

МИНИСТЕРСТВО ОБРАЗОВАНИЯ И НАУКИ РФ

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ОБРАЗОВАТЕЛЬНОЕ УЧРЕЖДЕНИЕ ВЫСШЕГО ОБРАЗОВАНИЯ  
«НОВГОРОДСКИЙ ГОСУДАРСТВЕННЫЙ УНИВЕРСИТЕТ  
ИМЕНИ ЯРОСЛАВА МУДРОГО»

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## **DISCUSSING ECONOMICS.**

*Texts for individual reading*

**Учебно - методическое пособие**

Великий Новгород  
2018

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Пособие адресовано студентам 2-го курса бакалавриата экономических специальностей.

Цель пособия – приобретение навыков и умений чтения оригинальной англоязычной литературы по специальности. В пособие включены тексты, статьи из аутентичных англоязычных источников и задания к ним. Тексты были подвергнуты незначительному сокращению и обработке.

В пособии представлено 25 текстов, которые могут быть рекомендованы как для аудиторной, так и для самостоятельной работы студентов, обучающихся по следующим направлениям и профилям: менеджмент, маркетинг, бухучёт и финансы, земельный кадастр и др.

Завершают пособие приложение, в котором дана основная информация по составлению аннотаций на английском языке. Кроме того, прилагается алфавитный словарь терминологической лексики.

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## ПРЕДИСЛОВИЕ

Данное пособие предусматривает знакомство студентов II курса экономических специальностей с тематическим материалом согласно рабочей программе «Иностранный язык в сфере профессиональной коммуникации».

Пособие ставит цель – развитие навыков чтения и понимания оригинальной литературы по специальности, а также расширение лексического запаса и формирование навыков профессионального речевого общения. При подборе текстов автор опирается на принцип реализации междисциплинарных связей, когда студенты параллельно получают базовые экономические знания в лекционных курсах по экономическим дисциплинам.

Пособие состоит из двух разделов: вводного (introductory) и основного (basic). Тексты подобраны с учетом их насыщенности терминами и профессиональной лексикой. Тексты, представленные в вводном разделе, рекомендуется использовать на начальном этапе работы. Для снятия лексического барьера перед каждым текстом приводится справочный аппарат — слова и выражения, необходимые для понимания содержания статьи и последующего запоминания. Изучающий вид чтения предусматривает полное и точное понимание текста. Средством проверки выступает устный перевод. Также, в вводном разделе после каждого текста представлены вопросы, которые позволяют студентам, в качестве самоконтроля, оценить степень понимания прочитанного материала и в дальнейшем подготовиться к пересказу текста. Таким образом, материалы и задания вводного раздела позволят студентами адаптироваться к более насыщенным с точки зрения профессиональной лексики и более объёмным текстам из основного раздела. Задания в основном разделе полностью ориентированы на самостоятельную работу студентов. Задания сформулированы лаконично, но основаны на таких же принципах работы с текстом как и в вводном разделе.

Большинство текстов пособия заимствованы из оригинальной английской и американской учебной и научно-популярной литературы. В некоторых случаях тексты были сокращены и адаптированы в учебных целях. В конце пособия имеются англо-русский словарь терминологической и активной лексики и приложение, в котором дана основная информация по составлению аннотаций на английском языке.

Работа с пособием направлена на овладение студентами следующими компетенциями: способностью к самоорганизации и самообразованию; способностью анализировать и обобщать профессионально-научно-техническую информацию; способностью к коммуникации в устной и письменной формах для решения задач межкультурного и межличностного взаимодействий.

Сборник статей поможет студентам в освоении профессиональной лексики и выработке указанных выше компетенций.

## INTRODUCTORY UNIT

### Text 1. How to serve a bespoke cup of coffee

#### 1. WORD-STUDY (read the words and learn the bold words):

a bespoke cup of coffee –заказанная заранее чашка кофе  
 reception desk –стойка администратора  
 expensive –дорогой  
 to be like –представлять собой  
 fashion display –модный показ  
**consumer goods** –потребительские товары  
 luggage –багаж  
**a retail outlet** –магазин розничной продажи  
 to sell (sold, sold) –продавать  
**to create an image** –создавать образ  
 sophisticated –утонченный, изощренный  
**a subsidiary** –дочерняя фирма, компания  
 mail-order –заказ товара с доставкой по почте  
**further expansion** –дальнейшее расширение, увеличение  
 first-hand experience –личный опыт  
**to account** –насчитывать  
**to depend on** –зависеть  
 to move beyond –оставить позади, двигаться вперед, преодолевая  
**to divide** –делить  
 a stand alone boutique –отдельный, самостоятельный бутик  
 to play a role –играть роль  
**upmarket chain** –престижная сеть  
 to persuade –убеждать, склонять  
 confident –уверенный  
 to explain –объяснять  
 to develop –развивать  
 to follow –следовать  
 to use –использовать  
**to join** –вступать  
 to allow –позволять  
 similar –подобный  
**to take an approach** –относиться, подходить  
 recently –недавно  
 total area –общая площадь  
 interaction –взаимодействие  
**to purchase** –покупать  
 lifestyle –образ, стиль жизни

#### 2. UNDERSTANDING A PRINTED TEXT (read the following text and be ready to translate it word by word):

## HOW TO SERVE A BESPOKE CUP OF COFFEE

Think of the reception desk of a designer hotel with an expensive fashion display and you get some idea of what a Nespresso “coffee boutique” is like.

In developing the boutiques, Nespresso is following the example of other consumer goods companies, such as Apple computers and Louis Vuitton luggage, which use their own retail outlets to sell products and create a sophisticated image for the brand. “We’re selling the ultimate coffee experience,” says Gerhard Berssenbriigge, Nespresso’s Chief Executive.

Nespresso, a subsidiary of the Swiss group Nestle, began life in 1986 as a mail-order business selling coffee capsules for espresso machines that people use at home. Then it started selling coffee machines made by third parties (including Krups and Siemens), but branded under the Nespresso name. The machines retailed through carefully selected shops, but the coffee was sold directly to people who joined Nespresso Club, a mail-order business, which now gets half its sales online.

As Nespresso planned further expansion –pushing the brand into hotels, restaurants, offices and first –class airline services –it wanted people to have first-hand experience of its coffee. This explains the opening of the boutiques, which now accounts for about 25 per cent of sales.

Companies selling consumer goods are often dependent on third party retailers for the marketing and placement of their products. As a result, branding consultants say they need to move beyond selling “a product in a box” to offering a “service experience”.

Rita Clifton, Chairman of Interbrand, says opening retail outlets al-lows companies to “control” their customers’ experience of the brand. Heineken is taking a similar approach to Nespresso by linking food with beer. It opened a restaurant, Culture Biere, on the Champs Elysees two years ago and more recently a Heineken bar at Hong Kong airport.

Nespresso’s key outlets are divided between small bars in shops (typical in Asia and the Netherlands and now in London); large standalone boutiques; and the latest boutique bars, where up to half the total area of 400–450 square meters is for drinking coffee. The boutique concept plays a critical role in developing customer interaction with the brand –providing a place where customers can experience the ultimate coffee experience.

Mr Berssenbrugge stresses that Nespresso does not plan to become an upmarket coffee chain and does not expect to make money from selling cups of coffee, even though prices are high. But he hopes that once customers see how its coffee machines work, they will be persuaded to buy them, and will also purchase accessories such as coffee cups.

Today, Nespresso has over 170 boutiques. They are located in elegant, upmarket shopping areas in key cities round the world, including one in Paris on the Champs Elysees, which, at 1 700 square meters, will be its biggest. Mr Berssenbrugge has further plans to expand the net-work of boutiques and is confident that they will help Nespresso become a lifestyle brand. (3 000 n.3H.)

### 3. RETELL THE TEXT using the answers for the following questions:

1. What example is Nespresso following in developing their boutiques?
2. What is Gerhard Berssenbrugge?
3. When did Nespresso begin life?
4. What is the further expansion of Nespresso?
5. What are companies selling consumer goods dependent on?
6. What do branding consultants say?
7. What are Nespresso`s key outlets divided between?
8. What role does the boutique concept play?
9. How many boutiques does Nespresso have today?
10. Where are they located?

## Text 2. Marketing

### 1. WORD-STUDY (read the words and learn the bold words):

**market research** – исследование рынка

advertisement – реклама

in detail – в деталях

**business boom** – подъем рынка

luxury item – предмет роскоши

**slack (market recession )** – спад в экономике

**to sell** – продавать

taste – вкус

fashion – мода

to be in fashion – быть в моде

to be out of fashion – выйти из моды

**merchandise** – товары

**to foresee** – предвидеть

to satisfy – удовлетворять

**to disregard** – оставлять без внимания

similar – похожий

manufacturer – производитель

to make sure – убедиться

**sufficient** – достаточный

mass media – средства массовой информации

commercial – реклама, рекламный ролик

**production cost** – себестоимость

fair – ярмарка

to conduct – проводить

exhibition – выставка

to display – выставить, демонстрировать

### 2. UNDERSTANDING A PRINTED TEXT (read the following text and be ready to translate it word by word):

## MARKETING

The word marketing has a broad meaning including both the market research concerning the goods which are going to be produced and the advertisement of already existing ones. If you want to introduce a new product and find a ready market for it, you should know the market situation in detail. When there is a business boom, people have generally more money on luxury items. When there is a slack and unemployment tends to increase, one can sell products, even in big quantities, but only if their price is as low as possible. This is only one example of the way to consider the general market situation. Particular market situation deals more with the tastes and fashions of the present and near future.

If the merchandise you produce sells well for a considerable period of time and you want to go on manufacturing it, you should not count on long-lasting sales. Fashion and consumers' tastes and needs are constantly changing. So market research should as soon as possible find out such changes. Thus customers' wishes should be foreseen and satisfied.

Of course, market research may not disregard any existing or probable competition. To sell a similar product in the market successfully a manufacturer should make sure whether the demand is sufficient. Then he should either improve the quality or offer lower prices.

Advertisement is a very important branch of marketing which develops with the development of mass media. It is a well-known fact that more and more money is spent on advertisement every year. Actually, if an ad gives rise to an exceedingly high sales rate of a product, its production cost can even become lower. Besides newspapers and magazines would be much more expensive but for advertisement covering most of the publishing costs.

One of the oldest means of advertisement is a fair. Fairs date back to early middle ages and have proved to be really efficient ever since. At the time sovereigns (*правитель*) could give their towns a privilege of conducting an event like that. Every year over 60 fairs and exhibitions take place in the Federal Republic of Germany. The biggest and the most known one is organized in Hannover, where more than 4500 home and foreign companies have the chance to display their products. (2200 н.зн.)

### **3. RETELL THE TEXT using the answers for the following questions:**

1. What is marketing? What does the meaning of marketing include?
2. Should one know the market situation in detail if he or she wants to introduce a new product to the market?
3. When do products sell better in a business boom or in a slack?
4. What changes should market research find out and for what purposes?
5. If one wants to be a success in the market, whose wishes should he or she foresee and satisfy?
6. May market research disregard any existing or probable competition? If not, why?



7. What role does advertisement play in the market?
8. What means of advertisement do you know? Which of them is the oldest one?

### Text 3. The case for holistic marketing

#### 1. WORD-STUDY (read the words and learn the bold words):

**holistic marketing** –глобальный (холистический) маркетинг

marketing department –отдел маркетинга

**to adopt** –применять

to express –выражать

growing desire –увеличивающееся желание

to communicate with –общаться с

development – зд. результат развития

television commercial –телевизионный рекламный ролик

**variety**–разнообразие, ряд, множество

**customer**–покупатель, заказчик, клиент

to reflect –отражать

**to lose confidence**–потерять доверие

advertising – рекламирование, реклама

advances – достижения, усовершенствования

to make easier –облегчать

to avoid –избегать

pop-up advertisement–объявление, поднимающееся со страницы, встроенная рекламная вставка

**marketer**– участник рынка, продавец

to respond–отвечать, реагировать

**opportunity**– возможность

to engage–привлекать, включать

in other words –другими словами

to figure out –выяснять, вычислять

staff – штат сотрудников

**to make a complaint**–подавать жалобу, жаловаться

excitement– оживление, возбуждение, стимул

advantages –преимущества

**practical complication** –трудность, осложнение

to blur –размывать

**to allocate**–распределять, выделять средства

for instance–например

to compare–сравнивать

impact–сила воздействия, эффект

**challenge**–сложная проблема, задача

**to measure**–измерять

to pay attention –уделять внимание

marketing message –маркетинговое обращение

**general acceptance—всеобщее признание**

to justify—оправдывать, объяснять, подтверждать

## **2. UNDERSTANDING A PRINTED TEXT (read the following text and be ready to translate it word by word):**

### **THE CASE FOR HOLISTIC MARKETING**

In big companies, marketing departments are adopting “holistic marketing”—a term that expresses the growing desire of companies to use a greater variety of marketing methods to communicate with their customers. The move into holistic marketing reflects two developments. Companies are losing confidence in television commercials. They are also more interested in the Internet and other alternative ways of advertising.

Technological advances are giving consumers the power to avoid advertising. For example, DVDs are making it easier for people to record programmes, while software helps them block Internet pop-up advertisements and unwanted e-mails.

Marketers have responded in two ways. They are looking for new places to put advertisements, such as ads on displays on bus shelters or on mobile phone screens. And they are beginning to see any contact with a consumer as a marketing opportunity. The idea is to engage the customer wherever the customer happens to be—a holistic approach to marketing, in other words.

As a result, advertising agencies are not just thinking about television commercials these days. They are trying to figure out ways to give a better customer experience; for example, how staff should answer the telephone when customers call to ask for information or make a complaint. They are also looking for ways to make the shopping experience more interesting, and bring new excitement and innovation to product packaging and store display.

Although many marketers see the advantages of a holistic approach to their marketing, many may be slow to adopt it because of practical complications.

Money for marketing comes from marketing budgets. But in the new world of holistic marketing, the lines between marketing and other business activities are blurring. In addition to marketing, other departments in a company also have a role, which makes allocating marketing budgets difficult. A website, for instance, could be seen as a form of Internet advertising, but websites also function as virtual stores. So, money for building a site could equally go to a marketing or product

To make the situation more complicated, companies are finding it difficult to compare the impact of new kinds of marketing activity. In holistic marketing, advertisers are no longer interested in simply reaching customers, but in engaging them. The challenge is how to measure the impact of marketing messages—how well customers are paying attention to their marketing messages.

There are companies working with measurement tools that help with this task, but until there is general acceptance of these tools, companies so may find it difficult to justify any change in how they allocate marketing budgets. “With some

new media, it is much more difficult to put these budgets together,” says Alan Rutherford, Global Media Director at Unilever. (2874 п.зн.)

### 3. RETELL THE TEXT using the answers for the following questions:

1. What are marketing departments adopting?
2. What does holistic marketing express?
3. Whom are technological advances giving the power to avoid advertising?
4. Who has responded in two ways?
5. Why may many marketers be slow to adopt a holistic approach to their marketing?
6. What comes from marketing budgets?
7. Where does money for marketing come from?
8. What could be seen as a form of Internet advertising?
9. What is the challenge in holistic marketing?
10. What does Alan Rutherford say?

## Text 4. Structure of LIS

### 1. WORD-STUDY (read the words and learn the bold words):

<b>nodal</b>	узловой, центральный
hub	центр, связующее звено
<b>land Information System (LIS)</b>	Земельная Информационная Система (ЗИС)
<b>parcel</b>	участок земли
parcel-based LIS	кадастровая информационная система
unit of land	участок земли
tenure	землевладение
<b>homogeneous tenure interest</b>	единый правовой статус
<b>meaningful links</b>	значимые отношения
right in land	право на землю
<b>occupancy</b>	аренда , временное владение
<b>lease</b>	аренда, сдача в наем
<b>mortgage</b>	ипотека
<b>to dispose of land</b>	распоряжаться землей
dwelling site	место жительства
<b>landed property</b>	земельная собственность
identification key	идентификационный ключ
to trace the data back to a common bases	найти общий источник данных
geographical position	географическое положение
geocode	геокод
boundary point	пограничный пункт

<b>to transcribe</b>	переписывать, расшифровывать
<b>to store</b>	хранить информацию
trace	прослеживать, устанавливать
flexibility	гибкость
<b>extent</b>	протяженность

## **2. UNDERSTANDING A PRINTED TEXT (read the following text and be ready to translate it word by word):**

### **STRUCTURE OF LIS**

Interest in computer-based systems is great, and so is the variety of systems. That means that in the near future a great many new private, local and governmental systems will be established. Without specific coordinating activities, these systems will be compatible and linked to one another to a limited degree. Land information systems should be coordinated by the government. The government must determine the functions of the systems: which department ought to be responsible for certain types of information and for certain databases; how the exchange of information among different departments should be organized; and how can information best be made available for planning and management. Government support is also necessary with regard to standardization of procedures and terminology. A natural way to organize the data management is the “nodal” approach. It is characterized by the establishment of major databases as primary nodes within the LIS framework, thus centralizing systems with strong interrelationships. These primary nodes act as communications hubs for secondary, dependent systems serving individual applications and located on comparatively minor, peripheral databases. The secondary databases on the other hand may well be developed by local or private organizations.

