

МИНИСТЕРСТВО СЕЛЬСКОГО ХОЗЯЙСТВА  
И ПРОДОВОЛЬСТВИЯ РЕСПУБЛИКИ БЕЛАРУСЬ

ГЛАВНОЕ УПРАВЛЕНИЕ ОБРАЗОВАНИЯ,  
НАУКИ И КАДРОВОЙ ПОЛИТИКИ

Учреждение образования  
«БЕЛОРУССКАЯ ГОСУДАРСТВЕННАЯ  
ОРДЕНОВ ОКТЯБРЬСКОЙ РЕВОЛЮЦИИ  
И ТРУДОВОГО КРАСНОГО ЗНАМЕНИ  
СЕЛЬСКОХОЗЯЙСТВЕННАЯ АКАДЕМИЯ»

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# АНГЛИЙСКИЙ ЯЗЫК

## BASIC ECONOMIC CONCEPTS

*Пособие*  
*для студентов, обучающихся по специальности*  
*углубленного высшего образования*  
*7-06-0311-01 Экономика*

Горки  
БГСХА  
2024

УДК 804.0(072)

ББК 81.2Англ

Г12

*Рекомендовано методической комиссией  
по социально-гуманитарным и лингвистическим дисциплинам  
22.05.2024 (протокол № 9)  
и Научно-методическим советом БГСХА  
29.05.2024 (протокол № 9)*

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**Гаврилова, М. Н.**

Г12 Английский язык. Basic economic concepts : пособие /  
М. Н. Гаврилова, В. В. Фоменко. – Горки : БГСХА, 2024. – 108 с.  
ISBN 978-985-882-513-3.

Приведены тексты экономической тематики для развития навыков поискового и просмотрового чтения. Пособие знакомит студентов с основными экономическими законами и терминологической лексикой, особенностями международной торговли.

Для студентов, обучающихся по специальности углубленного высшего образования 7-06-0311-01 Экономика.

**УДК 804.0(072)**

**ББК 81.2Англ**

**ISBN 978-985-882-513-3**

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## ВВЕДЕНИЕ

Данное учебно-методическое пособие предназначено для студентов экономического факультета специальности 7-06-0311-01 Экономика.

Цель учебно-методического пособия – обеспечить овладение студентами основной английской терминологией по специальности и подготовить их к чтению оригинальной литературы экономической тематики, сформировать у студентов умения вдумчивого чтения текстов по специальности с полным извлечением и интерпретацией информации, а также развить умения быстрого чтения, направленного на поиск нужных данных и составление общего представления о прочитанном.

В основу пособия положена система аутентичных текстов. Учебно-методическое пособие состоит из 15 разделов. Каждый раздел включает два текста – А и В, снабженных словарем и специально разработанными упражнениями.

Предтекстовые упражнения направлены на снятие языковых трудностей, включают задания на смысловую группировку новых терминов, словообразование, а также антиципацию содержания текста и поиск определенной информации. Далее предусмотрено изучающее чтение текста А с целью полного и точного понимания представленных сведений.

Работа с текстом В предусматривает поиск различной информации, ответы на вопросы, касающиеся основного содержания, заполнение пропусков, оценку прочитанного, пересказ и обсуждение.

В конце пособия приводится сводный алфавитный словарь тематической лексики, облегчающий работу студентов с текстами.

Разработанные задания могут быть использованы как на аудиторных занятиях, так и внеаудиторно.

## Unit 1

### WORD-STUDY

#### **Exercise 1. Read and memorize the following words and word combinations.**

to produce ['prɒdʒu:s] – производить, выпускать; изготавливать  
to consume [kən'sju:m] – тратить (деньги); потреблять  
goods and services – товары и услуги  
tangible ['tæŋdʒəbl] – вещественный, материальный, реальный  
item ['aɪtəm] – отдельный предмет  
to provide (with) [prə'vaɪd] – снабжать; доставлять; обеспечивать  
to conduct (business) [kən'dʌkt] – вести, руководить; проводить  
to make a profit – получать прибыль  
to make money – зарабатывать, "делать" деньги  
customer ['kʌstəmə] – покупатель; потребитель; заказчик; клиент  
to cut wages – снижать заработную плату  
in response [rɪ'spɒn(t)s] – в ответ  
performance [pə'fɔ:mən(t)s] – исполнение, выполнение  
trade [treɪd] – торговля; коммерческая деятельность  
retirement [rɪ'taɪmənt] – выход в отставку; уход на пенсию  
real estate – недвижимость  
to sign a contract – подписать контракт  
interaction [ˌɪntər'ækj(ə)n] – взаимодействие

#### **Exercise 2. Check the transcription in a dictionary and translate the words listed below.**

*Nouns:* segregation, campus, endowment, investment, border, activity, finance, (in)tangible products.

*Verbs:* participate, contribute, expand, transfer, earn.

*Adjectives:* global, foreign, international, local, racial.

#### **Exercise 3. Make nouns from the following verbs according to the model and translate them.**

*Model: a) to import – import(er):* to travel, to trade, to finance, to consume.

*Model: b) to endow – endow(ment):* to retire, to agree, to govern, to employ, to pay, to invest.

## Text A

### WHAT IS THE WORLD ECONOMY?



In order to understand what the world economy is, you must first understand what an economy is. An economy is all the activity that is related to **producing** and **consuming goods and services** in a specific area. For example, the city of Chicago has a unique economy. This economy takes into account all of the goods created in the city. These goods are **tangible items** such as computer screens that are created in a factory, and they are **intangible** products such as new software and new websites that are created by individuals and companies in Chicago. The economy also takes into account companies that **provide** services in Chicago, such as restaurants and city tours. All of the **business conducted** in the city adds up, and **citizens** of Chicago find they are either in a good economy or a bad economy. A good economy means that, as a whole, the businesses are **making a profit** – they are growing and **making money**. A bad economy means that, generally speaking, companies are not doing well – they are struggling to find **customers** and **cutting wages in response**.

The same principle applies to a country. Its economy is good or bad based on the **performance** of businesses throughout the country. Each country on earth has an economy and, as you might predict, those businesses and economies interact. The result of that interaction is called the world economy.

In many ways, we are all part of the world economy. When we drink our imported coffee or hot chocolate in the morning, when we use a foreign-made device, or when we travel abroad on holiday, we are participating in the growing world of international **trade** and finance. And it is not only as a consumer of foreign goods and services that we are part of the world economy.

The money that our pension funds or university endowments earn from global investments may actually be paying for our **retirement** or a new building on campus. Foreign investment in local **real estate** and companies can also **provide** needed jobs for our friends and families. Even the local athlete who has **signed a contract** to play abroad is part of the expanding

global economy. The world economy is made up of all those **interactions** among people, businesses, and governments that cross international borders. We use the world economy to achieve specific political or ecological objectives when we employ economic sanctions to fight racial segregation or the illegal killing of whales.

