements are correct.

1. Every business spends little money for advertising their products but the money spent will lead to success only when the best techniques of advertising are used for the product.
2. The advertising samples are offered in the trade fairs, promotional events, and ad campaigns in order to gain the attention of the customers.
3. The advertisers pay celebrities to advertise their products.
4. The advertisers ask questions to the consumers to increase the quality of their products.
5. Advertisers use numbers, proofs, and real examples to prove how good their product works.

III. Give the main points of the text in 4–7 sentences. Use the following cliches.

The text is about … . It enumerates … . The main idea … is stressed. The author demonstrates the examples … .

IV. Give a two-minute talk on the most common techniques used by the advertisers.

V. Translate from Russian into English.

Организация рекламной кампании

Организация рекламной кампании заключается в следующем.

1. Исследование рынка для продукта, который будет рекламироваться. Нужно узнать спрос на товар, конкурентов и т. д.
2. Узнать целевую аудиторию: нужно знать, кто собирается купить продукт.
3. Определить бюджет рекламной кампании, учитывая такие факторы, как СМИ, презентации, уличная реклама.
4. Выбрать подходящую тему для кампании: предполагаемые цвета, которые будут использоваться, графика, музыка и голоса

должны быть похожи или почти похожи во всех объявлениях, которые будут использоваться, и т. д.

5. Выбранное средство массовой информации или количество средств массовой информации должно достичь целевых клиентов.

6. Объявление должно быть видно, слышно или читаться целевыми клиентами в нужное время.

В основном используются СМИ: печатные и электронные носители. Печатные СМИ включают газеты, журналы, брошюры, баннеры и щиты. Электронные средства массовой информации включают интернет, радио, телевидение, электронную почту, отправку сообщений по мобильным телефонам и телефонную рекламу.

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