#### ***Parcel-based LIS***

The term *parcel-based LIS* is used to express a unit of land with homogeneous tenure interests. Why are parcel-based land information systems of such importance? A primary reason is that much of human life, human activities and human property have meaningful links with specific pieces of land. This is true in the case of rights to land – ownership, occupancy, lease, mortgage, etc. These are central in economic life, since land is the main resource for economic activities. The question of who disposes of the land and has rights in the land is therefore of vital importance. There are other connections as well. For instance, the most natural way to determine and locate a population is by reference to its dwelling sites which can be defined through the parcel numbers. Taxes are largely dependent on landed property, and tax registers are, therefore, often based on land units. It is, therefore, natural to tie together data referring to land, buildings, people, enterprises, property, taxes, buildings, etc. in an integrated system. Such a system must have one or more identification keys that trace all data back to a

common basis. One such key is the numbered and defined piece of land. But parcel numbers do not express the geographical location of a property directly.

This has led to the idea of geocodes. These are normally the coordinates of boundary points or of a certain point on the parcel. Geocodes permit a direct relationship between the information and its geographical location. In this way all information stored in the data system in question can be automatically transcribed on to maps. Parcel-based information systems, therefore, have great flexibility. The basic elements of a parcel-based system are: the unique identification of the land units by their indications, extent and boundaries, and the establishment of cadastre/land registers for determining fiscal obligations, ownership and other rights. (3200 п.3н.)

### 3. RETELL THE TEXT using the answers for the following questions:

1. Who should coordinate LIS?
2. What functions of LIS must the government determine?
3. What is the “nodal” approach?
4. What does the term “parcel-based LIS” mean?
5. What are tax registers based on?
6. What do geocodes permit?
7. What are the basic elements of a parcel-based system?
8. Why are rights to land important in economic life?

## Text 5. Income Taxes

### 1. WORD-STUDY (read the words and learn the bold words):

**income taxes** – подоходный налог, налог на доходы, налог на прибыль

**earnings** – заработки

obvious – очевидный

**rate** – ставка налога

**to levy** – взимать налог, облагать налогом, налог

**allowance** – пособие, льгота

band – диапазон

tax-payer – налогоплательщик

**'marginal rate'** – предельная ставка; маржинальная ставка

percentage – доля в процентах

additional – дополнительный

gross – без вычета расходов, гросс

**to deduct** – вычитать, вычитывать, вычесть, списывать

entirely – полностью

**to simplify** – упрощать, упростить, облегчать

**goods** – товары

to regard – считать, рассматривать

**necessities** – товары первой необходимости

**liable (to)** – подлежащий (налогообложению)

to approach – подходить; трактовка, подход

**to be subject to tax** – подлежать обложению налогом

total – общий

**PAUE** – выплата подоходного налога при получении зарплаты

to originate – происходить

efficiency – эффективность

**salary** – жалование, зарплата служащего

to avoid – избегать

**to employ** – нанимать на работу

annually – ежегодно

**to submit** – предоставлять, подавать

## **2. UNDERSTANDING A PRINTED TEXT (read the following text and be ready to translate it word by word):**

### **INCOME TAXES**

Taxes on income from earnings are the most obvious and immediate taxes which most individuals pay. In most countries, the tax is progressive. The larger one's earnings, the higher the rate of tax levied. A government usually fixes allowances, which can be set against income before tax is payable. Tax is then levied at higher rates as income rises up to a final top rate. There may be many bands, rising increasingly from just a few per cent to rates up to 70% or 80% for the highest earners in some countries. For one year in the U.K. in the 1970s an additional tax levy taxed the highest earners at more than 100%. This meant that the tax-payer, as well as losing the whole of his or her income after a particular point, also paid, in effect, a levy on wealth. The tax at which the highest rate is paid by the individual is known as the 'marginal rate'. This is important when paying tax on income which may be received gross (without the expenses being deducted).

In recent years governments have tried to simplify income taxes and take the lowest earners out of the tax equation altogether. There has also been a trend away from direct taxes on income to indirect taxes, which are generally, though not entirely, optional. All indirect taxes on a particular good or service are levied at one rate, and are never progressive. Some items, which are regarded as necessities, are free of indirect taxes in some countries.

Taxable income is not calculated in the same way in every country. A wide range of income may or may not be subject to tax. There is a basic qualitative difference in what income is liable to tax. Some countries have a global approach to taxation. This means that an individual resident in a particular country pays tax in that country on his or her income, wherever in the world it arises. For instance, an actor, writer or even a businessman may have income in any one tax year from a number of countries. Where he is resident in a country with global taxation he

must declare all his income to the tax authorities, who will then tax him on the total. The USA, the UK and most advanced industrialized countries have global systems of taxation.

Other countries (Singapore and Malaysia are examples) have a territorial system of tax. This means that income is only taxed in the country when it is transferred there. For instance, if an individual has savings offshore, or dividends from investments, and leaves that income offshore, it is not liable for tax.

Income tax may simply be paid to the central government. A *pay-as-you-earn system* (PAYE), first originated in the UK, is now being used by an increasing number of countries. Its chief advantage is efficiency: as tax is deducted before salary or wages are paid, avoiding payment is difficult. Furthermore, employers effectively become unpaid tax collectors.

PAYE can operate only when the tax payer is employed by someone else. The self-employed must pay directly. Some governments collect a basic amount through PAYE, with a much larger proportion paid annually after the end of the tax year when the individual's tax form is submitted. Many governments offer some form of PAYE to the self-employed, or at least impose it on lower-paid workers who might have difficulty in finding a lump sum once a year.

Income tax is not always levied simply at a national level. The USA has state and federal income taxes. Local income taxes are favored in some countries. Local and national services have to be funded. The money may be paid for these by central government from the total tax it raises, or by a local tax on property values, or sales, or through a flat-rate head tax, as in the community charge. Income tax has the advantage over this: it is most directly related to ability to pay, but it is not popular with the public. It is difficult, it must be admitted, to devise any tax which is popular, but a flat-rate head tax, levied on earners and non-earners alike, is perhaps the least popular. A flat-rate head tax, in contrast to progressive income tax, is regressive, most affecting those least able to pay. (4100 n.3H.)

### **3. RETELL THE TEXT using the answers for the following questions:**

1. What usually happens before tax is payable?
2. How is tax levied as income rises up?
3. What is a marginal rate and why is it important?
4. How have governments tried to simplify income taxes?
5. What is a modern trend in taxation?
6. What is the basic qualitative difference in what income is liable to tax?
7. What is a global approach to taxation?
8. What is a territorial system of tax?
9. What are the advantages of PAYE?
10. When can't the PAYE system operate?
11. What advantage has income tax over local tax on property, sales or a flat-rate head tax?

## BASIC UNIT

### TEXT 6

#### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 26 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

#### **Macroeconomics in a Fast-Food Restaurant**

The economic decisions you witness inside Kentucky Fried Chicken (KFC) are only a few examples of the vast number of economic transactions that take place daily across the globe. People buy and sell goods and services. Firms hire and lay off workers. Governments collect taxes and spend the revenues that they receive. Banks accept deposits and make loans. When we think about the overall impact of all these choices, we move into the realm of macroeconomics. **Macroeconomics** is the study of the economy as a whole.

While sitting in KFC, you can also see macroeconomic forces at work. Inside the restaurant, some young men are sitting around talking and looking at the newspaper. It is early afternoon on a weekday, yet these individuals are not working. Like many other workers in France and around the world, they recently lost their jobs. Across the street, there are other signs that the economy is not healthy: some storefronts are boarded up because many businesses have recently been forced to close down.

You know from your economics class that the unemployed workers and closed-down businesses are the visible signs of the global downturn, or *recession* that began around the middle of 2008. In a recession, several things typically happen. One is that the total production of goods and services in a country decreases. In many countries, the total value of all the goods and services produced was lower in 2008 than it was in 2007. A second typical feature of a recession is that some people lose their jobs, and those who don't have jobs find it more difficult to find new employment. And a third feature of most recessions is that those who do still have jobs are unlikely to see big increases in their wages or salaries. These recessionary features are interconnected. Because people have lower income and perhaps because they are nervous about the future, they tend to spend less. And because firms are finding it harder to sell their products, they are less likely to invest in building new factories. And when fewer factories are being built, there are fewer jobs available both for those who build factories and for those who work in them.

Down the street from KFC, a large construction project is visible. An old road and a nearby bridge are in the process of being replaced. The French government finances projects such as these as a way to provide more jobs and help



the economy recover from the recession. The government has to finance this spending somehow. One way that governments obtain income is by taxing people. KFC customers who have jobs pay taxes on their income. KFC pays taxes on its profits. And customers pay taxes when they buy their food.

Unfortunately for the government, higher taxes mean that people and firms have less income to spend. But to help the economy out of a recession, the government would prefer people to spend more. Indeed, another response to a recession is to *reduce* taxes. In the face of the recession, the Obama administration in the United States passed a stimulus bill that both increased government spending *and* reduced taxes. Before you studied macroeconomics, this would have seemed quite mysterious. If the government is taking in less tax income, how is it able to increase spending at the same time? The answer, you now know, is that the government borrows the money. For example, to pay for the \$787 billion stimulus bill, the US government issued new debt. People and institutions (such as banks), both inside and outside the United States, buy this debt—that is, they lend to the government.

There is another institution—called the monetary authority—that purchases government debt. It has specific names in different countries: in the United States, it is called the Federal Reserve Bank; in Europe, it is called the European Central Bank; in Australia, it is called the Reserve Bank of Australia; and so on. When the US government issues more debt, the Federal Reserve Bank purchases some of it. The Federal Reserve Bank has the legal authority to create new money (in effect, to print new currency) and then to use that to buy government debt. When it does so, the currency starts circulating in the economy. Similarly, decisions by the European Central Bank lead to the circulation of the euro notes and coins you saw being used to purchase fried chicken.

The decisions of the monetary authority have a big impact on the economy as well. When the European Central Bank decides to put more euros into circulation, this has the effect of reducing interest rates, which means it becomes cheaper for individuals to get a student loan or a mortgage, and it is cheaper for firms to buy new machinery and build new factories. Typically, another consequence is that the euro will become less valuable relative to other currencies, such as the US dollar. If you are planning a trip to the United States now that your class is finished, you had better hope that the European Central Bank doesn't increase the number of euros in circulation. If it does, it will be more expensive for you to buy US dollars.

Today, the world's economies are highly interconnected. People travel from country to country. Goods are shipped around the world. If you were to look at the labels on the clothing worn by the customers in KFC, you would probably find that some of the clothes were manufactured in China, perhaps some in Malaysia, some in France, some in the United States, some in Guatemala, and so on. Information also moves around the world. The customer sitting in the corner using a laptop might be in the process of transferring money from a Canadian bank account to a Hong Kong account; the person at a neighboring table using a mobile phone might be downloading an app from a web server in Illinois. This globalization brings many benefits, but it means that recessions can be global as well.

Your study of economics has taught you one more thing: the idea that you can take a trip to the United States would have seemed remarkable half a century ago. Despite the recent recession, the world is a much richer place than it was 25, or 50, or 100 years ago. Almost everyone in KFC has a mobile phone, and some people are using laptops. Had you visited a similar fast-food restaurant 25 years ago, you would not have seen people carrying computers and phones. A century ago, there was, of course, no such thing as KFC; automobiles were still a novelty; and if you cut your finger on the sharp metal edge of a table, you ran a real risk of dying from blood poisoning. Understanding why world economies have grown so spectacularly—and why not all countries have shared equally in this growth—is one of the big challenges of macroeconomics. (6700 п.3н.)

## **TEXT 7**

### ***FOR YOU TO BE DONE:***

1. Read the following text.
2. Learn the economic 12 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

## **The Microeconomic Approach**

### ***Individual Choice***

One element of the microeconomic approach is individual choice. Economists typically suppose that individuals make choices to pursue their (broadly defined) self-interest given the incentives that they face.

We look at individuals in their roles both as members of households and as members of firms. Individuals in households buy goods and services from other households and—for the most part—firms. They also sell their labor time, mostly to firms. Managers of firms, meanwhile, make decisions in the effort to make their firms profitable. By the end of the book, we will have several frameworks for understanding the behavior of both households and firms.

Individuals look at the prices of different goods and services in the economy when deciding what to buy. They act in their own self-interest when they purchase goods and services: it would be foolish for them to buy things that they don't want. As prices change, individuals respond by changing their decisions about which products to buy. If your local sandwich store has a special on a breakfast bagel today, you are more likely to buy that sandwich. If you are contemplating buying an Android tablet computer but think it is about to be reduced in price, you will wait until the price comes down.

Just as consumers look at the prices they face, so do the managers of firms. Managers look at the wage they must pay, the costs of the raw materials they must purchase, and so on. They also look at the willingness of consumers to buy the products that they are selling. Based on all this information, they decide how much

to produce and what to buy. Your breakfast bagel may be on special because the owner of your local sandwich shop got a good deal on bagels from the supplier. So the owner thinks that breakfast bagels can be particularly profitable, and to sell a lot of them, she sets a lower price than normal. The buying and selling of a bagel may seem trivial, but similar factors apply to much bigger decisions. Potential students think about the costs and benefits of attending college relative to getting a full-time job. For some people, the best thing to do is to work full time. For others, it is better to go to school full time. Yet others choose to go to school part time and work part time as well. Presumably your own decision— whichever of these it may be—is one you made in your own best interests given your own specific situation.

From this discussion, you may think that economics is all about money, but economists recognize that much more than money matters. We care about how we spend our time. We care about the quality of the air we breathe. We care about our friends and family. We care about what others think of us. We care about our own self-image: what sort of a person am I? Such factors are harder to measure and quantify, but they all play a role in the decisions we make. (2900 n.3H.)

## TEXT 8

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 12 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **How do countries differ in the way their economies are organized?**

All societies are faced with the problem of scarcity. They differ considerably, however, in the way they solve the problem. One important difference between societies is the degree of government control of the economy. At the one extreme lies the completely planned or command economy, where all the economic decisions are taken by the government. At the other extreme lies the completely free-market economy. In this type of economy there is no government intervention at all. All decisions are taken by individuals and firms. Households decide how much labour and other factors to supply, and what goods to consume. Firms decide what goods to produce and what factors to employ. The *pattern* of production and consumption that results depends on the *interactions* of all factors of all these individual demand and supply decisions.

In practice all economies are a mixture of the two. It is therefore the degree of government intervention that distinguishes different economic systems. Thus in the *former* communist countries of eastern Europe, government played a large role whereas in the United States, the government plays a much smaller role.

It is nevertheless useful to analyze the extremes in order to put the different mixed economies of the real world into perspective. Let us start by having a look at the command economy. The command economy is usually associated with socialist or communist economic systems, where land and capital are collectively owned. The state plans the allocation of resources at three important levels:

1. It plans the allocation of resources between present consumption and investment for the future. By *sacrificing* some present consumption and *diverting* resources into investment, it could increase the economy's growth rate. The amount of resources it chooses to invest will depend on its macroeconomic strategy: the importance it attaches to growth as opposed to present consumption.

2. At a microeconomic level it plans the output of each industry and firm, the techniques that will be used and the labour and other resources required by each industry and firm. In order to ensure that the required inputs are available, the state would probably conduct some form of input-output analysis. All industries are seen as users of inputs from other industries and as producers of output for consumers or others industries. Input-output analysis shows, for each industry, the sources of all its inputs and the destination of all its outputs. By its use the state attempts to match up the inputs and outputs of each industry so that the planned demand for each industry's product is equal to its planned supply.

3. It plans the distribution of output between consumers. This will depend on the government's aims. It may distribute goods according to its *judgment* of people's needs; or it may give more to those who produce more, thereby providing an incentive for people to work harder. It may distribute goods and services directly (for example, by a system of rationing); or it may decide the distribution of money incomes and allow individuals to decide how to spend them. If it does the latter, it may still try to influence the *pattern* of expenditure by setting appropriate prices: low prices to *encourage* consumption, and high prices to discourage consumption. (3200 неч. зн.)

## TEXT 9

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 37 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **Macroeconomic Policy Goals in an Open Economy**

In open economies, policy makers are motivated by the goals of internal and external balance. Simply defined, internal balance requires the full employment of a country's resources and domestic price level stability. External balance is attained when a country's current account is neither so deeply in deficit that the

country may be unable to repay its foreign debts in the future nor so strongly in surplus that foreigners are put in that position.

In practice, neither of these definitions captures the full range of potential policy concerns. Along with full employment and stability of the overall price level, for example, policy makers may have a particular domestic distribution of income as an additional internal target. Depending on exchange rate arrangements, policy makers may worry about swings in balance of payments accounts other than the current account. To make matters even more complicated, the line between external and internal goals can be fuzzy.

How should one classify an employment target for export industries, for example, when export growth influences the economy's ability to repay its foreign debts?

The simple definitions of internal and external balance given above, however, capture the goals that most policy makers share regardless of the particular economic environment.

We therefore organize our analysis around these definitions and discuss possible additional aspects of internal or external balance when they are relevant.

### ***Internal Balance: Full Employment and Price Level Stability***

When a country's productive resources are fully employed and its price level is stable, the country is in internal balance. The waste and hardship that occur when resources are underemployed is clear. If a country's economy is "overheated" and resources are overemployed, however, waste of a different (though probably less harmful) kind occurs. For example, workers on overtime might prefer to be working less and enjoying leisure, but their contracts require them to put in longer hours during periods of high demand. Machines that are being worked more intensely than usual will tend to suffer more frequent breakdowns and to depreciate more quickly.