Basically, whatever crosses an international border – whether goods, services, or transfers of funds – is part of the world economy. Food imports, automobile exports, investments abroad, even the trade in services such as movies or tourism contribute to each country's international economic activity.

## COMPREHENSION CHECK

### Exercise 1. Match Russian and English equivalents.

1. goods	a. капиталовложение
2. to participate	b. цель
3. investment	c. потребитель
4. retirement	d. услуги
5. real estate	e. недвижимость
6. interaction	f. выход на пенсию
7. to contribute	g. участвовать
8. consumer	h. вкладывать
9. objective	i. товары
10. services	j. взаимодействие

### Exercise 2. Choose the right translation of the words.

1. Trade a) торговля b) торговец c) торговый оборот;
2. Investment a) достаток b) дар c) капиталовложение;
3. Goods a) товары b) услуги c) чеки;
4. Endowment a) облигация b) вклад c) кредит;
5. Customer a) обычай b) таможня c) потребитель.

### Exercise 3. Choose the correct answer according to the text.

1. What is the global economy made up of?
  - a) The world economy is made up of goods and services.
  - b) The world economy is made up of all interactions between people, businesses and governments that cross international borders.
  - c) The world economy is made up of domestic and international trade.

2. What is the part of the world economy?
  - a) Everything that crosses international borders.
  - b) All goods and services at men's disposal.
  - c) Each country's economic activity.
3. What can provide needed jobs for our friends and families?
  - a) Our own money.
  - b) Loans from local banks.
  - c) Foreign investment in local real estate and companies.
4. What does a good economy mean?
  - a) The companies have a good income.
  - b) The companies cut salaries.
  - c) The companies get smaller in size and reduce the amount of the goods they produce.
5. What is the world economy?
  - a) All of the economic activity within each country and between countries around the world.
  - b) Only the economic activity of the most powerful and influential countries of the world.
  - c) Only the economic activity of countries that make a profit around the world.

#### **Exercise 4. True or false?**

1. An intangible good is a good that does not have a physical nature. Digital goods such as downloadable music, mobile apps or virtual goods used in virtual economies are all examples of intangible goods.
2. The economy does not depend on the performance of businesses throughout the country, but depends on the international trade.
3. The world economy is made up of the interactions among people, businesses, and governments that cross international borders.
4. The structure of the world economy is never changing.
5. The rapid cross-border economic, social, technological exchange enhanced world interconnections, increasing the process of globalization.

### **Text B**

#### **THE WORLD'S BIGGEST ECONOMIES IN 2024**

When it comes to the top 10 national economies around the globe, the order may shift a bit, but the key players usually remain the same, and so

does the name at the head of the list. The United States has been the world's biggest economy since 1871. But that top ranking is now under threat from China.

The United States of America, China, Germany, Japan, and India are the largest economies in the world in 2024, as per their GDP data. GDP serves as a key metric for assessing the magnitude of a nation's economy. Now, let's take a look at the top 10 largest economies – the richest countries in the world in 2024.

Rank & Country	GDP (USD billion)	GDP Per Capita (USD thousand)
#1 United States of America	27,974	83.06
#2 China	18,566	13.16
#3 Germany	4,730	56.04
#4 Japan	4,291	34.55
#5 India	4,112	2.85
#6 United Kingdom (U.K.)	3,592	52.43
#7 France	3,182	48.22
#8 Italy	2,280	38.93
#9 Brazil	2,272	11.03
#10 Canada	2,242	55.53

The United States has the largest economy in the world at \$27.9 billion, according to data from the International Monetary Fund (IMF), which shows the US economy increased from around \$26.9 billion last year. China follows and Germany is in the third place. Japan, India and the United Kingdom take up the next places on the list.

Overall, the global economy is worth an estimated \$104 billion, meaning the US accounts for more than one-quarter of the world total.

The United States upholds its status as the major global economy and richest country, steadfastly preserving its pinnacle position from 1960 to 2024. Its economy boasts remarkable diversity, propelled by important sectors, including services, manufacturing, finance, and technology. The United States enjoys a substantial consumer market, fosters innovation and entrepreneurial spirit, possesses resilient infrastructure, and experiences advantageous business conditions.

China has witnessed a notable upsurge in its economic progress, moving from the fourth rank in 1960 to the second rank in 2024. The Chinese



economy predominantly hinges upon manufacturing, exports, and investment. It proudly possesses an extensive workforce, robust governmental backing, infrastructural advancements, and an expeditiously expanding consumer market.

One of the major reasons for the growth of emerging economies is that advanced economies are mature markets that are slowing. Since the 1990s, the economies of advanced countries have experienced far slower growth in comparison to the rapid growth of emerging economies such as India and China. The worldwide financial crisis from 2008 to 2009 fueled the trend of decline among the advanced economies.

## Unit 2

### WORD-STUDY

#### **Exercise 1. Read and memorize the following words and word combinations.**

overall ['əʊvəɹəl] – полный, общий, от начала до конца  
employment [ɪm'plɔɪmənt] – служба; занятие; работа (по найму)  
unemployment [ˌʌnɪm'plɔɪmənt] – безработица  
payment ['peɪmənt] – платёж; взнос, оплата  
essentially [ɪ'senʃ(ə)li] – в высшей степени; чрезвычайно  
money supply – денежная масса [количество денег] (в обращении)  
monetary policy – денежная/кредитно-денежная/валютная политика  
to manage ['mænɪdʒ] – руководить, управлять, заведовать;  
to speed up – ускорять  
to slow down – замедлять  
to increase [ɪn'kri:s] – возрастать, увеличиваться; расти; усиливаться  
to decrease [dɪ'kri:s] – уменьшаться, убывать, сокращаться  
overheat [ˌəʊvə'hi:t] – развиваться слишком быстрыми темпами  
to respond to – реагировать  
to implement ['ɪmplɪmənt] – выполнять, осуществлять  
earnings ['z:niŋz] – прибыль  
spending habits – потребительские привычки  
taxation [tæk'seɪʃ(ə)n] – налогообложение  
borrowing ['bɔrəʊɪŋ] – ссуда; заём; кредит  
influence ['ɪnfluəns] – влияние, воздействие  
decision [dɪ'sɪʒn] – решение (сделать что-л.) ; урегулирование

**Exercise 2. Check the transcription in a dictionary and translate the words listed below.**

*Nouns:* macroeconomics, microeconomics, revenue, spending, fuel, goal, survey, consumer vehicle, fiscal policy, taxation, employment.

*Verbs:* supply, influence, promote, keep, regulate.

*Adjectives:* individual, overheated, major, governmental, fiscal.

**Exercise 3. Make a) adverbs from the following adjectives according to the model:**

*Model: adjective + ly (special- specially);* actual, usual, wide, necessary, quick, essential, careful, common.