Under- and overemployment also lead to general price level movements that reduce the economy's efficiency by making the real value of the monetary unit less certain and thus a less useful guide for economic decisions. Since domestic wages and prices rise when the demands for labor and output exceed full-employment levels and fall in the opposite case, the government must prevent substantial movements in aggregate demand relative to its full-employment level to maintain a stable, predictable price level.

Inflation or deflation can occur even under conditions of full employment, of course, if the expectations of workers and firms about future monetary policy lead to an upward or downward wage-price spiral. Such a spiral can continue, however, only if the central bank fulfills expectations through continuing injections or withdrawals of money.

One particularly disruptive result of an unstable price level is its effect on the real value of loan contracts. Because loans tend to be denominated in the monetary unit, unexpected price level changes cause income to be redistributed between creditors and debtors. A sudden increase in the U.S. price level, for example, makes those with dollar debts better off, since the money they owe to lenders is now worth less in terms of goods and services. At the same time, the price level increase makes creditors worse off. Because such accidental income

redistribution can cause considerable distress to those who are hurt, governments have another reason to maintain price level stability.

Theoretically, a perfectly predictable trend of rising or falling prices would not be too costly, since everyone would be able to calculate easily the real value of money at any point in the future. But in the real world, there appears to be no such thing as a predictable inflation rate. Indeed, experience shows that the unpredictability of the general price level is magnified tremendously in periods of rapid price level change. The costs of inflation have been most apparent in the postwar period in countries such as Argentina, Brazil, Serbia, and Zimbabwe, where astronomical price level increases caused the domestic currencies practically to stop functioning as units of account or stores of value.

To avoid price level instability, therefore, the government must prevent large fluctuations in output, which are also undesirable in themselves. In addition, it must avoid inflation and deflation by ensuring that the money supply does not grow too quickly or too slowly.

### ***External Balance: The Optimal Level of the Current Account***

The notion of external balance is more difficult to define than internal balance because there are no unambiguous benchmarks like “full employment” or “stable prices” to apply to an economy’s external transactions. Whether an economy’s trade with the outside world poses macroeconomic problems depends on several factors, including the economy’s particular circumstances, conditions in the outside world, and the institutional arrangements governing its economic relations with foreign countries. A country that is committed to fixing its exchange rate against a foreign currency, for example, may well adopt a different definition of external balance than a country whose currency floats.

International economics textbooks often identify external balance with balance in a country’s current account. While this definition is appropriate in some circumstances, it is not appropriate as a general rule. A country with a current account deficit is borrowing resources from the rest of the world that it will have to pay back in the future. This situation is not necessarily undesirable, however. For example, the country’s opportunities for investing the borrowed resources may be attractive relative to the opportunities available in the rest of the world. In this case, paying back loans from foreigners poses no problem because a profitable investment will generate a return high enough to cover the interest and principal on those loans. Similarly, a current account surplus may pose no problem if domestic savings are being invested more profitably abroad than they would be at home.

More generally, we may think of current account imbalances as providing another example of how countries gain from trade. The trade involved is what we have called *intertemporal trade*, that is, the trade of consumption over time. Just as countries with differing abilities to produce goods at a single point in time gain from concentrating their production on what they do best and trading, countries can gain from concentrating the world’s investment in those economies best able to turn current output into future output. Countries with weak investment opportunities should invest little at home and channel their savings into more productive investment activity abroad. Put another way, countries where investment is relatively unproductive should be net exporters of currently available

output (and thus have current account surpluses), while countries where investment is relatively productive should be net importers of current output (and have current account deficits). To pay off their foreign debts when the investments mature, the latter countries export output to the former countries and thereby complete the exchange of present output for future output.

Other considerations may also justify an unbalanced current account. A country where output drops temporarily (for example, because of an unusually bad crop failure) may wish to borrow from foreigners to avoid the sharp temporary fall in its consumption that would otherwise occur. In the absence of this borrowing, the price of present output in terms of future output would be higher in the low-output country than abroad, so the intertemporal trade that eliminates this price difference leads to mutual gains. Insisting that all countries be in current account equilibrium makes no allowance for these important gains from trade over time. Thus, no realistic policy maker would want to adopt a balanced current account as a policy target appropriate in all circumstances.

At a given point, however, policy makers generally adopt *some* current account target as an objective, and this target defines their external balance goal. While the target level of the current account is generally not zero, governments usually try to avoid extremely large external surpluses or deficits unless they have clear evidence those large imbalances are justified by potential intertemporal trade gains. Governments are cautious because the exact current account balance that maximizes the gains from intertemporal trade is difficult if not impossible to figure out. In addition, this optimal current account balance can change unpredictably over time as conditions in the domestic and global economies change. Current account balances that are very wide of the mark can, however, cause serious problems. (9100 неч. 3н.)

## TEXT 10

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 11 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **The small firm**

There is no single comprehensive definition of the small firm sector. This is largely because most advanced economies have a wide diversity of business enterprises across both industry and service sectors.

An early attempt at identifying the key characteristics of a small firm in the UK was the Bolton Committee Report of 1971, which concluded that three main characteristics had to be taken into account:

- 1 A small firm is one that has a relatively small share of its market.
- 2 It is managed by its owners or part-owners in a personalized way, and not through the medium of a formalized management structure.
- 3 It is independent, in the sense that it does not form part of a large enterprise, so that its owner managers are free from outside control when taking their principal decisions.

The Report also recognized that the precise definition of a ‘small firm’ might also depend on the sector in which the firm operated: for example, a firm of 200 employees or less might be regarded as small in the manufacturing sector but a firm having 25 employees or less might be regarded as small in the construction sector.

Since the 1970s, there have been attempts to standardize definitions of small and medium-sized enterprises (SMEs) using variables such as the number of employees, turnover, balance sheet totals and ownership. In the UK two broad approaches have been followed:

- The Department of Trade and Industry (DTI) uses the employee criterion and defines firm size as follows: *micro firm* (0–9 employees); *small firm* (10–49 employees); *medium firm* (50–249 employees); and *large firm* (over 250 employees).
- However, the Companies Act of 1985 (Section 248) states that a company is ‘small’ if it satisfies at least two of the following criteria:

	Small company	Medium company
Turnover	Not more than £2.8m	Not more than £11.2m
Balance sheet total	Not more than £1.4m	Not more than £5.6m
Employees	Not more than 50	Not more than 250

These are the main statistical definitions used in the UK, although specific schemes often adopt a range of practical definitions depending on their particular objectives. For example, the British Bankers Association defines small businesses as those having an annual account turnover of less than £1m. In the European Union the definition of an SME involves four criteria, as listed below.



	Micro firm	Small firm	Medium firm
Turnover	–	Not exceeding €7m	Not exceeding €40m
Balance sheet total	–	Not exceeding €5m	Not exceeding €27m
Employees	Less than 10	Less than 50	Less than 250
Independence criteria	–	25% or less	25% or less

To qualify as an SME both the employees and independence criteria must be satisfied together with *either* the turnover *or* the balance sheet criteria. An SME is defined as an ‘independent enterprise’ when the amount of capital or voting rights in that firm held by one or more non-SME firms does not exceed 25%. The values shown in the above table for turnover and balance are liable to be changed over time as the absolute monetary values require adjustment because of inflation. (2600 неч. 3н.)

TEXT 11

FOR YOU TO BE DONE:

- 1. Read the following text.
- 2. Learn the economic 16 words from the given text for oral answer (from Russian into English).
- 3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

Markets as consumers’ cognitive frames

The market concept, as used in marketing management, usually refers to existing or potential demand. Kotler (1967, p. 6) defined markets as “*All persons or business units who buy or may be induced to buy a product or service*”. This focus on the demand side might be an inheritance from the managerial turn in marketing. In the managerial turn, marketing as an academic discipline focused on a series of management technologies as viewed from the seller’s perspective (Shaw & Jones, 2005, p. 256). This required a closer understanding of demand. “*The marketer is a specialist at understanding human wants and values and determining what it takes for someone to act*” (Kotler, 1972, p. 53). Kotler echoed, to a certain degree, foundational articles in marketing by Shaw (1912) and Coutant (1936). Shaw (1912, p. 746) addressed market distribution, but also included a discussion on demand. Coutant (1936), in the very first issue of *Journal of Marketing*, discussed the creation of markets as linked to the creation of needs.

More recent scholarly work on marketing still inherits this traditional focus on the demand side, for example, the streams of market orientation and market creation. In the research stream of market orientation, customers are used as a synonym for market. Kirca et al., (2005, p. 27) interchangeably used the words customer, consumer, and market in their meta-analysis of 114 previous studies on market orientation. Kaur and Gupta (2010, p. 90) observed that market orientation and customer orientation are often used as synonyms. Slater and Narver (1995, p. 63) explicitly used customer as a synonym for market. In the second stream, market creation is defined as a demand-inducing activity. Market creation is seen as a direct outcome of product development, “*Once a new product (that lacks close product substitutes) is launched, a new market is created*” (Darroch & Miles, 2011, p. 723). A market emerges when a firm identifies a latent need in potential demand and communicates a solution to that need. This focus on demand has led scholars to understand cognitive frames linked to consumption. A systematic understanding of consumption can be seen in Consumer Culture Theory (CCT). This stream focuses on “*the sociocultural, experiential, symbolic, and ideological aspects of consumption*” (Arnould & Thomson, 2005, p. 868). CCT research aims at illuminating the consumption cycle, and advances this aim through four research programs (ibid., p. 871). (1) Consumer identity - how consumers build a sense of self using marketer-generated materials. (2) Marketplace culture - how consumers, as culture-producers, shape dominant cultural patterns. (3) Sociohistoric patterning of consumption - how a consumer society is constituted and sustained. (4) Mass-mediated marketplace ideologies - interpretative strategies for consumer ideology.

Through CCT lenses, markets can be seen as social constructions mediated through sign systems. Markets take on diverse discursive forms and material practices, and, therefore, are not universal or self-contained. Venkatesh et al., (2006) highlighted the fundamental role of signs to understand exchange. Markets, they proposed, should be the central unit of analysis in marketing research and knowledge development. To this end, Peñaloza and Venkatesh (2006) proposed the study of markets as social constructions in five steps: (1) incorporate an interpretative view; (2) include meanings and values; (3) abandon the practitioner’s perspective, and instead don a social scientist perspective; (4) include agency in the consumer; and (5) use a social unit of analysis.

In short, following the managerial turn in marketing, markets refer mostly to the demand side. This led scholars to focus more on the cognitive frames linked to consumption. CCT advocates the understanding of cognitive frames for consumption. Under a CCT perspective, markets are seen as sign systems, which are socially constructed. (4000 печ.зн.)

## TEXT 12

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 16 words from the given text for oral answer (from Russian into English).

3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **Markets as networks**

Sociologists and marketers alike converge on the understanding that markets are social endeavours; market actors are seldom isolated. Firms and consumers operate in relationships toward each other, among themselves, and toward third parties. Some scholars, therefore, refer to markets as networks. The market as seen from a network perspective has been studied in marketing by the *Industrial Marketing and Purchasing Group* (IMP), and by the Network-Analysis stream in the sociology of markets. The following overviews the position of markets as networks from the perspective of both marketers and sociologists.

A network is a structure conformed by nodes, which are related to each other by threads. Nodes are market actors, such as firms, and the threads are exchange relationships. In marketing, this markets-as-networks approach is associated with the work of IMP. IMP is concerned by evidence suggesting that, foremost in industrial settings, relationships are more important than discrete transactions. This interaction approach, in ongoing business relationships, is based on the relevance of the relationship between an active seller and an active buyer. Instead of focusing on cutthroat competition in markets, the work of IMP focuses on delicate interdependencies. Under this approach, managers are encouraged to search for interdependencies and long-term benefits, instead of encouraging survivalist behaviour in an antagonistic environment. IMP tends to present studies with multiple companies, instead of studies within companies.

A networks approach, from an IMP perspective, implies an interface between an organisation and its environment. Ford and Håkansson (2006) differentiated the markets-as-networks approach in the following terms: (1) exchange exists not only as discrete transactions, but also as ongoing relationships; (2) buyers and sellers are interconnected, and know each other, and market agents are not anonymous; (3) the supplier and the buyer are both active in the business relationship; (4) organisations, particularly in industrial settings, interact with a limited set of identifiable actors with considerable influence where agents are seldom atomised, (5) organisational boundaries are blurred and relationships extend outside the contractual boundaries of firms; and (6) bargaining power results from a relative position within a network, rational egalitarian interactions play a part but only to a limited extent.

The second stream surveyed in this paper is the networks approach from economic sociology. Unlike IMP where the focus is on business relationships, sociologists focus on embeddedness (Granovetter, 2005). Embeddedness highlights the effect of interpersonal connections in economic outcomes. This is a middle-ground between economic theory, which under-socialises market processes, and much of the existing sociological thinking, which over-socialises behaviour. In this view, economic rationality is embedded within social relationships. Market actors, to a certain degree, are embedded in affiliations,

which, in turn, influence their opportunities to act. Embeddedness is explained in terms of not only quality of relationships, but also relative positions within networks. Social relationships determine individual and collective outcomes, from access to information to innovation. The main tenets are as follows, (1) economic goals are normally accompanied by non-economic goals (i.e., approval, status, and power); (2) economic action is socially situated, in other words, economic action cannot be explained by individual motives only, but is embedded in networks of relationships and seldom atomized; and (3) market institutions are socially constructed.

Therefore, markets are social processes in which actors are seldom isolated. The market highlights interpersonal connections, instead of exchange. In marketing, IMP studies business relationships pinpointing interdependencies in industrial networks. In the sociology of markets, the *embeddedness* program focuses on personal relationships as an antecedent for economic action and affiliations as interactive mechanisms that stabilize economic exchange. (4200 неч.3н.)

### TEXT 13

#### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 16 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

#### **Markets as value-creating systems**

A system involves interaction and processes. A system view of markets has a long tradition within marketing. Alderson (1964) observed marketing functioning as a dynamic system whose goal is aligning institutions and processes toward matching goods and needs. Bagozzi (1975) introduced exchange systems, and explained them in terms of social actors, which are not exclusively buyers and sellers. More recently, however, two streams within marketing observe markets as systems: provision systems as seen in Macromarketing, and service systems as seen in Service-Dominant Logic (S-D).

A systems perspective in marketing can be found in Macromarketing. For example, Mittelstaedt et al., (2006, p. 132) proposed that the reason markets exist is to serve as the provision system of society. They proposed three tenets: (1) markets are complex systems; (2) markets are heterogeneous in needs and offerings; and (3) actions of market actors have consequences in society, well beyond the boundaries of firms. Layton (2007) discussed the idea of the marketing system where the key concepts used to explain markets were, a system of actors, a participation in economic exchange, an assortment of (tangible or intangible) products, and a response to customer demand (p. 230).

While Macromarketing explains markets in terms of provision, Service-Dominant Logic (S-D), a proposed perspective in opposition to a Goods-Dominant Logic, explains markets in terms of value. Vargo (2007) proposed four ideas to understand markets: (1) a focus on value instead of products; (2) value creation as understood by the beneficiary, not the seller; (3) an integrated perspective between producer and consumer; and (4) a network perspective, instead of dyads (i.e., seller and buyer).

S-D proposes the concept of service systems (Spohrer et al., 2007). Service is the application of competences by one entity for the benefit of another. A service system is a “*configuration of resources (including people, information, and technology) connected to other systems by value propositions*” (Vargo, Maglio, & Akaka, 2008, p. 145). Service systems include firms, customers, suppliers, and other partners in a firm’s network. Vargo and Lusch (2011) expanded this claim by blurring the distinction between buyers and sellers. Actors are indistinguishable from each other, because actors have the same function, to co-create value by means of resource integration and service provision.

S-D parallels previous contributions from Normann. Normann (2001) explained markets in terms of value-creating systems. He argued that value is unlikely to be created linearly but rather dynamically. He stated that the metaphor of a chain in value creation is inappropriate, and instead suggested the metaphor of value constellations. The conceptualization of markets as value constellations, including customers, is useful to see the customer as a co producer, rather than a receiver. Firms can reframe business by rethinking the logic of value creation to reveal opportunities in reconfiguring those value constellations in which firms participate.

Building upon the idea of constellations, contemporary scholars seek to understand the technologies that firms use to influence markets from a managerial perspective. Markets can be viewed as configurations where interdependence leads to patterns. Firms can, and often do, attempt to shape those configurations using three key elements: (1) mental models, (2) business models, and (3) market practices. Business models in particular, are seen as an immediate device for management to influence its environment.

To summarize, markets are explained in terms of value as seen by the customer instead of the firm. This highlights interconnected mechanisms, which are sometimes called service systems, value constellations, or market configurations. In this perspective, interdependence leads to patterns linked by value creation that includes the customer. (3900 печ.зн.)

## TEXT 14

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 22 words from the given text for oral answer (from Russian into English).

3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **Causes of the development of money**

Money is originated very largely from non-economic causes: from tribute as well as from trade, from blood-money and bride-money as well as from barter, from ceremonial and religious rites as well as from commerce, from ostentatious ornamentation as well as from acting as the common drudge between economic men.

One of the most important improvements over the simplest forms of early barter was the tendency to select one or two items in preference to others so that the preferred items became partly accepted because of their qualities in acting as media of exchange. Commodities were chosen as preferred barter items for a number of reasons – some because they were conveniently and easily stored, some because they had high value densities and were easily portable and some because they were durable. These commodities, being widely desired, would be easy to exchange for others and therefore they came to be accepted as money.

To the extent that the disadvantages of barter provided an impetus for the development of money that impetus was purely economic but archaeological, literary and linguistic evidence of the ancient world, and the tangible evidence of actual types of primitive money from many countries demonstrate that barter was not the main factor in the origins and earliest development of money.

Many societies had laws requiring compensation in some form for crimes of violence, instead of the Old Testament approach of "an eye for an eye". The word to "pay" is derived from the Latin "pacare" meaning originally to pacify, appease, or make peace with – through the appropriate unit of value customarily acceptable to both sides. A similarly widespread custom was payment for brides in order to compensate the head of the family for the loss of a daughter's services. Rulers have since very ancient times imposed taxes on or exacted tribute from their subjects.

Religious obligation might also entail payment of tribute or sacrifices of some kind. Thus in many societies there was a requirement for a means of payment for blood-money, tax or tribute and this gave a great impetus to the spread of money.

Objects originally accepted for one purpose were often found to be useful for other non-economic purposes and, because of their growing acceptability began to be used for general trading also, supplementing or replacing barter.

Thus the use of money evolved out of deeply rooted customs; the clumsiness of barter provided an economic impulse but that was not the primary factor.

### ***A Walk Down Wall Street***

Wall Street in New York City is the financial capital of the United States. There are other key financial centers around the globe: Shanghai, London, Paris, Hong Kong, and many other cities.

These financial centers are places where traders come together to buy and sell assets. Beyond these physical locations, opportunities for trading assets abound on the Internet as well.

Ownership of an asset gives you the right to some future benefit or a stream of benefits. Very often, these benefits come in the form of monetary payments; for example, ownership of a stock gives you the right to a share of a firm's profits. Sometimes, these benefits come in the form of a flow of services: ownership of a house gives you the right to enjoy the benefits of living in it.

### Stocks

One of the first doors you find on Wall Street is called the *stock exchange*. The stock exchange is a place where—as the name suggests—stocks are bought and sold. A stock (or share) is an asset that comes in the form of (partial) ownership of a firm. The owners of a firm's stock are called the shareholders of that firm because the stock gives them the right to a share of the firm's profits. More precisely, shareholders receive payments whenever the board of directors of the firm decides to pay out some of the firm's profits in the form of dividends.

Some firms—for example, small family firms like a corner grocery store—is privately owned. This means that the shares of the firm are not available for others to purchase. Other firms are publicly traded, which means that anyone is free to buy or sell their stocks. In many cases, particularly for large firms such as Microsoft Corporation or Nike, stocks are bought and sold on a minute-by-minute basis. You can find information on the prices of publicly traded stocks in newspapers or on the Internet.

### ***Stock Market Indices***

Most often, however, we hear not about individual stock prices but about baskets of stocks. The most famous basket of stocks is called the *Dow Jones Industrial Average* (DJIA). Each night of the week, news reports on the radio and television and newspaper stories tell whether the value of the DJIA increased or decreased that day. The DJIA is more than a century old—it started in 1896—and is a bundle of 30 stocks representing some of the most significant firms in the US economy. Its value reflects the prices of these stocks. Very occasionally, one firm will be dropped from the index and replaced with another, reflecting changes in the economy.

Although the DJIA is the most closely watched stock market index, many others are also commonly reported. The *Standard and Poor's 500* (S&P 500) is another important index. As the name suggests, it includes 500 firms, so it is more representative than the DJIA. If you want to understand what is happening to stock prices in general, you are better off looking at the S&P 500 than at the DJIA. The *Nasdaq* is another index, consisting of the stocks traded in an exchange that specializes in technology-based firms. (5500 печ.зн.)

## TEXT 15

### FOR YOU TO BE DONE:

1. Read the following text.
2. Learn the economic 12 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### Asymmetric Information: The Real Evil

*Finance also suffers from a peculiar problem that is not easily overcome by just anybody.* Undoubtedly, you've already encountered the concept of opportunity costs, the nasty fact that to obtain X you must give up Y, that you can't have your cake and eat it too. You may not have heard of asymmetric information, another nasty fact that makes life much more complicated. Like scarcity, asymmetric information inheres in nature, the devil incarnate. That is but a slight exaggeration. When a seller (borrower, a seller of securities) knows more than a buyer (lender or investor, a buyer of securities), only trouble can result. Like the devil in Dante's *Inferno*, this devil has two big ugly heads, adverse selection, which raises Cain before a contract is signed, and moral hazard, which entails sinning after contract consummation. (Later, we'll learn about a third head, the principal agency problem, a special type of moral hazard.)

Due to adverse selection, the fact that the riskiest borrowers are the ones who most strongly desire loans, lenders attract sundry rogues, knaves, thieves, and ne'er-do-wells, like pollen-laden flowers attract bees (Natty Light attracts frat boys?). *If they are unaware of that selection bias, lenders will find themselves burned so often that they will prefer to keep their savings under their mattresses rather than risk lending it.* Unless recognized and effectively countered, moral hazard will lead to the same suboptimal outcome. *After a loan has been made, even good borrowers sometimes turn into thieves because they realize that they can gamble with other people's money.* So instead of setting up a nice little ice cream shop with the loan as they promised, a disturbing number decide instead to try to get rich quick by taking a quick trip to Vegas or Atlantic City for some potentially lucrative fun at the blackjack table. If they lose, they think it is no biggie because it wasn't their money.

One of the major functions of the financial system is to tangle with those devilish information asymmetries. It never kills asymmetry, but it usually reduces its influence enough to let businesses and other borrowers obtain funds cheaply enough to allow them to grow, become more efficient, innovate, invent, and expand into new markets. *By providing relatively inexpensive forms of external finance, financial systems make it possible for entrepreneurs and other firms to test their ideas in the marketplace.* They do so by eliminating, or at least reducing, two major constraints on liquidity and capital, or the need for short-term cash and long-term dedicated funds. They reduce those constraints in two major ways: directly



(though often with the aid of facilitators) via markets and indirectly via intermediaries. Another way to think about that is to realize that the financial system makes it easy to trade intertemporally, or across time. Instead of immediately paying for supplies with cash, companies can use the financial system to acquire what they need today and pay for it tomorrow, next week, next month, or next year, giving them time to produce and distribute their products. (3100 ne4.3H.)

## TEXT 16

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 41 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **The Gold Standard**

An international gold standard avoids the asymmetry inherent in a reserve currency standard by avoiding the “Nth currency” problem. Under a gold standard, each country fixes the price of its currency in terms of gold by standing ready to trade domestic currency for gold whenever necessary to defend the official price. Because there are  $N$  currencies and  $N$  prices of gold in terms of those currencies, no single country occupies a privileged position within the system: Each is responsible for pegging its currency’s price in terms of the official international reserve asset, gold.

#### ***The Mechanics of a Gold Standard***

Because countries tie their currencies to gold under a gold standard, official international reserves take the form of gold. Gold standard rules also require each country to allow unhindered imports and exports of gold across its borders. Under these arrangements, a gold standard, like a reserve currency system, results in fixed exchange rates between all currencies. For example, if the dollar price of gold is pegged at \$35 per ounce by the Federal Reserve while the pound price of gold is pegged at £14.58 per ounce by Britain’s central bank, the Bank of England, the dollar/pound exchange rate must be constant at  $(\$35 \text{ per ounce}) \div (£14.58 \text{ per ounce}) = \$2.40 \text{ per pound}$ . The same arbitrage process that holds cross exchange rates fixed under a reserve currency system keeps exchange rates fixed under a gold standard as well.

#### ***Symmetric Monetary Adjustment Under a Gold Standard***

Because of the inherent symmetry of a gold standard, no country in the system occupies a privileged position by being relieved of the commitment to intervene. By considering the international effects of a purchase of domestic assets by one central bank, we can see in more detail how monetary policy works under a gold standard. Suppose the Bank of England decides to increase its money supply

through a purchase of domestic assets. The initial increase in Britain's money supply will put downward pressure on British interest rates and make foreign currency assets more attractive than British assets. Holders of pound deposits will attempt to sell them for foreign deposits, but no *private* buyers will come forward. Under floating exchange rates, the pound would depreciate against foreign currencies until interest parity had been reestablished. This depreciation cannot occur when all currencies are tied to gold, however. Why not? Because central banks are obliged to trade their currencies for gold at fixed rates, unhappy holders of pounds can sell these to the Bank of England for gold, sell the gold to other central banks for their currencies, and use these currencies to purchase deposits that offer interest rates higher than the interest rate on pounds. Britain therefore experiences a private financial outflow and foreign countries experience an inflow.

This process reestablishes equilibrium in the foreign exchange market. The Bank of England loses foreign reserves since it is forced to buy pounds and sell gold to keep the pound price of gold fixed. Foreign central banks gain reserves as they *buy* gold with their currencies. Countries share equally in the burden of balance of payments adjustment.

Because official foreign reserves are declining in Britain and increasing abroad, the British money supply is falling, pushing the British interest rate back up, and foreign money supplies are rising, pushing foreign interest rates down. Once interest rates have again become equal across countries, asset markets are in equilibrium and there is no further tendency for the Bank of England to lose gold or for foreign central banks to gain it. The total world money supply (not the British money supply) ends up being higher by the amount of the Bank of England's domestic asset purchase. Interest rates are lower throughout the world.

Our example illustrates the symmetric nature of international monetary adjustment under a gold standard. Whenever a country is losing reserves and seeing its money supply shrink as a consequence, foreign countries are gaining reserves and seeing their money supplies expand. In contrast, monetary adjustment under a reserve currency standard is highly asymmetric. Countries can gain or lose reserves without inducing any change in the money supply of the reserve currency country, and only the latter country has the ability to influence domestic and world monetary conditions.

### ***Benefits and Drawbacks of the Gold Standard***

Advocates of the gold standard argue that it has another desirable property besides symmetry. Because central banks throughout the world are obliged to fix the money price of gold, they cannot allow their money supplies to grow more rapidly than real money demand, since such rapid monetary growth eventually raises the money prices of all goods and services, including gold. A gold standard therefore places automatic limits on the extent to which central banks can cause increases in national price levels through expansionary monetary policies. These limits can make the real values of national monies more stable and predictable, thereby enhancing the transaction economies arising from the use of money. No such limits to money creation exist under a reserve currency system; the reserve currency country faces no automatic barrier to unlimited money creation.

Offsetting this potential benefit of a gold standard are some drawbacks:

1. The gold standard places undesirable constraints on the use of monetary policy to fight unemployment. In a worldwide recession, it might be desirable for all countries to expand their money supplies jointly even if this were to raise the price of gold in terms of national currencies.

2. Tying currency values to gold ensures a stable overall price level only if the relative price of gold and other goods and services is stable. For example, suppose the dollar price of gold is \$35 per ounce while the price of gold in terms of a typical output basket is one-third of a basket per ounce. This implies a price level of \$105 per output basket. Now suppose that there is a major gold discovery in South America and the relative price of gold in terms of output falls to one-fourth of a basket per ounce. With the dollar price of gold unchanged at \$35 per ounce, the price level would have to rise from \$105 to \$140 per basket. In fact, studies of the gold standard era do reveal surprisingly large price level fluctuations arising from such changes in gold's relative price.

3. An international payments system based on gold is problematic because central banks cannot increase their holdings of international reserves as their economies grow unless there are continual new gold discoveries. Every central bank would need to hold some gold reserves to fix its currency's gold price and serve as a buffer against unforeseen economic mishaps. Central banks might thereby bring about world unemployment as they attempted to compete for reserves by selling domestic assets and thus shrinking their money supplies.

4. The gold standard could give countries with potentially large gold production, such as Russia and South Africa, considerable ability to influence macroeconomic conditions throughout the world through market sales of gold.

Because of these drawbacks, few economists favor a return to the gold standard today. As early as 1923, the British economist John Maynard Keynes characterized gold as a "barbarous relic" of an earlier international monetary system.<sup>20</sup> While most central banks continue to hold some gold as part of their international reserves, the price of gold now plays no special role in influencing countries' monetary policies.

### ***The Bimetallic Standard***

Up until the early 1870s, many countries adhered to a bimetallic standard in which the currency was based on both silver and gold. The United States was bimetallic from 1837 until the Civil War, although the major bimetallic power of the day was France, which abandoned bimetallism for gold in 1873.

In a bimetallic system, a country's mint will coin specified amounts of gold *or* silver into the national currency unit (typically for a fee). In the United States before the Civil War, for example, 371.25 grains of silver (a grain being 1/480th of an ounce) or 23.22 grains of gold could be turned into, respectively, a silver or a gold dollar. That mint parity made gold worth times as much as silver.

The mint parity could differ from the market relative price of the two metals, however, and when it did, one or the other might go out of circulation. For example, if the price of gold in terms of silver were to rise to 20:1, a depreciation of silver relative to the mint parity of 16:1, no one would want to turn gold into gold dollar coins at the mint. More dollars could be obtained by instead using the gold to buy silver in the market, and then having the silver coined into dollars. As a

result, gold would tend to go out of monetary circulation when its relative market price rose above the mint relative price, and silver coin would tend to disappear in the opposite case.

The advantage of bimetallism was that it might reduce the price level instability resulting from use of one of the metals alone. Were gold to become scarce and expensive, cheaper and relatively abundant silver would become the predominant form of money, thereby mitigating the deflation that a pure gold standard would imply. Notwithstanding this advantage, by the late 19th century most of the world had followed Britain, the leading industrial power of the day, onto a pure gold standard.

### ***The Gold Exchange Standard***

Halfway between the gold standard and a pure reserve currency standard is the *gold exchange standard*. Under a gold exchange standard, central banks' reserves consist of gold *and* currencies whose prices in terms of gold are fixed, and each central bank fixes its exchange rate to a currency with a fixed gold price. A gold exchange standard can operate like a gold standard in restraining excessive monetary growth throughout the world, but it allows more flexibility in the growth of international reserves, which can consist of assets besides gold. A gold exchange standard is, however, subject to the other limitations of a gold standard listed above.

The post–World War II reserve currency system centered on the dollar was, in fact, originally set up as a gold exchange standard. While foreign central banks did the job of pegging exchange rates, the U.S. Federal Reserve was responsible for holding the dollar price of gold at \$35 an ounce. By the mid-1960s, the system operated in practice more like a pure reserve currency system than a gold standard.

President Richard M. Nixon unilaterally severed the dollar's link to gold in August 1971, shortly before the system of fixed dollar exchange rates was abandoned. (*10800 неч. зн.*)

## **TEXT 17**

### ***FOR YOU TO BE DONE:***

1. Read the following text.
2. Learn the economic 24 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

## **Central Bank Intervention and the Money Supply**

To understand the effects of central bank intervention in the foreign exchange market, we need to look first at how central bank financial transactions affect the money supply.

***The Central Bank Balance Sheet and the Money Supply***

The main tool we use in studying central bank transactions in asset markets is the *central bank balance sheet*, which records the assets held by the central bank and its liabilities. Like any other balance sheet, the central bank balance sheet is organized according to the principles of double-entry bookkeeping. Any acquisition of an asset by the central bank results in a positive change on the assets side of the balance sheet, while any increase in the bank’s liabilities results in a positive change on the balance sheet’s liabilities side.

A balance sheet for the central bank of the imaginary country of Pecunia is shown below.

Central Bank Balance Sheet			
Assets		Liabilities	
Foreign assets	\$1,000	Deposits held by private banks	\$500
Domestic assets	\$1,500	Currency in circulation	\$2,000

The assets side of the Bank of Pecunia’s balance sheet lists two types of assets, *foreign assets* and *domestic assets*. Foreign assets consist mainly of foreign currency bonds owned by the central bank. These foreign assets make up the central bank’s official international reserves, and their level changes when the central bank intervenes in the foreign exchange market by buying or selling foreign exchange. For historical reasons, central bank’s international reserves also include any gold that it owns. The defining characteristic of international reserves is that they be either claims on foreigners or a universally acceptable means of making international payments (for example, gold). In the present example, the central bank holds \$1,000 in foreign assets.

Domestic assets are central bank holdings of claims to future payments by its own citizens and domestic institutions. These claims usually take the form of domestic government bonds and loans to domestic private banks. The Bank of Pecunia owns \$1,500 in domestic assets. Its total assets therefore equal \$2,500, the sum of foreign and domestic asset holdings.

The liabilities side of the balance sheet lists as liabilities the deposits of private banks and currency in circulation, both notes and coin. (Nonbank firms and households generally cannot deposit money at the central bank, while banks are generally required by law to hold central bank deposits as partial backing for their own liabilities.) Private bank deposits are liabilities of the central bank because the money may be withdrawn whenever private banks need it. Currency in circulation is considered a central bank liability mainly for historical reasons: At one time, central banks were obliged to give a certain amount of gold or silver to anyone wishing to exchange domestic currency for one of those precious metals. The balance sheet above shows that Pecunia’s private banks have deposited \$500 at the central bank. Currency in circulation equals \$2,000, so the central bank’s total liabilities amount to \$2,500.

The central bank's total assets equal its total liabilities plus its net worth, which we have assumed in the present example to be zero. Because changes in central bank net worth are not important to our analysis, we will ignore them.

The additional assumption that net worth is constant means that the changes in central bank assets we will consider *automatically* cause equal changes in central bank liabilities. When the central bank purchases an asset, for example, it can pay for it in one of two ways. A cash payment raises the supply of currency in circulation by the amount of the bank's asset purchase. A payment by check promises the check's owner a central bank deposit equal in value to the asset's price. When the recipient of the check deposits it in her account at a private bank, the private bank's claims on the central bank (and thus the central bank's liabilities to private banks) rise by the same amount. In either case, the central bank's purchase of assets automatically causes an equal increase in its liabilities.