**b) nouns from the following adjectives according to the model:**

*Model: adjective + ness (complete-completeness);* careful, happy, ready, eager, great, useful.

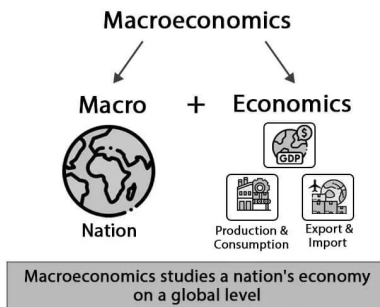
## Text A

### WHAT IS MACROECONOMICS?

Macroeconomics provides us with a bird's eye view of a country's economic landscape. Instead of looking at the behaviour of individual businesses and consumers – called microeconomics – the goal of macroeconomics is to look at **overall** economic trends such as **employment** levels, economic growth, balance of **payments**, and inflation. The study of the world economy, for example, is **essentially** a macroeconomic survey.

Just as the speed of an engine is regulated by its **supply** of fuel, macroeconomics is influenced mainly by **monetary policy**, which controls a nation's **money supply**, and fiscal policy, which controls a government's revenue and spending. Control over an economy is essentially in the hands of each country's central banks and government, because they control the money that provides the fuel to keep the economy running.

Monetary policy, the control of a nation's money supply, is **managed** by each country's central bank. Germany's Bundesbank, Britain's Bank of



England, and the Bank of Japan all regulate their money supplies with basically the same goals as the U.S. Federal Reserve: to promote economic growth and keep inflation under control.

Just as a driver uses the accelerator **to speed up** or **slow down** a vehicle, central banks control the economy by **increasing** or **decreasing** the money supply. By carefully regulating the supply of money to fuel economic growth, a central bank works to keep the economy from **overheating** or slowing down too quickly.

Monetary policy is essentially a guessing game. There is not one statistic to tell us how fast an economy is growing, and there is nothing that tells us how quickly the economy will **respond to** changes that may take months or years **to implement**. Central banks try to keep one eye on inflation, resulting from an overheated economy, and one eye on unemployment, resulting from economic slowdowns.

The economy at large can also be controlled by regulating fiscal policy, government revenue and spending. Although a country's money supply is controlled by central banks, government spending also influences a country's economic growth. Just as a family's economic health is influenced by a parent's **earnings** and **spending habits**, a nation's economic health is influenced by governmental fiscal policies, such as **taxation**, spending, and government **borrowing**. For better or for worse, the major economic **influences** in our daily lives, such as inflation and unemployment, are primarily the result of macroeconomic **decisions**.

### COMPEHENSION CHECK

**Exercise 1. Match the antonyms. There are two extra words.**

<b>1</b>	<b>2</b>
1. revenue	a. producer
2. consumer	b. poverty
3. activity	c. indifference
4. growth	d. measure
5. change	e. stability
6. wealth	f. value
	g. spending
	h. slowdown

**Exercise 2. Complete the sentence giving the explanation to the economic terms.**

- 1) Macroeconomics is ...
- 2) Microeconomics is ...
- 3) Fiscal policy is ...
- 4) Monetary policy is ...

**Exercise 3. True or false?**

1. Macroeconomics controls individual spendings.
2. Control over an economy is in the hands of country's central bank and government.
3. The goals of the central bank are to promote economic growth and keep inflation under control.
4. Central banks control the economy only by increasing the money supply.
5. Monetary policy is a thing you can always rely on.

**Exercise 4. Answer the questions.**

1. What is the basic difference between microeconomics and macroeconomics?
2. What is the goal of macroeconomics?
3. How does the monetary policy influence macroeconomics?
4. What is monetary policy managed by in order to control a nation's money supply?
5. Can the major economic influences in our daily lives, such as inflation and unemployment, be primarily the result of macroeconomic decisions?

**Text B**

**HOW IS WEALTH DETERMINED AROUND THE WORLD?**

A nation's wealth can be determined by looking at its people. But it is difficult to rely on one statistic. Are the Kuwaitis better off because they earn more money per capita than the Brazilians? Are the French better off if they have more telephones per household than the Canadians? There are many different ways to determine wealth. Economists define wealth as what a person owns, such as stocks and real estate, but many people look first to their level of income to see if they are well off.

Comparing salaries in different countries, however, is like comparing apples and oranges, because the salaries in each country are paid in different currencies. We need to somehow translate what each person earns into a common unit of measure. This is usually done by using exchange rates that tell us the value of one currency calculated in terms of another.

Exchange rates, determined by the foreign exchange markets around the world, reflect the markets' view of each country's economic and political situation. By using exchange rates, a salary in yen in Tokyo can be converted into U.S. dollars to make it comparable to a salary in Los Angeles.

Because the cost of living varies widely from one country to another, however, it is difficult to translate salaries by simply using currency exchange rates. If a Big Mac or an apartment costs three times as much in Tokyo as in Los Angeles or Paris, a higher salary in Japan does not necessarily mean a Japanese worker is better off than an American or French worker.

It is sometimes more valuable to look at what salaries will actually buy in each country. A salary's "purchasing power" tells us how many goods and services it can actually buy. Comparing the cost of a group of goods and services from country to country, therefore, gives us a more reliable exchange rate, called purchasing power parity (PPP). The PPP exchange rate is calculated by looking at the cost of groceries and other items such as vacation trips, automobiles, insurance, and rent in different countries.

By choosing this basket of goods and services and calculating their cost in different countries around the world, we can compare the purchasing power or "real" value of salaries from country to country. Although one country may be richer in terms of the amount of money each citizen owns or earns, what counts in the long run is what each person can do with this wealth.

## COMPREHENSION CHECK

### Exercise 1. Match the synonyms.

1	2
1. to determine	a. to depend on
2. to calculate	b. to have
3. to rely on	c. to make
4. to own	d. to convert
5. to do	e. to define
6. to transform	f. to count

### **Exercise 2. Match the equivalents of the given collocations:**

a) per capita, to be well off, per household, common unit of measure, currency exchange rate, purchasing power parity, in the long run.

b) в конце концов, на душу населения, быть обеспеченным, общепринятая единица измерения, курс валютного обмена, на одно домовладение, равенство покупательской способности.

### **Exercise 3. Answer the following questions.**

1. How do economists define wealth?
2. What does salary's purchasing power tell us?
3. How is purchasing power parity (PPP) calculated?
4. What do exchange rates reflect?
5. Why is it difficult to rely on any one statistic in determining a nation's wealth?
6. How can we compare salaries in different currencies?
7. In what way is it possible to compare the purchasing power or "real" value of salaries from country to country?