Similarly, asset sales by the central bank involve either the withdrawal of currency from circulation or the reduction of private banks' claims on the central bank, and thus a fall in central bank liabilities to the private sector.

An understanding of the central bank balance sheet is important because changes in the central bank's assets cause changes in the domestic money supply. The preceding paragraph's discussion of the equality between changes in central bank assets and liabilities illustrates the mechanism at work.

When the central bank buys an asset from the public, for example, its payment—whether cash or check—directly enters the money supply. The increase in central bank liabilities associated with the asset purchase thus causes the money supply to expand.

The money supply shrinks when the central bank sells an asset to the public because the cash or check the central bank receives in payment goes out of circulation, reducing the central bank's liabilities to the public. Changes in the level of central bank asset holdings cause the money supply to change in the same direction because they require equal changes in the central bank's liabilities.

The process we have described may be familiar to you from studying central bank open market operations in earlier courses. By definition, open-market operations involve the purchase or sale of domestic assets, but official transactions in foreign assets have the same direct effect on the money supply. You will also recall that when the central bank buys assets, for example, the accompanying increase in the money supply is generally *larger* than the initial asset purchase because of multiple deposit creation within the private banking system. This *money multiplier* effect, which magnifies the impact of central bank transactions on the money supply, reinforces our main conclusion: *Any central bank purchase of assets automatically results in an increase in the domestic money supply, while any central bank sale of assets automatically causes the money supply to decline.* (6000 неч. 3н.)

## TEXT 18

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 20 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **The Bretton Woods System and the International Monetary Fund**

In July 1944 representatives of 44 countries meeting in Bretton Woods, New Hampshire, drafted and signed the Articles of Agreement of *the International Monetary Fund (IMF)*. Remembering the disastrous economic events of the interwar period, statesmen in the Allied countries hoped to design an international monetary system that would foster full employment and price stability while allowing individual countries to attain external balance without restrictions on international trade.

The system set up by the Bretton Woods agreement called for fixed exchange rates against the U.S. dollar and an unvarying dollar price of gold—\$ 35 an ounce. Member countries held their official international reserves largely in the form of gold or dollar assets and had the right to sell dollars to the Federal Reserve for gold at the official price.

The system was thus a gold exchange standard, with the dollar as its principal reserve currency. The dollar was the “Nth currency” in terms of which the *N-1* exchange rates of the system were defined. The United States itself intervened only rarely in the foreign exchange market. Usually, the *N-1* foreign central banks intervened when necessary to fix the system’s *N-1* exchange rates, while the United States was responsible in theory for fixing the dollar price of gold.

#### ***Goals and Structure of the IMF***

The IMF Articles of Agreement, through a mixture of discipline and flexibility, hoped to avoid a repetition of the turbulent interwar experience.

The major discipline on monetary management was the requirement that exchange rates be fixed to the dollar, which, in turn, was tied to gold. If a central bank other than the Federal Reserve pursued excessive monetary expansion, it would lose international reserves and eventually become unable to maintain the fixed dollar exchange rate of its currency. Since high U.S. monetary growth would lead to dollar accumulation by foreign central banks, the

Fed itself was constrained in its monetary policies by its obligation to redeem those dollars for gold. The official gold price of \$ 35 an ounce served as a further brake on American monetary policy, since that price would be pushed upward if too many dollars were created.

Fixed exchange rates were viewed as more than a device for imposing monetary discipline on the system, however. Rightly or wrongly, the interwar experience had convinced the IMF's architects that floating exchange rates were a cause of speculative instability and were harmful to international trade.

The interwar experience had shown also that national governments would not be willing to maintain both free trade and fixed exchange rates at the price of long-term domestic unemployment. After the experience of the Great Depression, governments were widely viewed as responsible for maintaining full employment. The IMF agreement therefore tried to incorporate sufficient flexibility to allow countries to attain external balance in an orderly fashion without sacrificing internal objectives or fixed exchange rates.

Two major features of the IMF Articles of Agreement helped promote this flexibility in external adjustment. First, members of the IMF contributed their currencies and gold to form a pool of financial resources that the IMF could lend to countries in need. Second, although exchange rates against the dollar were fixed, these parities could be adjusted with the agreement of the IMF. Such devaluations and revaluations were supposed to be infrequent and carried out only in cases of an economy in *fundamental disequilibrium*. Although the IMF's Articles did not define "fundamental disequilibrium," the term was intended to cover countries that suffered permanent adverse shifts in the demand for their products, so that without devaluation, the country would face a long period of unemployment and external deficits. The flexibility of an adjustable exchange rate was not available, however, to the "Nth currency" of the Bretton Woods system, the U.S. dollar.

How did the Bretton Woods system resolve the trilemma? In essence, the system was based on the presumption that movements of private financial capital could be restricted; allowing some degree of independence for domestically oriented monetary policies. The new system thus was diametrically opposed to the gold standard's subordination of monetary policy to external considerations such as freedom of financial flows. After the experience of high interwar unemployment, the architects of the Bretton Woods system hoped to ensure that countries would not be forced to adopt contractionary monetary policies for balance of payments reasons in the face of an economic downturn.

Supporting this emphasis on high employment, restrictions on cross-border financial flows would allow "orderly" exchange rate changes in situations of persistent imbalance.

In theory, policy makers would be able to change exchange rates in a deliberate fashion, without the pressure of massive speculative attacks. As we shall see, however, while this approach worked well initially, the very success of the Bretton Woods system in rebuilding international trade made it progressively harder for policy makers to avoid speculative attacks as the years passed.(5200 неч. 3н.)



## TEXT 19

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 12 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **Offshore Banking and Offshore Currency Trading**

One of the most pervasive features of today's commercial banking industry is that banking activities have become globalized as banks have branched out from their home countries into foreign financial centers. In 1960, only eight American banks had branches in foreign countries, but now hundreds have such branches. Similarly, the number of foreign bank offices in the United States has risen steadily.

The term offshore banking is used to describe the business that banks' foreign offices conduct outside of their home countries. Banks may conduct foreign business through any of three types of institutions:

1. An *agency* office located abroad, which arranges loans and transfers funds but does not accept deposits.
2. A *subsidiary* bank located abroad. A subsidiary of a foreign bank differs from a local bank only in that a foreign bank is the controlling owner. Subsidiaries are subject to the same regulations as local banks but are not subject to the regulations of the parent bank's country.
3. A foreign *branch*, which is simply an office of the home bank in another country. Branches carry out the same business as local banks and are usually subject to local *and* home banking regulations. Often, however, branches can take advantage of crossborder regulatory differences.

The growth of offshore currency trading has gone hand in hand with that of offshore banking. An offshore deposit is simply a bank deposit denominated in a currency other than that of the country in which the bank resides—for example, yen deposits in a London bank or dollar deposits in Zurich. Many of the deposits traded in the foreign exchange market are offshore deposits. Offshore currency deposits are usually referred to as Eurocurrencies, which is something of a misnomer since much Eurocurrency trading occurs in such non-European centers as Singapore and Hong Kong. Dollar deposits located outside the United States are called Eurodollars. Banks that accept deposits denominated in Eurocurrencies (including Eurodollars) are called Eurobanks. The advent of the new European currency, the euro, has made this terminology even more confusing!

One motivation for the rapid growth of offshore banking and currency trading has been the growth of international trade and the increasingly multinational nature of corporate activity.

American firms engaged in international trade, for example, require overseas financial services, and American banks have naturally expanded their domestic business with these firms into foreign areas. By offering more rapid clearing of payments and the flexibility and trust established in previous dealings, American banks compete with the foreign banks that could also serve American customers. Eurocurrency trading is another natural outgrowth of expanding world trade in goods and services. British importers of American goods frequently need to hold dollar deposits, for example, and it is natural for banks based in London to woo these importers' business. World trade growth alone, however, cannot explain the growth of international banking since the 1960s. Another factor is the banks' desire to escape domestic government regulations on financial activity (and sometimes taxes) by shifting some of their operations abroad and into foreign currencies. A further factor is in part political: the desire by some depositors to hold currencies outside the jurisdictions of the countries that issue them. In recent years, the tendency for countries to open their financial markets to foreigners has allowed international banks to compete globally for new business. (*3100 неч. 3н.*)

## TEXT 20

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 33 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

## **Economic Reasoning and Analysis**

*What this country needs is some one-armed economists.*  
Harry S Truman

Economic reasoning is rather easy to satirize. One might want to know, for instance, what the effect of a policy change – a government program to educate unemployed workers, an increase in military spending, or an enhanced environmental regulation – will be on people and their ability to purchase the goods and services they desire.

Unfortunately, a single change may have multiple effects. As an absurd and tortured example, government production of helium for (allegedly) military purposes reduces the cost of children's birthday balloons, causing substitution away from party hats and hired clowns. The reduction in demand for clowns reduces clowns' wages and thus reduces the costs of running a circus. This cost reduction increases the number of circuses, thereby forcing zoos to lower admission fees to compete with circuses. Thus, were the government to stop

subsidizing the manufacture of helium, the admission fee of zoos would likely rise, even though zoos use no helium. This example is superficially reasonable, although the effects are miniscule.

To make any sense at all of the effects of a change in economic conditions, it is helpful to divide up the effect into pieces. Thus, we will often look at the effects of a change «other things equal», that is, assuming nothing else changed. This isolates the effect of the change. In some cases, however, a single change can lead to multiple effects; even so, we will still focus on each effect individually. A gobbledygook way of saying «other things equal» is to use Latin and say «*ceteris paribus*». Part of your job as a student is to learn economic jargon, and that is an example. Fortunately, there isn't too much jargon.

We will make a number of assumptions that you may not find very easy to believe. Not all of the assumptions are required for the analysis, and instead merely simplify the analysis. Some, however, are required but deserve an explanation. There is a frequent assumption that the people we will talk about seem exceedingly selfish relative to most people we know. We model the choices that people make, assuming that they make the choice that is best for them. Such people – the people in the models as opposed to real people – are known occasionally as «homo economicus». Real people are indubitably more altruistic than homo economicus, because they couldn't be less: homo economicus is entirely selfish. (The technical term is acting in one's *self-interest*.) That doesn't necessarily invalidate the conclusions drawn from the theory, however, for at least four reasons:

- People often make decisions as families or households rather than individuals, and it may be sensible to consider the household as the «consumer». That households are fairly selfish is more plausible perhaps than individuals being selfish.

- Economics is pretty much silent on *why* consumers want things. You may want to make a lot of money so that you can build a hospital or endow a library, which would be altruistic things to do. Such motives are broadly consistent with selfinterested behavior.

- Corporations are often required to serve their shareholders by maximizing the share value, inducing self-interested behavior on the part of the corporation. Even if corporations had no legal responsibility to act in the financial interest of their shareholders, capital markets may force them to act in the self-interest of the shareholders in order to raise capital. That is, people choosing investments that generate a high return will tend to force corporations to seek a high return.

- There are many good, and some not-so-good, consequences of people acting in their own self-interest, which may be another reason to focus on self-interested behavior.

Thus, while there are limits to the applicability of the theory of self-interested behavior, it is a reasonable methodology for attempting a science of human behavior.

Self-interested behavior will often be described as «maximizing behavior», where consumers maximize the value they obtain from their purchases, and firms maximize their profits. One objection to the economic methodology is that people rarely carry out the calculations necessary to literally maximize anything.

However, that is not a sensible objection to the methodology. People don't carry out the physics calculations to throw a baseball or thread a needle, either, and yet they accomplish these tasks.

Economists often consider that people act «as if» they maximize an objective, even though no calculations are carried out. Some corporations in fact use elaborate computer programs to minimize costs or maximize their profits, and the entire field of operations research is used to create and implement such maximization programs. Thus, while individuals don't carry out the calculations, some companies do.

A good example of economic reasoning is the sunk cost fallacy. Once one has made a significant non-recoverable investment, there is a psychological tendency to invest more even when the return on the subsequent investment isn't worthwhile. France and Britain continued to invest in the Concorde (a supersonic aircraft no longer in production) long after it became clear that the project would generate little return. If you watch a movie to the end, long after you become convinced that it stinks, you have exhibited the sunk cost fallacy. The fallacy is the result of an attempt to make an investment that has gone bad turn out to be good, even when it probably won't. The popular phrase associated with the sunk cost fallacy is «throwing good money after bad».

The fallacy of sunk costs arises because of a psychological tendency to try to make an investment pay off when something happens to render it obsolete. It is a mistake in many circumstances.

The fallacy of sunk costs is often thought to be an advantage of casinos. People who lose a bit of money gambling hope to recover their losses by gambling more, with the sunk «investment» in gambling inducing an attempt to make the investment pay off.

The nature of most casino gambling is that the house wins on average, which means the average gambler (and even the most skilled slot machine or craps player) loses on average. Thus, for most, trying to win back losses is to lose more on average.

The way economics is performed is by a proliferation of mathematical models, and this proliferation is reflected in this book. Economists reason with models. Models help by removing extraneous details from a problem or issue, letting one analyze what remains more readily. In some cases the models are relatively simple, like supply and demand.

In other cases, the models are relatively complex. In all cases, the models are the simplest model that lets us understand the question or phenomenon at hand. The purpose of the model is to illuminate connections between ideas. A typical implication of a model is «when *A* increases, *B* falls». This «*comparative static*» prediction lets us see how *A* affects *B*, and why, at least in the context of the model. The real world is always much more complex than the models we use to understand the world. That doesn't make the model useless, indeed, exactly the opposite. By stripping out extraneous detail, the model represents a lens to isolate and understand aspects of the real world.

Finally, one last introductory warning before we get started. A parody of economists talking is to add the word *marginal* before every word. Marginal is just

economist's jargon for «the derivative of». For example, marginal cost is the derivative of cost; marginal value is the derivative of value. Because introductory economics is usually taught to students who have not yet studied calculus or can't be trusted to remember even the most basic elements of it, economists tend to avoid using derivatives and instead talk about the value of the next unit purchased, or the cost of the next unit, and describe that as the marginal value or cost. This book uses the term marginal frequently because one of the purposes of the book is to introduce the necessary jargon so that you can read more advanced texts or take more advanced classes. For an economics student not to know the word marginal would be akin to a physics student not knowing the word mass. (8300 неч. зн.)

## TEXT 21

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 33 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **The knowledge society**

Socio-economic changes in recent decades are direct result of a strong scientific and technological development, especially in the area of information and communication technologies, which emphasize the role of knowledge - conditional intellectual capital. In 1960s, M. McLuhan wrote that the world has become a „Global Village” thanks to the modern electronic and communication technologies. He was referring to the growing electronic connectivity and networking of the companies and the people around the world. In the “knowledge society”, where everyone aspires, companies and national economies competitive advantages are based on the knowledge. Among the main developing goals of propulsive states are the increasing investment in knowledge and innovation activities through continuous learning and training of human resources.

The widest access to „knowledge society” was in the early 1960's. It focused on the growth of new industries based on science and their role in social and economic change. Some analysts included the professional services and other information-rich industries, where employment growth is noticeable. Fundamental idea of unifying this working element is theoretical knowledge as a source of innovation (Bell, 1973). Expanding knowledge is included in the new theory of economic growth (Romer, 1986, 1990), noting that innovations differ from other inputs because they have no competition and they encourage further innovation.

The concept of “knowledge society” (*„knowledgeable societies”*) was mentioned in 1966 by American sociologist R. Lane. Soon after that (1973)

American sociologist D. Bell has also popularized the knowledge society in his book *The Coming of Post-Industrial Society*. Lane's approach was closely related to the network access, as M. Castells (2000) noted that for the first time in the history, the basic organizational unit is no longer a subject but the network of related subjects. The structure of the "knowledge society" was first defined by the *World Bank Institute* in the program called "*Knowledge for Development*". It included long-term investments in education, development of innovative skills, modernization of information and communication infrastructure and effective legal and economic (institutional – author's note) framework, which should stimulate innovation, entrepreneurship and sustainable economic development.

Numerous changes have caused a significant transformation in the organizational behavior of understanding the necessity of learning and applying the new knowledge in all spheres of human activity. Therefore, modern society is now called the „*knowledge society*” or a „*learning society*” (in order to improve the knowledge). Under the „*learning society*” S. Ranson (1994) refers to „*a new moral and political order, which uses learning as the main tool for achieving historic transition.*” Constant process of learning and educating becomes an important form of modern human resource development. Knowledge is used as a crucial resource in the production and management of the complex processes (informational, organizational, projecting and other). Many agree that we already live in an age of information, although it is clear that the modern economies make the coexistence of *mass* (industrial) *economies of scale*, which, according to P. Hawken (1983) covers the period from 1880 to the present time and the *information economy* (knowledge economy). The above disciplines rapidly evolve because intellectual capital, knowledge, information, intellectual property and experience are unlimited and strategic resource, bringing a competitive advantage in the market (“*nuclear weapons in modern competition*” - T. Stewart). Knowledge has become the main factor of production, work has become flexible, and bureaucratic uniformity is replaced by sophisticated tools of systematic integration and information management, according to A. Aune (2001, p. 45).