## **Unit 3**

### **WORD-STUDY**

#### **Exercise 1. Read and memorize the following words and word combinations.**

branch [brɑ:nʃ] – отрасль, подразделение

behavior [br'heivjər] – поведение

to make decisions – принимать решения

scarce [skeəs] – ограниченный

to establish [is'tæblɪʃ] – устанавливать

failure ['feiljə] – неудача, неуспех, провал

efficient [i'fɪf(ə)nt] – действенный, результативный, эффективный

to deal with – иметь дело с, заниматься

issue ['ɪʃu:] – выпуск (продукции) ; издание (печатной продукции)

utilization [ ,ju:tɪlaɪ'zeɪʃ(ə)n] – использование, употребление

consumption [kən'sʌm(p)ʃ(ə)n] – потребление

distribution [ ,dɪstrɪ'bju:ʃ(ə)n] – распределение; раздача

value ['vælju:] – ценность; важность

single entity – единое целое

forecast ['fɔ:kɑ:st] – предсказание; прогноз, прогнозирование

per unit – в относительных единицах  
externalities – внешние эффекты, экстерналии  
to equal ['i:kwəl] – равняться, быть равным  
unit price – цена за единицу товара (за 1 кг, 1 фунт, за штуку и т.п.)  
equilibrium [ˌi:kwi'libriəm] – равновесие, баланс  
household ['haʊshəʊld] – (домашнее) хозяйство; двор, дом  
to proffer – предлагать  
to raise [reɪz] (the price) – поднимать (цену)  
commodity [kə'mɒdəti] – товар, продукт для продажи  
evaluate [ɪ'væljuːt] – оценивать; устанавливать стоимость

**Exercise 2. Check the transcription in a dictionary, read and translate the words listed below.**

*Nouns:* allocation, scarce resources, competitive market, supply, demand, competition, prices.

*Verbs:* supply, affect, involve.

**Exercise 3. Make the words negative by using the prefix dis-**

*Model :* satisfaction + dis – dissatisfaction

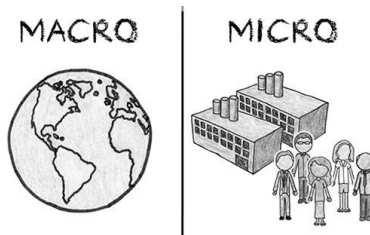
Ability, pleasure, agree, obey, qualify, connect, comfort.

## Text A

### WHAT IS MICROECONOMICS?

Microeconomics (from Greek prefix *mikro-* meaning "small") is a **branch** of economics that studies the **behavior** of individuals and firms in **making decisions** regarding the allocation of **scarce** resources and the interactions among these individuals and firms.

One goal of microeconomics is to analyze the market mechanisms that **establish** relative prices among goods and services and allocate limited resources among alternative uses. Microeconomics shows conditions under which free markets lead to desirable allocations. It also analyzes market **failure**, where markets fail to produce **efficient** results.



Microeconomics stands in contrast to macroeconomics, which involves "the total of economic activity, **dealing with the issues** of growth, inflation, and unemployment and with national policies relating to these issues".

Microeconomics studies the effects of individual human decisions, and how those decisions affect the **utilization, consumption, and distribution** of scarce resources. Microeconomics explains why and shows how different goods and services have different **values**, why individuals make the decisions they make, how the **single entities** of the economy coordinate and cooperate, and **forecast** the individual actions should the factors of production change. Microeconomics is the study of economic tendencies.

Supply and demand are the fundamental components of microeconomics used in price determination. In perfect competitive market, aspects such as **per unit** taxes, price controls, and **externalities** of a particular product do not exist as such demand **equals** supply, the **unit price** during production is the market prices, and the economic **equilibrium**. In the real sense, when there is a shortage of a commodity resulting from a reduction in supply, it will affect the price: when demand increases, prices will increase and consequently when supply increases prices reduce.

Microeconomics	Macroeconomics
➤ Studies the decisions made by individual and business concerning the distribution of resources and prices of goods and services	➤ Studies the behavior of not only particular company or industries but the whole economy
➤ Deals with a specific industry or a sector and <b>households</b> in the market	➤ Includes understanding how unemployment, price levels, growth rates affects the economy and the gross National Product
➤ For example, it would study how a company could lower its prices to increase its product demand in the market	➤ For example, it would look at how an increase/decrease in net imports would affect a nation's capital account

Microeconomics does not **proffer** market ultimatums. Rather, it is a normative science, and one that focuses on explaining what the market should expect when certain conditions or factors change. For example, when the manufacturer **raises the price** of a **commodity**, consumers tend to



buy less of that commodity. When supply is restricted, prices tend to increase. It helps investors determine risks worth taking and assist in studying and prospect future occurrences. Microeconomics is also relevant in industries looking for an entry, or competition. In the political arena it is used when **evaluating** the role of political institutions and parties in determining policy outcomes, and in law firms to assess the efficiency of competing regimes, and in public affairs to determine government tax and expenditure policies needed by the economy of a country.

### COMPREHENSION CHECK

#### Exercise 1. Choose the right translation of the words.

1. Allocate resources a) уничтожать ресурсы b) выделять ресурсы c) оборот ресурсов
2. Free market a) бесплатный рынок b) доступный рынок c) свободный рынок
3. Unemployment a) капиталовложение b) безработица c) занятость
4. Tax per unit a) налог за единицу b) вклад в процентах c) кредит
5. Entities of the economy a) экономическое единство b) экономическая политика c) субъекты экономики
6. Commodity a) товар b) общественность c) документация
7. Supply a) обращение b) спрос c) предложение

#### Exercise 2. Complete the sentences.

1. Microeconomics stands in contrast to macroeconomics, which involves ...
2. Microeconomics is a branch of economics that studies ...
3. As a normative science, microeconomics focuses on explaining what the market ...
4. .... are the fundamental components of microeconomics used in price determination.
5. When ... is restricted, prices tend to increase.
6. ... shows conditions under which free markets lead to desirable allocations.
7. Microeconomics also analyzes market failure, where markets fail to ...
8. ... explains why and shows how different goods and services have different values, why individuals make the decisions they make, how the single entities of the economy coordinate and cooperate.

9. When there is a shortage of a commodity resulting from a reduction in supply, it will affect ...

10. Microeconomics does not ... market ultimatums.

**Exercise 3. Answer the questions.**

1. What is the origin of the word “microeconomics”?
2. What does microeconomics study?
3. Does microeconomics stand in contrast to macroeconomics?
4. Does microeconomics study economic tendencies?
5. What role do supply and demand play in price determination?
6. Does demand always equal supply?
7. In what way will a shortage of a commodity (resulting from a reduction in supply) affect the price?

**Text B**

**BASIC CONCEPTS OF MICROECONOMICS**

**Microeconomics** is the science of how people make decisions at the small scale. It is different from macroeconomics which looks at how the economy works as a whole. In microeconomics, we might look at how a person chooses what to buy at the store or how many things a company will make. Some parts of microeconomics include *Consumer Theory* and *Theory of the Firm*, which study how people and businesses make decisions.

The study of microeconomics involves several key concepts, including (but not limited to):

- Demand, supply and equilibrium: The theory of supply and demand help determine prices in a competitive market. In a perfectly competitive market, it concludes that the price demanded by consumers is the same supplied by producers. That results in economic equilibrium.
- Production theory: This is the study of production – or the process of converting inputs into outputs.
- Costs of production: This theory states that the price of goods or services is determined by the cost of the resources going into making it.
- Labor economics: is the need to understand the functioning and dynamics of the wage labor market. It looks at the suppliers of labor services (or workers), the demand for this service (employers), and tries to understand the pattern of wages, employment and income.

## Unit 4

### WORD-STUDY

#### Exercise 1. Read and memorize the following words and word combinations.

- to expose to – подвергать  
spare parts – запасные детали, запасные части  
stocks – акционерный капитал; основной капитал; фонды  
currency [ˈkʌr(ə)n(t)sɪ] – денежное обращение, деньги, валюта  
to account for – давать отчет; объяснять; вычислять; составлять  
balance of payments – платёжный баланс  
outsourcing [ˈaʊt,sɔːsɪŋ] – привлечение внешних ресурсов для решения собственных проблем  
domestic trade – торговля внутри страны  
costly [ˈkɒstli] – дорогой, дорогостоящий  
additional costs – дополнительные расходы  
to a lesser extent – в меньшей степени  
foreign currencies – иностранная валюта  
flow of funds – финансовый поток, поток (денежных) средств  
trade barriers – торговые барьеры, торговые ограничения  
to plummet [ˈplʌmɪt] – резко падать

#### Exercise 2. Check the transcription in a dictionary, read and translate the words listed below.

*Nouns:* flow, opportunity, barrier, law, period.

*Verbs:* consume, involve, exist, erect, damage, retaliate.

*Adjectives:* domestic, interlinked, diverse, artificial.



**Exercise 3. Give the translation and remember the following verbs used with prepositions in post- position.**

Pay for, flow in, flow out, substitute for, make up, rely on, convert into, look at, look after, speed up, keep from, refer to, add up.

### **Text A**

#### **WHAT IS INTERNATIONAL TRADE?**

Trading globally gives consumers and countries the opportunity **to be exposed to** new markets and products. Almost every kind of product can be found in the international market: food, clothes, **spare parts**, oil, jewelry, wine, **stocks, currencies**, and water. Services are also traded: tourism, banking, consulting, and transportation. A product that is sold to the global market is an export, and a product that is bought from the global market is an import. Imports and exports are **accounted for** in a country's current account in **the balance of payments**.

Industrialization, advanced technology, including transportation, globalization, multinational corporations, and **outsourcing** are all having a major impact on the international trade system. Increasing international trade is crucial to the continuance of globalization. Nations would be limited to the goods and services produced within their own borders without international trade. International trade is, in principle, not different from **domestic trade** as the motivation and the behavior of parties involved in a trade do not change fundamentally regardless of whether trade is across a border or not. The main difference is that international trade is typically more **costly** than domestic trade. This is due to the fact that a border typically imposes **additional costs** such as tariffs, time costs due to border delays, and costs associated with country differences such as language, the legal system, or culture.

Another difference between domestic and international trade is that factors of production such as capital and labor are typically more mobile within a country than across countries. Thus, international trade is mostly restricted to trade in goods and services, and only **to a lesser extent** to trade in capital, labour, or other factors of production.

The basic idea of international trade and investment is simple: each country produces goods or services that can be either consumed at home or exported to other countries. The main difference between domestic trade and international trade is the use of **foreign currencies** to pay for the goods

and services crossing international borders. Although global trade is often added up in U.S. dollars, the trading itself involves a myriad of currencies. A Japanese device is paid for in euros in Paris, and French designer sunglasses are paid for in U.S. dollars in Seattle. Brazilian coffee, American films and German cars are sold around the world in diverse currencies.

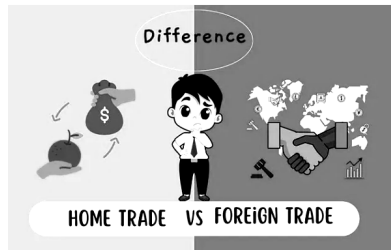
Whenever a country imports or exports goods and services, there is a resulting **flow of funds**: money returns to the exporting nation, and money flows out of the importing nation. Trade and investment is a two-way street, and with a minimum of trade barriers, international trade and investment usually makes everyone better off.

Some trade barriers will always exist as long as any two countries have different sets of laws. However, when a country decides to protect its economy by erecting artificial **trade barriers**, the result is often damaging to everyone, including those people the barriers were meant to protect. The Great Depression of the 1930s, for example, spread around the world when the United States decided to erect trade barriers to protect local producers. As other countries retaliated, trade **plummeted**, jobs were lost, and the world entered into a long period of economic decline.

## COMPREHENSION CHECK

**Exercise 1. Read and translate the collocations and expressions given below.**

1. foreign made
2. international trade and finance
3. global investment
4. earnings and spending habits
5. exchange rate
6. overall economic trends
7. fiscal policy
8. nation's money supply



**Exercise 2. Choose the correct word according to the information in the text.**

1. The main ... between ... and international trade is the use of foreign currencies to pay for the goods and services crossing international borders.
  - a) idea
  - b) difference
  - c) goal

2. In the ... global economy, consumers are given the opportunity to buy the best products at the best prices.

- a) domestic
- b) interlinked
- c) foreign

3. Some ... barriers will always exist as long as two countries have different sets of laws.

- a) trade
- b) import
- c) export

4. By ... markets, a government allows its citizens to produce and export things they are best at.

- a) closing up
- b) expending
- c) opening up

### **Exercise 3. Join suitable parts of the sentences.**

1. Although global trade is often added up in dollars ...
2. Whenever a country imports or exports goods and services, ...
3. When a country decides to protect its own economy by erecting artificial trade barriers, ...
4. Trade and investment ...
  - a. *there is a resulting flow of funds.*
  - b. *the result is often damaging to everyone.*
  - c. *the world enters into a long period of economic decline.*
  - d. *the trading itself involves a myriad of currencies.*
  - e. *is a two-way street.*

### **Exercise 4. Answer the questions.**

1. What is the basic concept of international trade?
2. What opportunities does international trade give consumers?
3. What are the main differences between domestic and international trade?
4. Does international trade system experience any influence from outside?
5. What is the difference between export and import? Give a few examples.
6. What may happen if a country keeps artificial trade barriers for too long?
7. Is it true that while trading globally money returns to the exporting nation, and money flows out of the importing nation?