The large 20th century corporation was designed to meet the objectives of the increased production and reduced cost per unit of production. A. Chandler explained in detail the growth of the functional hierarchy and the associated multi-divisional structure and expansion of mass production, with detailed division of labor and delegation of administrative obligations. The role of managers in large bureaucratic company is „*created as a guardian of the organizational centralized knowledge base*” (Zuboff, 1995, p. 202). Technological changes that enabled gradual achievements in computer capacity were initially slow, bolstering the hierarchical, controlled organizational structure. Managers were struggling to control the information, relying their authority on them, even after the new IT created the opportunities for widespread distribution of information. Distributed knowledge can threaten the old base of managerial control. Profit from IT could not be achieved until the older, more centralized organizational arrangements were abandoned to develop alternative ways of organizing.

Recent studies on the “knowledge society” in part of organization and management claim that it corresponds to the flexible working arrangements. They

facilitate the involvement of workers and allow them to use their specialized knowledge in solving problems. In his article for the *People Management* magazine (2000) H. Scarborough (Leicester University Management Centre) has warned that „*the interpretation of intellectual management is not purposeful exclusively from the stand point of technological achievements and approaches.*” He underlines the importance of human resources and culture, which basically consists in the creation, transmission and dissemination of knowledge. Many authors focus on the intellectual network, which is interpreted as a “mobility of the intellect.” This corresponds with the basic development perspective of mankind, associated with the knowledge economy, which emphasizes the role of a modern education and science.

The advantage of the knowledge economy (n.e.) compared to the “standard” (traditional) economy based on the principle of alternation of resources is that sharing of knowledge creates the multiplication with no losses. This radically, even paradigmatically, changes the theoretical approach to the process of exchange. The main problem here appears to be the intellectual property rights, which requires upgrading the existing theory of property rights. Knowledge and innovation have become the key elements to understanding the society and its development. This must take into account the theoretical critique of “economy based on knowledge”, suggested by C. Vercellone, opposing its “cognitive capitalism”, i.e. the fact that the key role of knowledge is not some historical novelty *per se*. This is rather a matter of terminology but the essence, as the term “knowledge economy” specifically and accurately emphasizes the importance of modern knowledge, innovation and turbulent changes in the environment. Economy was always based on knowledge, but never so developed and crucial in all economic activities and society in general, nor was the social and economic development ever so dependent on the knowledge.

Other than popular terms of „*knowledge economy*”, „*innovative economy*”, „*knowledge management*” and similar, the scientific principle based on IT and the corresponding technical (instrumental) questions of knowledge transferring through various types of links is still dominating. Of course, more is invested in the creation and sharing of knowledge, as well as its transferring by modeling the dialogue. Regardless of the enormous power of the IT industry, the knowledge and intellect are exclusively human. „Knowledge society” is understood as the production of services based on intensive learning activities that contribute the acceleration of scientific and technological progress, but also the rapid obsolescence of innovation. A key component of the knowledge society is a greater dependence on intellectual abilities for research and development (R & D) laboratories than on physical and/or natural resources, i.e. on increasing the relative contribution of gross domestic product, attributed to „intangible” capital. Economists have noted that changes in the production moved from material to the immaterial and informational resources (Shapiro and Varian, 1999). Those sectors were based on the intensive knowledge and productivity growth.

A “knowledge society” has to learn constantly (*life-long learning society*). That way, the quality of education is measured by the usefulness of acquired knowledge, skills and habits, necessary for the efficient and successful operation in

the complex and exponentially changing conditions of a developed society. (8700 нел. 3н.)

## TEXT 22

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 40 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **Land surveys and maps**

The art of making maps is a very old one. The ancient Egyptians and Babylonians made maps and plans, fragments of which have survived. The Greeks, having recognized the Earth as a sphere, applied astronomical observations to map-making: in fact in the third century BC, Eratosthenes estimated the circumference of the Earth with a degree of accuracy only surpassed in quite modern times. In the second century AD the Egyptian-born Greek Ptolomey was responsible for the production of a set of maps which remained standard works of reference for more than a thousand years. During the fourteenth, fifteenth and sixteenth centuries a series of seamen's maps, known as portolan charts, were produced covering the Mediterranean and neighbouring seas. In the sixteenth century Mercator invented the projection known by his name and still commonly used, especially in navigational charts for which it is convenient because compass bearings appear as straight lines. Mercator's maps also use the framework of latitude and longitude, which originated among the ancient Greeks.

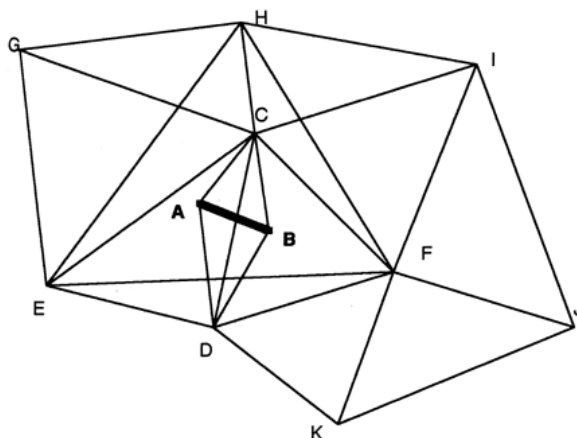
A line of division between ancient and modern map-making may be taken as marked by three great achievements namely, the triangulation of France begun by Cassini de Thury in 1747 and finished by the French revolutionary government, the first accurate triangulation of the United Kingdom done by William Roy, and the connection by triangulation of the observatories of Greenwich and Paris carried out under the auspices of the British Royal Society. Triangulation became the basis of all modern mapping. It is only with the introduction of the Global Positioning System (GPS) and the use of artificial earth satellites to establish the positions of points on the surface of the earth that a significant alternative to triangulation has become available.

The techniques of land surveying are founded on five basic principles. The first is that of "working from the whole to the part" that is establishing an initial framework of control points that is then "broken down" into smaller networks with points closer together. The second principle is that of consistency in that once the higher order network has been established, it is possible to work to less rigorous



standards in the lower orders without affecting the overall accuracy of the work. There has been no point in working to higher standards since in connecting the later work to the earlier, the higher order work is held fixed and hence the new survey cannot be better than the higher order control. The third and related principle is that of economy, namely that since higher accuracy in general costs more money the surveyor should seek no higher accuracy than is necessary and sufficient for the task in hand. The fourth principle is that of applying an independent check on the data wherever possible - for example by measuring all three angles of a triangle even though the third angle measurement is redundant. This has the effect of providing built-in quality control. Finally, as a matter of principle, since changes take place over time, mechanisms must be established to ensure that the survey is kept up to date if it is to be of continuing use. It is the latter principle that has not been adequately addressed in much of the world's mapping today.

The traditional means for establishing control is triangulation, the principle behind which is that of simple trigonometry, namely that if either two angles and one side length in a triangle are known, or all three side lengths are measured, then the precise size and shape of the triangle is known. Measurements of angles are made using a theodolite while distances which in the past had to be measured very laboriously with metal tapes are now recorded using electronic distance measuring devices. The fact that the Earth is a spheroid and not a plane surface means that no Euclidean straight lines can be measured on its surface. Lines so measured are not even arcs of a true sphere and this introduces complications in the measurements and calculations. It does not however detract from the simplicity of the principle and most modern maps have ultimately been based on a series of triangles originating from one or two base lines of known length and extended across the area covered by the map. This has formed a primary network of control points that in turn were used as the basis for determining a series of second order networks; these in turn were used to establish third order and fourth order points with local detail being fixed in relation to the overall network.

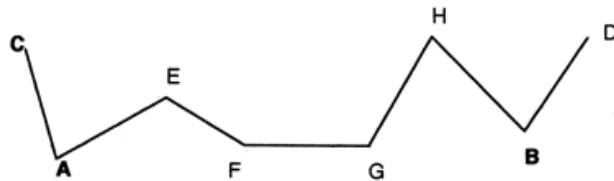


*Triangulation using AB as a base line  
The distance AB is measured precisely  
Then C, D, E, F, G, H, I, J and K can be fixed by angular  
measurement only.*

While triangulation techniques have been used to establish horizontal control, measurements of height have been obtained either by the measurement of vertical angles using a theodolite (and correcting the observed angles for the effects of curvature of the earth and refraction of the light through the atmosphere) or by levelling. The latter technique uses a spirit level and two graduated staves to obtain what can be very precise measures of the difference of height between successive points. Thus by starting at points of known height, the levels can be transferred successively until another known point is reached which can be used to check that no gross error has occurred.

Given an initial framework of horizontal control points, additional points can be established either by further triangulation, or by trilateration (that is measuring the sides rather than the angles of triangles), or by traversing. In addition, satellite position fixing methods or photogrammetric techniques can be used.

Traversing is a method frequently used for surveying perimeters, or for defining an area for subsequent more detailed survey, or for plotting the course of a road, railway, stream or other feature. The method starts at a known point from which there is a known direction - for example a point already established by triangulation from which another known point is visible to provide the necessary orientation. Traversing then proceeds by measuring the angle and linear distance to the next point on the traverse; from there the bearings can be oriented from the previous point and a further control point established in a forward direction. The traverse proceeds in this way until either it can be closed back on to the point from which it started, or preferably on to a different previously established control point thus providing the necessary independent check against any gross error in the measurements. The angles are normally measured with a theodolite although a prismatic compass or a plane table can be used for elementary surveys. Distances should either be measured by tape with a steel band, by optical distance methods such as the subtense bar, or by electronic distance measurement. The data are either recorded in field notebooks or else electronically for subsequent computation.

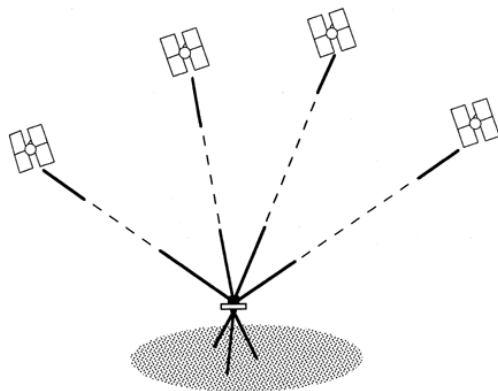


***Traversing** between known points A and B using known points C and D for orientation and fixing E, F, G and H by measuring angles and distances*

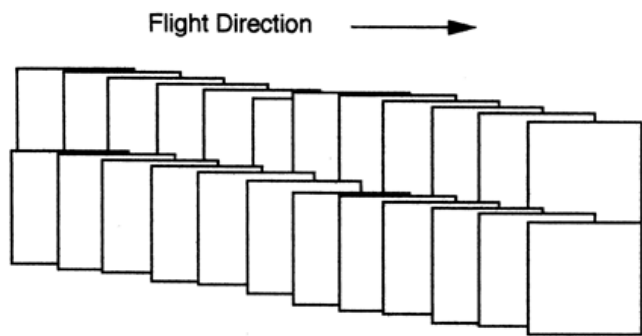
Electronic surveying techniques have become standard in the more developed world. They include measurements using a “total station” that combines both the angular qualities of a traditional theodolite with electronic distance measurement and automatic data recording. The advantages of using such equipment include the speed with which surveys can be carried out compared with traditional methods, thus giving greater levels of productivity; the lower level of risk of making gross errors in the measurements; and the lower levels of

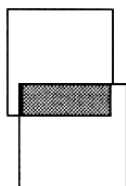
manipulative skills that are needed to obtain much higher levels of precision and accuracy. The disadvantages of electronic methods include the much higher capital investment that is needed and the much higher cost of maintenance, both elements being a drain on hard currency for developing countries. Furthermore, if the equipment breaks down it may need to be sent to a foreign country for repair and the progress of any survey can be seriously delayed.

The price of much electronic equipment, especially computers, is still declining but on the other hand much information technology has a relatively short life before it is replaced by more powerful systems that are capable of even greater productivity. The prices, for example of Global Positioning System (GPS) receivers have been reduced significantly since they were first introduced, making their use an economically viable option. With GPS it is necessary to see four satellites in the sky, the signals from which are picked up by the GPS receiver. The signals are marked with pulses at known times so that the instant at which three signals are received provides information on how far away the satellites were at that time - measurement to a fourth satellite is needed to establish the difference in time between the clock in the GPS receiver and the time being recorded by the satellite system. The system overall allows the relative positions of nearby points on the ground to be determined to within a few centimetres in latitude, longitude and height. Since a good all-round view of the sky is necessary, the technique is not suitable for forest or jungle areas or within city centres where there are many high-rise buildings. In open countryside it is, however, extremely useful and cost effective for establishing dense networks of control points.



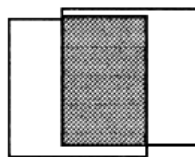
*Global Positioning System (GPS) Receiver with signals from four satellites*





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## TEXT 23

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 16 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **Cadastre and land register of urban**

Urban land is among the most valuable economic and social resources of any nation, and it cannot be properly managed without an adequate system for the measurement and recording of the boundaries of parcels, and the registration of all legal rights related to each parcel, that is to say, without an adequate cadastral system. The establishment of such systems is now becoming as much a part of basic infrastructure as roads and electric grids: an essential element to expedite virtually all other forms of development.

The main goal for urban development can be formulated as follows: "The provision of secure tenure for land in adequate quantities, in suitable locations at affordable prices and on equitable terms is a fundamental requirement for clearing the back-log of housing demand for the poor and meeting the rapidly growing need to house new poor families.

Normally two ways are recommended to solve the immediate housing problems of large population masses.

The first way – the provision of sites and services – normally involves low cost exploitation of unused areas owned, controlled or bought by the government or a municipality. A simple infrastructure of dirt roads and public facilities serves a regular system of small sites. Right of ownership is given if dwelling of certain standard is built within a given time period. Sometimes public help is provided for building the shell of the house, often in terms of loans for building material. But to achieve low costs, most of the construction must be left to self-activity.

The other way – the upgrading of squatter areas – means that irregular dwellings without any formal right to the land are looked upon as a resource. Some houses are pulled down in order to make room for a road system. But essentially

the buildings are retained and a simple infrastructure is provided. And, most important, the dwellers are given the right to stay and a formal right to land ownership or occupancy for a prescribed time. This means that they can improve the standard of their houses and their living conditions successfully.

In both these solutions, the cadastre and land registers play a central role. It is obvious that there must be some means to give the dweller security, some formal document which defines his right to the plot.

Cadastre and land register have great use from information and planning aspect. Every planner needs to know what land resources are available. Which land is still not used for infrastructure or for buildings – planned or irregular? How suitable is it for different urban purposes? Who owns or controls this land? Without such basic information, planning of the urban development will be difficult.

In industrialized society, a parcel-based land information system can be built in a more sophisticated way. Digitized maps and automated and integrated registers can render many services for the planner. An important feature of such a system is that it makes updating easier.

The other advantages of the system are better financing possibilities, easier action implementation and better guidance and control. Without a secure title, it is difficult to obtain credit for building. Public action implementation is facilitated if there is a cadastre or land register covering the area. For taxes it is self-evident. But the register is also useful in many other ways. Lists of land, of landowners and of people living on the land are needed for many purposes: census, elections, land and population statistics, etc. Public administration is difficult without basic knowledge in these respects.

Cadastre and land registration are in many respects vital for urban development, but they are not sufficient. They are only a component of the infrastructural and institutional framework, which must be built to get development under control and to guide it in the right direction. Land at affordable prices must be made available, by public acquisition or in other ways, the legal base for land use and tenure must be strengthened, the land management and financial systems must be improved, the norms for building standards to get building permission must be adapted to the economic resources of ordinary people, the role of local authorities should be revised. (4200 неч. 3н.)

## TEXT 24

### **FOR YOU TO BE DONE:**

1. Read the following text.
2. Learn the economic 14 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

## **Automation of cadastral records**

The very nature of land records such as cadastre and legal land registers makes automation a natural development. The operation of land registry consists of filing the indexing and storing of particulars in respect of each land parcel in such a way that they can be amended, retrieved, and presented without delay or mistake. It seems inevitable that the computer should be used for the purpose. Today, work is going on in practically all industrialized countries concerning the use of electronic data processing (EDP) in these connections. Cadastral records and land registers are gradually automated. This is done not only to make the handling of the records more efficient but also to link cadastral/land register data more conveniently to other land-related data, thus establishing an important component in a land information system. As we know, large-scale maps and cadastral information system are the foundation of parcel-based land information systems – “multipurpose cadastres”. An example of the system to solve this problem is the Swedish system which is based on a central data bank with different bases: one base for primary identifiers such as property designations, addresses and block names; one for data concerning such properties as cadastral and land register data as well as co-ordinates; one for physical plans and regulations of land use, etc. Further additions are discussed such as building data. The basic input is of two kinds: data concerning the cadastral units and data related to titles and rights. Both are guaranteed by the government. The printed cadastre and land register have disappeared. The system is an on-line system, that is, direct dialogue is possible between user and computer. Every regional survey organization or land registrar is equipped with a communication terminal with both visual display and print-out facilities. When registration or re-registration is called for, for example because of a change in ownership, the registrar consults the land data bank through the terminal and obtains the present data for cadastral unit in question. The registrar then makes the required changes and obtains a control card printed out by the terminal. After checking he sends the data bank a confirmation, the bank prints out the official documents – ownership certificates and so on – and communicates the changes to other relevant authorities and records. The public still has access to the files at the offices of the registrars, and also has access via the terminals to every property unit in the country. Banks, insurance companies, institutions and private persons may access the system via their own terminals. The land data bank is integrated with other important national registers such as registers of land-use plans, population, assessment, etc., using parcel number or address as identification key. As the land data bank contains the central coordinate for every cadastral unit, all register information on persons, buildings, households, enterprises, real estate, transfers and purchase prices, development plans, taxable income, etc., can be positioned and mapped automatically.