## Text B

### INTERNATIONAL COMMERCE

*by Esteban Ortiz-Ospina and Max Roser*

International commerce has changed our world drastically over the last couple of centuries. From a historical perspective, international trade has grown remarkably in the last couple of centuries. After a long period characterized by persistently low international trade, over the course of the 19th century, technological advances triggered a period of marked growth in world trade (the 'first wave of globalization'). This process of growth stopped, and



was eventually reversed in the interwar period; but since the Second World War international trade started growing again, and in the last decades trade expansion has been faster than ever before. Today, the sum of exports and imports across nations is higher than 50 % of global production. At the turn of the 19th century this figure was below 10 %.

In the last couple of decades, transport and communication costs have decreased across the world, and preferential trade agreements have become more and more common, particularly among developing countries. In fact, trade among developing nations, more than tripled in the period 1980–2011.

Free international trade is often seen as desirable because it allows countries to specialize, in order to produce goods that they are relatively efficient at producing, while importing other goods. This is the essence of the comparative advantage argument supporting gains from trade: exchange allows countries to “do what they do best, and import the rest”.

Available empirical evidence shows that while trade does lead to economic growth on the aggregate, it also creates ‘winners and losers’ within countries – so it is important to consider the distributional consequences of trade liberalization.

## Unit 5

### WORD-STUDY

#### **Exercise 1. Read and memorize the following words and word combinations.**

to keep track of – держать в поле зрения  
measure ['meʒə] – мера; единица измерения  
merchandise ['mɜ:ʃ(ə)ndaɪz] – товары  
current account – текущий счёт  
accounting [ə'kaʊntɪŋ] – отчётность; ведение бухгалтерских книг  
abroad [ə'brɔ:d] – за границей  
appliance [ə'plaɪənt(s)] – прибор; приспособление, устройство  
to spend – тратить, расходовать (на что-л.)  
to earn [z:n] – зарабатывать  
loan [ləʊn] – заём, ссуда  
to dip into – запустить руку (в копилку, банковский счёт и т.п.)  
excessive [ɪk'sesɪv] – чрезмерный  
tally ['tæli] – итоговое число, итог

#### **Exercise 2. Check the transcription in a dictionary, read and translate the words listed below.**

*Nouns:* inflow, outflow, account, loan, tally, cycle, deficit, surpluses.

*Verbs:* refer, move, merchandize, include.

*Adjectives:* visible, tangible, obvious, excessive, current.

#### **Exercise 3. Wordbuilding. Translate the words.**

employment – unemployment

profitable – unprofitable

include – exclude

import – export

inflow – outflow

increase – decrease

visible – invisible

legal – illegal

regular – irregular

rational – irrational

understand – misunderstand

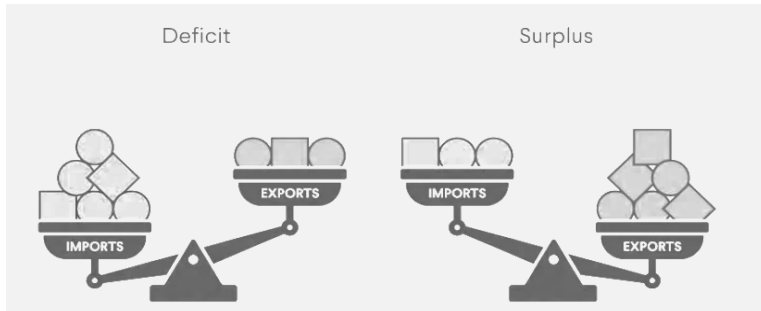
place – misplace



## Text A

### WHAT ARE TRADE SURPLUSES AND DEFICITS?

Just like any business, a country has **to keep track of** its inflow and outflow of goods, services, and payments. At the end of any given period, each country has to look at its "bottom line" and add up its international trade and investments in one way or another.



The narrowest **measure** of a country's trade, the **merchandise** trade balance, looks only at "visible" goods such as computers, coffee and motorcycles. Trade in visible goods is commonly referred to as the trade balance even though it includes only those tangible goods that can actually be loaded on a ship, airplane, or whatever other means of transport to move goods from one country to another.

The **current account** is a better measure of trade, because it includes a country's exports and imports of services, in addition to its visible trade. It may not be obvious, but many countries make a lot of money exporting "invisibles" such as banking, **accounting**, and tourism. A tourist **abroad**, for example, "buys" hotel and restaurant services in the same way as a consumer at home would buy an imported **appliance**.

Movies and banking services have to be paid for just like bags of rice. The current account tells us which countries have been profitable traders, running a current account surplus with money in the bank at the end of the year, and which countries have been unprofitable traders, having imported more than they've exported, running a current account deficit, or **spending** more than they've **earned**.

Trade deficits and surpluses are balanced by payments that make up the difference. A country with a current account surplus, for example, can use

the extra money to invest abroad, or it can put it in its cookie jar of foreign currency reserves.

A country running a current account deficit has to look abroad for **loans** or investments, or be forced **to dip into** its own reserves to pay for its **excessive** imports. All of these payments and transfers of funds are added up in a country's capital account. The widest measure of a country's trade is called its balance of payments. It includes not only payments abroad, but the goods, services, and all transfers of funds that cross international borders. The balance of payments adds up everything in a country's current account and capital account. Since all the trade in goods and services is "balanced" by the international transfers of funds, the balance of payments should add up to zero at the end of the accounting period. Every banana, every automobile, every investment and payment that crosses a country's borders gets included in this final **tally** of international trade and investment – the balance of payments.

### COMPREHENSION CHECK

#### Exercise 1. Match the meaning of the terms and the words.

1. Trade	a) a quantity or amount left over in excess of what is required.
2. Buyer	b) the process of buying and selling of goods and services.
3. Client	c) the name or another symbol used by a manufacturer to distinguish his or her products from those of competitors.
4. Customer	d) someone who buys something
5. Surplus	e) someone who uses the services of a professional person or organization.
6. Trademark	f) a person who buys goods or services.
7. Goods	g) articles produced to be sold.
8. Shop	h) a place for the sale of goods and services inside.

#### Exercise 2. Choose the correct term according to definition.

- It may be either a partnership, association or joint stock.
  - company
  - tax
  - clue

2. The condition of a person who although capable of working, is yet unable to find suitable employment.

- a) joy
- b) happiness
- c) unemployment

3. Money which is earned by working.

- a) credit
- b) price
- c) earnings

4. An institution offering services, such as safekeeping and lending money at interest.

- a) institute
- b) bank
- c) factory

5. The market consisting of the country where a company is based and no other countries.

- a) domestic market
- b) international market
- c) labour market

**Exercise 3. Point out English equivalent to the Russian economic term or collocation.**

1. inflow of money	a. торговец, получивший прибыль
2. tally of goods	b. заем
3. loan	c. банковский счет
4. currency reserve	d. валютный резерв
5. payment	e. материальные товары
6. bank account	f. группа товаров
7. surplus	g. сверхприбыль
8. profitable trader	h. приток денег
	i. платеж

**Exercise 4. Complete the sentences according to the text.**

1. A country has to keep track of its ...

- a) inflow and outflow of goods, services, etc.
- b) services.
- c) bank accounts.

2. The current account is ...
  - a) a balance of visible and invisible goods.
  - b) a better measure of trade.
  - c) a “bottom line” of a given period.
3. The current account tells us which countries ...
  - a) buy hotels and restaurant services.
  - b) have been profitable traders.
  - c) use transport to move goods from one country to another.
4. Trade deficits and surpluses are balanced by ...
  - a) loans.
  - b) credit cards.
  - c) payments that make up the difference.

### Text B

## INTERNATIONAL INVESTING

### Trade Deficits, Surpluses and Their Impact on Investors

BY JUSTIN KUEPPER

March 04, 2018

Economists at the World Trade Organization (“WTO”) estimate that cutting trade barriers in agriculture, manufacturing, and services by just one-third would boost the world economy by \$613 billion, while tighter economic integration has made it much more costly for countries to declare war on each other.

The world’s countries can generally be divided into exporting and importing countries, based on their *balance of payments* or net exports. This figure is calculated by adding the total net value of imported and exported goods, foreign interest and money transfers.

These dynamics lead to what is known as trade deficits and surpluses:

- **Trade Deficits** – Trade deficits occur when a country imports more products than it exports. For example, if the U.S. were to import \$800 billion worth of goods and export only \$200 billion worth of goods, there would be a \$600 billion trade deficit.

- **Trade Surplus** – Trade surpluses occur when a country exports more products than it imports. For example, if China were to export \$1 trillion worth of goods and import only \$200 billion worth of goods, it would have an \$800 billion trade surplus.

It’s important to keep in mind that trade deficits and surpluses may require some investigation below the surface, too. For example, the

Economist points out that the Apple iPad is imported from China and the \$275 production cost counts as a trade deficit for the U.S. However, the vast majority of the profits actually flow into Apple Inc., a U.S. company, while the value added from work in China amounts to just \$10 of the \$275 production cost.

Trade deficits and surpluses have an immediate impact on several important economic indicators, including important things like the gross domestic product (“GDP”). However, these figures must be considered within the context of a country’s overall size. For example, the U.S. may have a large trade deficit, but since most of its goods and services are produced and consumed domestically, this trade deficit doesn’t have a major impact on its overall GDP.

Trade surpluses can be extremely important to watch in countries that rely on exports to drive economic growth, too. For example, oil exporting countries may rely on trade surpluses to fund public programs or sovereign wealth funds. Decreases in oil prices could lead to narrower trade surpluses and greater difficulties with public finances. And in some cases, these scenarios could lead to higher political risk in the affected regions.

Trade deficits and surpluses play a key role in global markets, particularly in export-driven economies and emerging markets. Investors should be mindful of the risks associated with both persistent trade deficits and narrowing trade surpluses, which can reduce global purchasing power and lead to higher political risks, respectively.

## Unit 6

### WORD-STUDY

**Exercise 1. Read and memorize the following words and word combinations.**

to prosper ['prɒspə] – преуспевать, процветать

abundance [ə'bʌndənt(s)] – изобилие; избыток

raw materials – сырье

coal – (каменный) уголь

timber ['tɪmbə] – лесоматериалы; строевой лес; древесина

to manufacture [ˌmænju'fæktʃə] – производить, изготавливать

steel [sti:l] – сталь

foodstuffs ['fu:dstʌf] – продовольствие, продукты питания

insurance [ɪn'ʃʊə(ə)n(t)s] – страхование

to consume [kən'sju:m] – потреблять  
currency ['kʌr(ə)n(t)sɪ] – валюта  
gross domestic product – валовой внутренний продукт, ВВП  
recession [rɪ'seɪʃ(ə)n] – рецессия, спад  
net trade – чистый объем торговли  
prize fighter – боксер, который бьется за деньги  
i.e. (id est) –то есть

**Exercise 2. Check the translation in a dictionary, read and translate the words listed below.**

*Geographical names:* Peru, New Zealand, Nigeria.

*Nouns:* service, clothing, shelter, automobile, manufacture, lifeguard.

*Verbs:* survive, consume, measure, compare, contribute.

*Adjectives:* monetary, easy, economic, legal, illegal.

**Exercise 3. Read the words and give Russian equivalents to the following nouns:**

*a) with the suffix -ance (-ence):* abundance, insurance, importance, appearance, difference, influence.

*b) with the suffix -ture (-sure):* pleasure, leisure, measure, treasure, future, picture, lecture, mixture.

## Text A

### WHAT IS GNP?



In every country – from Poland to Peru and from New Zealand to Nigeria – the production of goods and services provides the food, clothing, and shelter that allow its people to survive and **prosper**.

Some countries produce an **abundance** of **raw materials** such as **coal** and **timber** while others produce **manufactured** goods like **steel** and automobiles. Some countries may concentrate on producing **foodstuffs** like rice and butter while others produce services – movies, **insurance**, or banking. Whatever is not **consumed** in the country itself can be sold to other countries as exports.

The size of a country's economy is determined by the total amount of goods and services that country produces. As more and more goods and services are produced, the economy grows – and the best way to measure this growth is to put a monetary value on everything bought or sold. Although money is not the only measure of an economy's size, it is the easiest way to sum up the value of all the apples and oranges, automobiles and computers, football games and college classes that a country produces in the course of a given year.

The monetary value of all these goods and services can then be added up and compared with that of other countries. Since almost every country uses a different **currency**, the totals from each country have to be translated – by using currency exchange rates – to compare the size of one country's economy to another. For example, the yen value of the Japanese economy can be converted into U.S. dollars to compare it to the American economy.

The measure of economic activity that includes all the goods and services bought or sold in a country over the course of a year is called **gross domestic product (GDP)**. GDP measures a country's economic activity, just as a speedometer is used to measure the speed of a car. When a country produces more goods and services, its economic activity speeds up. In other words, the GDP increases. A healthy economy grows steadily, over a period of months or years. When growth stops or slows down, the economy is said to be in a "**recession**."

When the international activities of a country's residents are added to GDP, a wider more global measure of a country's total economic activity is created: gross national product or GNP. Both measures tell more or less the same story – GDP concentrates on the purely "domestic" production of goods and services covering only the economic activity which takes place within the country's borders, while GNP includes **net** international **trade** and investment, which includes everything from exports of movies to foreign earnings and travel abroad.

GDP and GNP try to measure every legal good and service that an economy produces. A farmer selling fresh vegetables, an automobile dealer selling user cars, a poet selling a new book, a hairdresser, **prize fighter**, or lifeguard selling his goods and services all contribute to economic activity, as measured by GDP and GNP. At each stage of production, every time that monetary value is added, a country's GDP and GNP is increased.

**Notes:**

1. GDP – gross domestic product.
2. GNP – gross national product.

## COMPREHENSION CHECK

### Exercise 1. Remember the words

**Economy** [i'kɒnəmi] 1) экономика страны

Economy of some countries has had a deep crisis over the past years.