Automation greatly increases the value of cadastral information, and provides a solid basis for establishing a multipurpose cadastre. This concept does not refer to one register with attached maps, but to whole system of interconnected databases, which can be developed in stages, and which do not necessarily need to be centralized, but can include networks of personal computers. An important step is

digitization of cadastral maps and other basic data, which makes it possible to combine map information with other spatially related information, to change the scale and mode of presentation. (3700 неч. зн.)

## TEXT 25

### ***FOR YOU TO BE DONE:***

1. Read the following text.
2. Learn the economic 41 words from the given text for oral answer (from Russian into English).
3. Retell the text orally (at least 10 sentences revealing not only the main idea of the text but also important details and facts of the content).

### **Direct advantages of cadastral surveys and registration of rights**

The first and most obvious advantage of a cadastral survey and record of rights is that together they give a true and exact description of the legal situation of rights in land at any moment. Only a cadastral map can provide the means of accurate identification necessary to this end and only a continuous and comprehensive record of rights can give an accurate picture of the position at any particular time.

Most of the advantages of the system of survey and record derive directly from the immediate availability of this exact information. The person legally recognized as possessing a right, the nature of the right, and the exact boundaries of the land concerned are at once clear, and any persons engaged in any transaction relating to the right knows at once how they stand. If the record is one of absolute title, the person whose name is recorded in the register, and no other, can dispose of the rights. If the register is one of possession only, there is at least a very strong presumption that the person registered as in possession is the person who can dispose of the rights and a virtual certainty that his or her interest in the transaction cannot be neglected. The possibility of fraud or of subsequent legal difficulties are thus either eliminated or greatly reduced.

Registration also provides adequate protection to all classes of rightholder, including absentees, persons with reversionary or pre-emptive rights, or those with dormant rights of any kind. It also protects any person or class of persons who have rights in easements or other restrictive rights. A public right of way is protected by registration equally with a right to restrict building or land use. Communal or private rights of grazing, extraction of timber, collection of forest produce, use of water, etc. whether on private or public lands, are publicly defined and safeguarded.

Registration also simplifies control over the acquisition of new rights. In cases where prescriptive rights accrue after a definite period, registration provides immediate evidence that the right has been established. It also prevents the acquisition of prescriptive rights where this is contrary to public policy. Generally it provides a ready means of regularizing all informal kinds of occupation or types

of user. All dealings in land are greatly facilitated by registration. Boundaries are directly and accurately known, the nature and extent of existing rights are at once clear, long and costly inquiries into title are avoided, the need for the services of lawyers or other intermediaries is reduced to a minimum, and generally all transactions in land can be carried out with increased cheapness, speed and security. This applies, of course, not only to transactions involving a permanent transfer of the right, but also to temporary limitations and mortgaging. If, for example, mortgages are registered, then any persons intending to lend money on the security of land can quickly ascertain the exact position in regard to previous encumbrances. They will thus obtain a substantially greater measure of security for their money. Similarly, borrowers whose rights are registered can borrow money more easily and quickly, and probably also more cheaply, on the security of their land.

All classes benefit from the elimination of worthless documents purporting to be valid instruments establishing or conveying rights in land. This kind of document may be a real danger both to private and public interests at those stages of social and economic development where traditional systems begin to feel the impact of external influences. In the same kind of situation (and in many others) the publicity given to transfers of title by a system of compulsory registration greatly facilitates the protection designed to be given to economically weak classes of the population by legislation restricting alienation of land by or to specific classes of persons. One of the great difficulties of enforcing such legislation lies in devising a sure method of bringing apparent breaches of the law promptly to the notice of the authorities charged with the duty of enforcing it.

Generally the result of compulsory registration of rights in land is likely to be a very considerable reduction in the volume of litigation about land, with a consequent great saving of unproductive expenditure which the agricultural landholder can ill afford.

Finally there are the great advantages which the existence of an up-to-date and reliable map and record of all existing rights in land gives to every branch of the government that deals with the administration of land. Some of these advantages obviously follow directly from the existence of an unimpeachable record, for example the simplification of the work of the courts, increased ease in carrying out the acquisition of land for public purposes, improved administration of forests and other public lands, and so on. Other advantages are more indirect and perhaps less immediately obvious, but none the less very real. An attempt to summarize these will be made in the following chapter, but there is one group of advantages which, in a series of papers dealing primarily with the various aspects of land tenure and agrarian reform must be classified as “direct” and should therefore find a place in the present chapter. These advantages are those that good cadastral maps and a sound system of registration of rights bring to the appreciation of a national agrarian situation and to the elaboration of measures for its improvement and reform.

An unsatisfactory agrarian situation is usually forced on the public attention by the appearance of acute symptoms of malaise in the rural economy and especially by the depression of certain classes of the rural population and even by



active agrarian unrest. These symptoms often become manifest only at a relatively late stage in the decay of the existing agrarian structure, or they may be brought to an acute stage by a sudden economic disturbance such as a worldwide slump in commodity prices or by the effects of a war which can place unusual strains on the rural work force which becomes depleted by the demands of military service. Or again the return of those who have been working in foreign countries and hence have experience of different conditions and practices may bring into prominence rural stresses and strains previously concealed.

Yet defects in land tenure systems and the agrarian structure generally do not develop like mushrooms in a night. They have been there latent but not inactive, for years or even for generations before a crisis flares up. Sometimes they have been well known and simply disregarded; sometimes they have been seen by a few officials and students of agrarian affairs and duly reported to the government, which however did nothing because the action necessary ran counter to established public policy. More often, however, they have not come clearly to the notice of the authorities because the latter had no ready means of obtaining exact and up-to-date information on what was happening in relation to the land and its occupants. There was no close and continuous contact with rural life and consequently no means of feeling the pulse of the agricultural community. A good cadastral survey and system of registration of rights provides the material for this close and continuous contact, both by providing an up-to-date picture of the situation and by ensuring that the government has a staff which is in constant touch with the situation itself. This is especially the case where registration offices are established in the villages or small towns and the register is maintained or checked by field inspections. The cadastral maps themselves and the information contained in the land registers also provide a good, and indeed the essential, basis for the preparation and execution of a programme of land reform or for any other measures taken to remove defects in the agrarian economy. Large-scale maps are, in fact, necessary to the success of any measure of land reform that involves either the redistribution of existing holdings or the settlement of new areas. If maps do not exist they will have to be made, and once a policy of reform has been adopted there may be little time for this. The registers provide the factual basis on which the reforms must rest. If this basis does not exist, it can scarcely be improvised and the reforms will, to a large extent, be a leap into the dark which may be full of danger.

This matter is of such importance that one or two examples may suitably be given. Many schemes of land reform which involve the expropriation of large landholders contain provisions exempting from expropriation land up to a particular maximum area held by a single landholder or land of particular types or used in particular ways. This kind of provision is obviously unworkable unless the boundaries and areas of individual estates, the type of land contained in each estate and the use to which the land is put are known. This knowledge can only be provided with the exactitude required by means of a cadastral survey. Again the distribution of expropriated lands among the new holders will demand a detailed demarcation of the new holdings which, in the absence of large-scale maps, can only be undertaken painfully and inefficiently by actual measurements on the

ground. Similarly no tenancy legislation that involves the determination of rents of particular holdings or the grant of improved security to tenants can be enforced effectively unless the boundaries and areas of the tenancies are accurately known from good maps. The advantages derived from the existence of a cadastral survey in the administration of agricultural credit have already been mentioned. Perhaps the most obvious example of all is that of a plan for the consolidation of fragmented holdings which will be virtually impossible to carry out unless the precise boundaries and ownership of the individual plots and fields are known.

It is no answer to these arguments to say that in some countries agrarian reforms have been attempted and even carried out without good maps or exact information as to existing rights. In these cases the immediate result of the reforms has usually been a state of uncertainty and confusion which postponed their effectiveness for years or at the best, a slowing down of the rate of their progress to a politically dangerous and economically unjustifiable degree. Good work in agrarian improvement demands exact information of the kind that only a cadastral survey can give. (*10600 неч. зн.*)

## APPENDIX

## СОСТАВИТЬ АННОТАЦИЮ

Аннотация (лат.) — краткое изложение содержания книги, статьи. Аннотация перечисляет вопросы, освещены в первоисточнике, не раскрывая содержания этих вопросов. Аннотация - краткая характеристика статьи с точки зрения ее назначения, содержания, вида, формы и других особенностей.

Для обозначения аннотации в английском языке употребляются следующие существительные: *summary, abstract, synopsis, contents-on-brief, annotation*.

Аннотация выполняет следующие функции:

- дает возможность установить основное содержание статьи, определить ее релевантность и решить, следует ли обращаться к полному тексту статьи;
- используется в информационных, в том числе автоматизированных системах для поиска информации.

Аннотация на английском языке должна содержать:

- объект исследования;
- анализ исследуемой темы;
- рекомендации по сути исследования;
- область применения и перспективы

Разбейте текст на смысловые части. Ответьте на вопросы: а) О чем сообщается? б) Что подробно описывается? в) Что кратко рассматривается? г) Чему уделено особое внимание? Сократите всю малосущественную информацию. Обобщите полученную информацию в единый связный текст.

Перечислите основные мысли, проблемы, затронутые автором, его выводы, предложения. Определите значимость работы. Субъект действия в аннотации обычно не называется, потому что он ясен, известен из контекста.

В случае затруднения можете обратиться к речевым стандартам (речевым клише), возможность использования которых является особенностью аннотации в сравнении с другими, родственными по тематике и целевому назначению. Рекомендуемый средний объем аннотации 500 печатных знаков.

Пример аннотации статьи:

*The given paper is devoted to the hospitality business service types. The author dwells on the most common types of business in hospitality service – room service, laundry etc. Then he goes on to say about requirements to personnel engaged in the service. The services list is enclosed.*

*Much attention is given to the hotels types where the given services are provided – the hotels classification is given. The readers' attention is also drawn to the specialized services such as anti- allergy linen and pillows with artificial stuff rent as well as personnel training arrangement. It would not be an exaggeration to say that these services types are much spoken about.*

*In conclusion it should be stressed that all kinds of services have to be of highest possible quality. The work is of interest for narrow circle of readers and experts working in the given branch.*

### ***Грамматические особенности аннотации на английском языке***

В аннотации как в определенном типе текста в английском языке наиболее употребительными являются следующие синтаксические структуры:

#### **I. Страдательный залог (Passive Voice).**

Образуется по формуле *to be* + III форма смыслового глагола. Исполнитель действия выражается при этом дополнением с предлогом *by* или *with*, иногда такое дополнение только подразумевается. На русский язык сказуемое в страдательном залоге может переводиться неопределенной формой глагола в действительном залоге или возвратным глаголом. Наиболее употребительны в таких конструкциях следующие глаголы: *to be concerned with, to be informed, to be reported, to be listed, to be based, to have been studied, to be observed, to be discussed, to be applied, to be given.*

#### **II. Безличные предложения со сказуемым в страдательном залоге.**

Конструкции, состоящие из местоимения *it* и глаголов в страдательном залоге (*it is said, it is reported*), соответствуют в русском языке глаголам в 3-м лице множественного числа с неопределенно-личным значением: *to assume, to believe, to consider, to expect, to estimate, to find, to know, to report, to say, to suppose, to think, to understand.*

#### **III. Причастные и герундиальные обороты.**

Причастие, как правило, употребляется в функции постпозитивного определения. Но при переводе причастие ставится перед определяемым словом, например:

*the problem investigated* — исследуемая проблема,  
*the data available* — имеющиеся данные.

**IV. Препозитивные существительные** употребляются чаще, чем предложные обороты, например:

*mass struggle* — массовая борьба,  
*time dependence* — зависимость от времени.

**V. Устойчивые сочетания и обороты** типа: *it is interesting, it is noteworthy* также могут быть использованы в тексте аннотации: *as well as, that is, that is why, provided that, in order to, as that, in addition to, apart from, in question, under consideration, so far, to keep in mind, it should be mentioned, to bear in mind.*

**VI. Наречия** типа: *increasingly, readily, particularly, practically, theoretically, notable, currently, consequently.*

### **Клише для аннотации на английском языке**

**а) клише, касающиеся общей темы текста:**

- |   |   |
|---|---|
| 1. В тексте говорится о...  | The text deals with...  |
| 2. В статье говорится о...  | The paper is concerned (with)...  |
| 3. В этой главе рассматривается проблема...   | The chapter discusses<br>(deals with) the problem of....  |
| 4. В данной статье (книге, работе)<br>— излагаются основные положения<br>— предлагается метод<br>— формулируются задачи (чего-л.) | In this (present) paper<br>the main principles of... are given<br>an method of... is suggested<br>the problems of... are stated |
| 5. Статья (работа, книга)<br>— посвящена следующему вопросу   | The paper<br>is devoted to the problem of   |
| 6. В статье (работе, книге)<br>— говорится о том, что   | The paper<br>deals with (concerns)...   |

**б) клише, выявляющие главную мысль, идею текста:**

- |  |  |
|--|--|
| 1. Автор подчеркивает мысль о том, что...  | The author emphasizes<br>the ideas that...   |
| 2. Основная мысль текста заключается в том, что...   | The main idea of the text<br>is (that)...  |
| 3. Автор полагает, что...  | The author believes (that)...  |
| 4. Он указывает на то, что...  | He points out (that)...  |
| 5. В своей работе автор<br>— доказал, что...<br>— установил, что...<br>— показал, что...   | In his work (paper) the author<br>proved that...<br>found out that...<br>showed that...                        |
| 6. Автор выражает...<br>— свою точку зрения о...<br>— сомнение в...  | The author expresses...<br>his viewpoint...<br>his doubts (in)...  |
| 7. Автор внес ...<br>— большой вклад   | The author made<br>a great contribution to   |
| 8. Автор высказал...<br>— оригинальную гипотезу о...<br>— интересные соображения о...  | The author suggested...<br>a peculiar hypothesis of...<br>some interesting notations                           |
| 9. Автор выдвинул...<br>— новую гипотезу...<br>— предположение...<br>— основные принципы (чего-л.)...                                  | The author put forward<br>the new hypothesis of (on)...<br>suggestion<br>the basic principles of (on)...       |
| 10. Автор дал ...<br>— исчерпывающий научный анализ...<br>— веские доказательства<br>— научное объяснение                              | The author gave.....<br>a comprehensive analysis of<br>sound proofs<br>well-sounded explanations               |
| 11. Автор изучил<br>— основные законы...<br>— некоторые особенности...<br>— причины возникновения...<br>— сложные процессы развития... | The author investigated<br>the basic laws<br>some peculiarities of...<br>the causes of...<br>complex processes |

- |   |                               |
|---|-------------------------------|
| — различные способы...                        | of development of...          |
| 12. Автор расследовал ....                    | various ways of...            |
| — вопрос о влиянии чего-л. на что-л.          | The author investigated...    |
| — зависимость (чего-л. от чего-л.)            | the problem of effect on...   |
| — проблему взаимодействия чего-л. с чем-л     | dependence of... upon...      |
| 13. Автор разработал...                       | the problem of interaction... |
| — новый метод получения ...                   | The author worked out         |
|   | the new method                |
|   | of obtaining...               |
| — более совершенную методику исследования.... | improved method               |
|   | of investigation ...          |

***с) клише, связанные с заключением, к которому автор приводит читателя:***

- |  |  |
|--|--|
| 1. Автор приходит к выводу, что...       | The author comes to the conclusion that... |
| 2. Прочитав статью, мы убедились, что... | Upon reading the paper one                 |
|  | realized that...                           |
| 3. В заключении говорится, что...        | In conclusion the paper points out that... |
| 4. В статье                              | The paper                                  |
| — дается обзор литературы                | surveys briefly                            |
| — содержатся интересные сведения о...    | presents some interesting facts about      |

## DICTIONARY

### A

abandon *v* отказываться,  
 abroad (adv) – за границей  
 accelerate (v) – ускорять  
 accept (v) – принимать  
 access (n) – доступ  
 accomplish *v* выполнять  
 according to (prep) - согласно  
 account (n) – счёт в банке  
 account (v) – отчитываться, (for) –  
 объяснять, выясняться  
 achieve (v) – достигать  
 acquire funds приобретать  
 acquisition (n) – приобретение,  
 поглощение (компания)  
 activity *n* деятельность  
 ad=advertisement  
 add (v) – складывать, добавлять  
 advantage (n) - преимущество  
 advertisement *n* реклама  
 agency *n* агентство, бюро  
 agree (v) - соглашаться  
 agreement (n) – соглашение  
 ail (v) – недомогать, болеть  
 allot (v) – предоставить, установить,  
 определить  
 allow (v)  
 1. позволять,  
 2. допускать  
 3. предоставлять  
 almost (adv) - почти  
 alter price изменять цены  
 although (adv) – хотя  
 amiss *adv* неверно, ошибочно  
 among (prep) – среди  
 amount (n) - сумма  
 ancient (adj) – древний  
 announce (v) – объявлять  
 annual report годовой отчет  
 apparently *adv* очевидно

appeal *v* обращаться с  
 appliance (n) – прибор, бытовая  
 техника  
 appreciate *v* ценить  
 arbitrary *a* произвольный  
 area (n) - площадь  
 arise *v* возникать  
 artificial (adj) – искусственный  
 assessment *n* оценка, мнение,  
 assets (n, pl) имущество, активы,  
 фонды, fixed assets – недвижимое  
 имущество  
 assure of smth. убеждать,  
 attain *v* достигать  
 attract (v) – привлекать, притягивать  
 authority *n* право, власть  
 availability *n* наличие  
 available (adj) – доступный  
 avoid (v) - избегать  
 awkward (adj) – нелепый

### B

background (n) – фон  
 banking *n* банковское дело  
 bankruptcy (n) - банкротство  
 barrier (n) – барьер  
 be engaged быть занятым  
 beach (n) – пляж, побережье  
 bear (v) – носить  
 behavior (n) – поведение  
 belong (v) - принадлежать  
 benefit (n) – польза, доход  
 benefit *n* выгода  
 bill (n) – счёт, долговое  
 обязательство  
 board (n) – совет  
 bond (n) – облигация, долговое  
 обязательство

border (n) – граница  
 borrow (v) – брать займы  
 borrowing (n) – заём  
 both – оба  
 both ... and (conj) – как ... так и  
 bottom (n) – низшая точка, уровень (цен)  
 bounty (n) – субсидия, поощрительная премия  
 brand *n* фабричная  
 budding (adj) - многообещающий  
 building (n) - здание  
 bulb (n) - лампочка  
 bureau (n) – бюро, офис  
 business venture деловое предприятие  
 buy (v) – покупать  
 buy-out (n) – выкуп  
 leveraged buyout~ выкуп контрольного пакета акций за счёт кредита

## C

calculate (v) – считать, подсчитывать  
 capita (per capita) – душа, на душу населения  
 capital *n* капитал  
 care (n) – забота  
 care (v) - заботиться  
 cash (n) – наличные деньги, наличность  
 catalogue showroom выставка  
 cause (v) – причинять, вызывать  
 certain (adj) – определённый  
 certify (v) - удостоверить  
 challenge *n* вызов, сомнение  
 change *v* менять  
 charter *n* право, привилегия,  
 cheap (adj) - дешёвый  
 checkbook *n* чековая книжка  
 choice *n* выбор  
 claim (n) - требование  
 clientele *n* клиентура

coin (n) – монета  
 commercial *a* рекламный  
 commitment (n) – затраты, вложения, поручение  
 commodity (n) – товар  
 common (adj) – общий  
 communication *n* общение  
 compare (v) – сравнивать  
 compare *v* сравнивать  
 compete (v) - конкурировать  
 competition *n* конкуренция  
 completely (adv) – полностью  
 complexity *n* сложность  
 conduct *v* проводить  
 confidence (n), in – доверие к ...  
 conscious (adj) - сознательный  
 consequence *n* последствие  
 consequently (adj) – следовательно  
 considerable (adj) - значительный  
 consist (v) – состоять из (of)



constant (adj) - постоянный  
 constrain *v* ограничить  
 consumer *n* потребитель  
 consumption *n* потребление  
 content (n) - содержание  
 contribute (v) – вкладывать  
 convert (v) – превращать  
 convince (v) - убеждать  
 cooperative *n* кооператив  
 cost (n) – стоимость, цена  
 counterfeit *v* подделывать  
 course (n) – течение, ход  
 create *v* создавать  
 creative *a* творческий  
 credit *n* кредит  
 currency (n) – валюта  
 customary *a* обычный,  
 customer *n* покупатель,  
 потребитель

## D

damage (v) – наносить ущерб  
 data *n* данные  
 deal with *v* иметь дело с  
 dealer (n) – дилер  
 debt (n) – долг  
 decide (v) – решать  
 decision (n) – решение  
 declare (v) – объявлять  
 decline (n) – спад производства,  
 упадок  
 deduct (v) – вычитать  
 defense *n* оборона  
 define (v) – характеризовать, давать  
 точное определение  
 definition *n* определение  
 delay (v) – задерживать, откладывать  
 delivery *n* доставка  
 demand (n,v) – требование, спрос,  
 требовать  
 demand deposit вклад до  
 востребования

deposit (n) – депозит  
 depreciation (n) - обесценивание  
 derive (v) – происходить из  
 describe (v) - описывать  
 designation (n) - обозначение  
 determine (v) – определять  
 development *n* развитие  
 differ (v) – отличаться  
 difference (n) – отличие  
 direct *v* руководить  
 disadvantage *n* недостаток  
 disagreement *n* разногласие  
 discount (n) – скидка  
 discount store магазин, торгующий со  
 скидкой  
 discover *v* открывать  
 dismantle (v) – сорвать мантию,  
 обнажить  
 display *v* выставлять,  
 disregard *v* оставлять без внимания  
 distinction *n* различие  
 distributing goods распределение  
 товаров  
 distribution *n* распределение  
 diverse (adj) – разнообразный  
 diversify (v) – разнообразить  
 domestic (adj) – отечественный,  
 относящийся к внутреннему рынку  
 downside (adj) - нежелательный  
 draw (v) – чертить, рисовать  
 drawback *n* недостаток  
 dubious (adj) – сомнительный  
 durable goods товары длитель-  
 duties *n* обязанности

## E

early (adv) - рано  
 earn (v) – зарабатывать  
 earn profit получать прибыль  
 earnings (n) – доходы  
 economic tools экономические  
 инструменты

economize on smth. экономить  
 efficient (adj) – эффективный  
 either ... or ... (conj) – или ... или ...  
 elect *v* выбирать  
 eliminate (v) – исключать, устранять, ликвидировать  
 emerge *v* появляться  
 employ (v) – принимать, нанимать  
 employee *n* служащий  
 employer *n* работодатель  
 encourage (v) – воодушевлять, ободрять  
 endowment (n) – пожертвования  
 enough (adv) – достаточно  
 enterprise (n) – предприятие  
 entertainment *n* развлечение  
 entrepreneur *n* предприниматель  
 entrepreneurship *n* предпринимательство  
 environment (n) – окружающая среда  
 equilibrium price равновесная цена  
 equipment (n) – оборудование  
 equity (n) – доля акционера, акция, маржа  
 ~ capital – собственный капитал  
 ~ fund – инвестиционный фонд  
 erect (v) – возводить, сооружать  
 excessive (adj) – значительный  
 expand (v) – расширяться  
 expenditure (n) – расход, затраты  
 expense (n) – расход  
 expensive (adj) – дорогой  
 essential (adj) – основной  
 establish *v* устанавливать  
 evaluate *v* оценивать  
 even (adv) – даже  
 event (n) – событие  
 eventually (adv) – со временем  
 examine a problem изучать проблему  
 exceed (v) – превышать

## F

facility *n* оборудование

factor (v) – отделять  
 ~ out - выявлять  
 factor *n* фактор  
 fail (v) – терпеть неудачу, обанкротиться  
 fair *n* ярмарка  
 fashion *n* мода  
 fast-food stand *n* бистро, закусочная  
 favour (n) – услуга  
 favour (v) – содействовать, поддерживать, одобрять  
 fend (v) – враждовать  
 fertilizer *n* удобрения  
 few (adv) – немного  
 fight (v) – бороться  
 finally (adv) – наконец  
 find out *v* выяснять  
 fit *v* подходить  
 fixed costs постоянные  
 flee (v) – исчезать  
 flow (n) – поток  
 flow (v) – течь  
 fluctation (n) – колебание, изменение (направления спроса)  
 following (adj) – следующий  
 force (n,v) – сила, вынуждать  
 foreign (adj) – иностранный  
 foresee *v* предвидеть  
 forever (adv) – навсегда  
 foster (v) – способствовать развитию  
 franchise *n* особое право  
 free (adj) – свободный  
 freedom of choice свобода  
 frontier (n) – предельный уровень  
 fuel (n) – топливо  
 to be in fashion быть в моде  
 to be out of fashion выйти из моды

## G

general (adj) – общий  
 ~ public – широкая публика

goal (n) - цель  
 goods (n) – товары  
 government *n* правительство  
 grace (n) – отсрочка (платежа)  
 grain (n) – зерно  
 gross revenue валовой доход  
 grow (v) – расти  
 growth (n) - рост  
 guess (v) – гадать

## H

happen (v) – произойти  
 hard (adv) – трудно, с трудом  
 hazard (n) – риск, опасность  
 health (n) – здоровье  
 healthy (adj) – здоровый  
 heartbeat (n) – пульс  
 high (adj) – высокий  
 high quality высококачественный  
 hire *v* нанимать  
 honest (adj) – честный  
 household *n* семья, семейное хозяйство  
 владение, домашнее  
 however (cj) – однако  
 human resources человеческие ресурсы

## I

identity (n) – личность  
 illegal (adj) – незаконный  
 imbalance (n) – дисбаланс  
 imply (v) – подразумевать  
 improve (v) – улучшать  
 incentive (n) – мотив  
 incline (v) – склоняться  
 include (v) – включать  
 income (n) – доход (личный)  
 increase (v) – увеличиваться  
 industry (n) – промышленность, производство  
 indicate (v) – показывать

influence (v) – влиять  
 initial (adj) – первоначальный  
 inscribe (v) – подписывать  
 institution (n) – учреждение, организация  
 insurance (n) – страховка  
 interaction (n) - взаимодействие  
 interbank (adj) – межбанковский  
 interchangeable (adj) – взаимозаменяемый  
 interest (n) – процент, доля, выгода  
 ~ rate – ссудный процент  
 inventory (n) – запас, резерв;  
 портфель ценных бумаг

## J

judge (n) – судья  
 juice (n) – сок

## K

keep (v) – держать, удерживать  
 keep track (v) – отслеживать  
 key (n) – ключ

## L

label (v) – давать название  
 last (adj) – последний  
 law (n) – закон  
 lead (v) – вести  
 leave (v) – оставлять  
 lend (v) – давать займы  
 let (v) – позволять  
 level (n) – уровень  
 liability (n) – обязательство, ответственность  
 light (n) – свет  
 like (prep) – подобно  
 limit (v) – ограничивать  
 link (v) – связывать  
 loan (n) – заём

look for (v) – искать  
 lose (v) – терять  
 low (adj) – низкий  
 lower (v) – снижать

## M

machinery (n) – машины  
 maintenance (n) – уход, содержание  
 market (n) – рынок  
 maturity (n) – срок погашения  
 долговых обязательств  
 mean (v) – значение  
 means (n) – средства  
 measure (v) – измерять, определять  
 (n) – мера  
 merger (n) – поглощение, слияние  
 (компаний)  
 mint (v) – чеканить  
 monetary (adj) – валютный,  
 кредитно-денежный  
 movie (n) – фильм

option (n) – опцион, выбор; право  
 выбора  
 - put option – опцион «пут», право  
 продать ценную бумагу  
 - call option – опцион «колл», право  
 купить ценную бумагу  
 - put and call option – двойной  
 опцион  
 origin (n) – происхождение  
 otherwise (adv) – иначе  
 outlaw (n) – лицо или организация,  
 объявленные вне закона  
 outpace (v) – превзойти  
 overcome (v) – преодолеть  
 overstate (v) – преувеличивать  
 owe (v) – задолжать  
 own (v) – владеть  
 (adj) – собственный  
 ownership (n) – собственность

## N

narrow (adj) – узкий  
 necessary (adj) – необходимый  
 neither ... nor ... (conj) – ни ... ни  
 nightmare (n) – кошмар  
 notice (v) – замечать

## O

obvious (adj) – очевидный  
 offset (n) – возмещение, компенсация  
 once (conj) – как только, когда  
 opportunity (n) – возможность

**P**

particular (adj) – особенный  
 partnership (n) – товарищество  
 pay (v) – платить  
 (n) – зарплата  
 ~ back – оплатить, вернуть деньги  
 ~ for itself – платить за себя  
 pension (n) – пенсия  
 perceive (v) – понимать, осознавать  
 persistent (adj) – стойкий  
 precious (adj) – драгоценный  
 predict (v) – предсказывать  
 price (n) – цена, курс (акций),  
 рыночная цена  
 primarily (adv) – в первую очередь  
 principle (n) – номинал векселя,  
 рыночная цена  
 private (v) – частный  
 produce (v) – производить  
 promote (v) – способствовать,  
 продвигать  
 protect (v) – защищать  
 provide (v) – обеспечивать  
 purchase (n) – покупка  
 purpose (n) – цель

**R**

raise (v) – поднимать  
 range (n) – ряд, число  
 rapid (adj) – быстрый  
 rate (n) – скорость  
 ratio (n) – отношение  
 real estate (n) – недвижимость  
 receive (v) – получать  
 recourse (n) – ресурс  
 redeem (v) – выкупать, погашать  
 reduce (v) – уменьшать  
 refer (v) – относиться, ссылаться  
 reflect (v) – отражать  
 refuge (n) – приют, убежище  
 refusal (n) – отказ  
 relate (v) – иметь отношение к

relevant (adj) – уместный  
 reliable (adj) – надёжный,  
 достоверный  
 remain (v) – оставаться  
 replace (v) – замещать  
 report (v) – сообщать, заявлять  
 represent (v) – представлять  
 responsible (adj) – ответственный  
 restrict (v) – ограничивать  
 result from (v) – проистекать из  
 result in (v) – приводить к  
 resuscitate (v) – оживлять,  
 воскрешать  
 repercussion (n) – последствие  
 require (v) – требовать  
 retain (v) – сохранять, удерживать  
 retained earnings(adj) –  
 нераспределённая прибыль  
 retired (adj) – в отставке  
 retirement (n) – выход на пенсию  
 return (n) – прибыль, оборот  
 revenue (n) – доход (государства)  
 reward (v) – вознаграждать  
 right (n) – право  
 royal (adj) – королевский  
 rule (n) – правило  
 run (v) – бежать, работать, вести  
 дело

**S**

salary (n) – зарплата  
 securities (n; pl) – ценные бумаги  
 sell (v) – продавать  
 set (n) – набор  
 set up (v) – заложить, начать  
 settle (v) – селиться  
 severe (adj) – тяжёлый, резкий  
 shape (n) – форма  
 share (n) – акция  
 shore up (v) – поддерживать

shareholder (n) – акционер  
 shortened (adj) – укороченный  
 sign (v) – подписывать  
 size (n) – размер  
 skilled (adj) – умелый, опытный  
 slow (adj) – медленный  
 speed (n) – скорость  
 spend (v) – тратить, проводить  
 spending (n) – трата, расходы  
 spread (n) – разница, разрыв (между ценами)  
 (v) – распространяться, распределять  
 spree (n) – внезапная вспышка, рост  
 shopping spree – увеличение объёма закупок  
 stage (n) – стадия  
 stake (n) – доля, часть акций  
 stamp (n) – марка  
 stand (n) – ларёк  
 since (cj) – так как  
 stand by (adj) – резервный  
 state (n) – государство, штат  
 (v) – устанавливать  
 statement (n) – сообщение, отчёт  
 stimulate (v) – стимулировать  
 stock (n) – акция  
 stock exchange (n) – фондовая биржа  
 store (n) – магазин, лавка  
 subject (v) – подвергать  
 subsidy (n) – субсидия, дотация  
 substitute (v) – заменять  
 (n) – заменитель, аналог  
 subtract (v) – вычитать  
 such (prep) – такой  
 suffer (v) – страдать  
 suit (n) – тяжба  
 summary (n) – краткая информация, сводка  
 supply (n) – предложение, снабжение  
 (v) – обеспечивать  
 supporter (n) – поставщик  
 surplus (n) – излишек, прибыль  
 survey (n) – отчёт, исследование

## T

tally (n) – группа, единица счёта  
 tangible (adj) – осязаемый, материальный  
 tax (n) – налог  
 taxation (n) – налогообложение  
 tend (v) – иметь тенденцию  
 therefore (adv) – следовательно, поэтому  
 though (cj) – хотя  
 threat (n) – угроза  
 threaten (v) – угрожать  
 tool (n) – инструмент, средство  
 topple (v) – падать, опрокидываться  
 total (adj) – тотальный  
 trade (n, v) – торговля, торговать  
 ~ surplus – активное сальдо  
 treasury (n) – казна  
 ~ bonds – долгосрочные казначейские обязательства  
 treat (v) – трактовать, рассматривать  
 treaty (n) – договор  
 tribe (n) – племя  
 trick (n) – хитрость, обман  
 trouble (n) – беда, затруднение  
 turmoil (n) – беспорядок

## U

uncertainty (n) – неуверенность, неопределённость  
 underlying (a) – лежащий в основе, основной  
 understate (v) – преуменьшать  
 undertake (v) – предпринимать  
 update (v) – модернизировать  
 use (v) – использовать  
 usually (adv) – обычно  
 utilities (n, pl) – предприятие общественного пользования;  
 Акции и облигации предприятий общественного пользования

**V**

value (n) – цена, ценность, активы  
book ~ чистые активы фирмы  
valuable (adj) – цельный, значительный  
vary (v) – изменяться  
vehicle (n) – транспортное средство  
violate (v) – применять насилие  
volatile (a) – неустойчивый (о рынке)  
volatility (n) – изменчивость, непостоянство  
voter (n) – избиратель

**W**

warrant (n) – ордер, гарантия, доверенность, купон, расписка, полномочия  
way (n) – путь  
wealth (n) – богатство  
wear out (v) – изнашивать  
weight (n) – вес  
weigh (v) – взвешивать  
whatever – чтобы ни  
whereas (cj) – тогда как  
whether (conj) – ли  
whole (adj) – весь, целый  
win (v) – побеждать  
within (adv) – внутри, в пределах  
word (n) – слово  
worth (v) – стоить  
worthless (adj) – обесцененный

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*Texts for individual reading*

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