2) экономия. One should take care of domestic economy.

**Economic** [i:kə'nɒmɪk] – экономический, относящийся к экономике

An economic crisis in Russia.

**Economical** [i:kə'nɒmɪk(ə)l] – бережливый, экономный

Small cars are more economical to run.

**To economise** [i'kɒnəmaɪz] – экономить

We can't economize on healthy food.

**Economics** [i:kə'nɒmɪks] – наука и учебный предмет

Economics is a very important subject.

### Exercise 2. Match the Russian and English equivalents.

1. to update	a. потреблять
2. to survive	b. связывать
3. to prosper	c. измерять
4. to decline	d. процветать
5. to consume	e. обновлять
6. to link	f. выжить
7. to measure	g. регрессировать
	h. увеличивать

### Exercise 3. Match the term and its definition.

1. gross national product is ...

2. gross domestic product is ...

3. gross national product and gross domestic product are ...

*a. measure of every legal good and service*

*b. gross domestic product plus the international activities of a country's residents*

*c. the measure of economic activity that includes all the goods and services bought and sold in a country over a year.*

### Exercise 4. Answer the questions.

1. What is the easiest way to sum up the value of all the goods that a country produces in the course of a given year?



2. What is the size of a country's economy determined by?
3. What is GDP?
4. What is GNP?
5. What do GDP and GNP try to measure?
6. What makes a country's GDP increase?

## **Text B**

### **HOW DO EXCHANGE RATES FUNCTION?**

If every country in the world used the same currency, world trade would be made much easier. But this is not the case.

Currencies, like other commodities such as petrol and shirts, have a certain value. The only difference is that each currency's value is stated in terms of other currencies. Euro has a value in U.S. dollars, which have a value in British pounds, which have a value in Japanese yen. These exchange rates change every day and are constantly updated in banks and foreign exchange offices around the world.



The world's foreign exchange markets keep track of the values of all of the major currencies. As some increase in value, others decline. When a Euro goes up in value against the U.S. dollar, the dollar must go down against the Euro. At the same time, it may decline in value against the British pound. Foreign exchange is a constantly changing twenty-four-hour-a-day market with trading going on in hundreds of financial centers around the world, from Singapore to San Francisco and from Oslo to Buenos Aires. These markets are all linked electronically. Banks and "Bureaus de Change" look at this global interbank market to set their daily rates, which are given to foreign travelers when they change their money abroad.

As anyone traveling abroad will notice, the exchange rate is slightly different if the customer is buying or selling any one particular currency. This spread between the "buy" and "sell" rates ensures that banks and exchange bureaus make a small profit every time one currency is changed into another. By exchanging money back and forth times, an indecisive traveler would end up with nothing, after losing a few percentage points in spreads and commissions on each transaction.

How do the foreign exchange markets decide how much a currency is worth? Just like other markets, the foreign exchange market is subject to the laws of supply and demand. If enough traders want to buy U.S. dollars, its value will go up, *i.e.*, it will take more of other currencies to buy dollars. Foreign exchange prices are influenced by economic and political events and sometimes by the speculation of individual traders.

If interest rates fall in Tokyo, traders may rush to sell yen and buy dollars. If the Swedish economy looks strong, the krona may increase in value. If political turmoil threatens the Swedish economy, the krona may decline in value as investors sell them to buy what they perceive to be more stable currencies.

During periods of economic turmoil, the world often turns to a particular currency as a refuge. When political or social unrest threatens other currencies around the world, traders and investors sometimes rush to buy hard currencies which is expected to preserve its value in times of trouble.

## COMPREHENSION CHECK

### Exercise 1. Match Russian and English equivalents.

1. commodities	a. товары, услуги
2. origin	b. происхождение
3. value	c. фон
4. background	d. событие
5. event	e. цена
6. profit	f. обмен
7. turmoil	g. прибыль
	h. бедствие
	i. подвергать

### Exercise 2. Complete the sentences.

1. Currencies, like other commodities such as petrol and shirts, have ...
2. Each currency's value is stated in terms of ...
3. When political or social unrest threatens other currencies around the world, traders and investors sometimes rush to buy ...
4. The difference between the "buy" and "sell" rates ensures that banks and exchange bureaus make ...
5. Foreign exchange takes place in hundreds of financial ...
6. ... are influenced by economic and political events and sometimes by the speculation of individual traders.

7. If enough traders want to buy U.S. dollars, its value will ...
8. If political turmoil threatens the economy, the currency may ...

**Exercise 3. True or False?**

1. If every country in the world used the same currency the world trade would be made much easier.
2. Currencies are like other commodities and have a certain value.
3. Exchange rates don't change every day, they are constant.
4. The world's foreign exchange markets keep track of all of the major currencies.
5. The exchange rate is the same if the customer is buying or selling particular currency.
6. The difference in each currency's value is usually stated in other commodities
7. Foreign exchange is a constantly changing twenty-four-hour-a-day market.
8. Nowadays modern foreign exchange markets are linked by air-mail.

**Exercise 4. Give a summary of the text.**

## Unit 7

### WORD-STUDY

**Exercise 1. Read and memorize the following words and word combinations.**

- interest rate – ставка процента, ссудный процент  
 to charge [ʃɑ:ʤ] – назначать, запрашивать цену  
 lender ['lendə] – займодавец, кредитор; ростовщик  
 borrower ['bɔ:ɡəʊə] – заёмщик; берущий займы  
 assets ['æsets] – актив(ы); средства; имущество; фонды; капитал  
 annual ['ænjuəl] – ежегодный; годичный, годовой  
 cash [kæʃ] – наличные деньги  
 numerous ['nju:m(ə)rəs] – многочисленный, множественный  
 tuition [t(j)u'ɪʃ(ə)n] – плата за обучение  
 lump sum – единовременно выплачиваемая сумма  
 installment [ɪn'stɔ:lmənt] – очередной взнос  
 repayment – уплата, возмещение, вознаграждение

**Exercise 2. Check the translation in a dictionary, read and translate the words listed below.**

*Nouns:* incentives, expansion, commodity, individual, notice, monopoly, consumer, consumption, growth, circulation, deposit, fuel, inflation.

*Verbs:* encourage, effect, regulate, charge, determine, encourage, stimulate, increase, predict, inflate.

*Adjectives:* totalitarian, interchangeable, short-term.

*Adverbs:* therefore, whenever, basically, worldwide, likewise.

**Exercise 3. Make different parts of speech from the following words:**

a) *Model:* (noun + ate) = verb (graduation – gradu(ate)); stimulation, registration, legislation.

b) *Model:* (verb + able) = adjective (predict – predict(ab)le); pay, note, eat, refuse, suit, value, change.

c) *adjective + th = noun* (wide – width): young, strong, broad, long.

d) *noun + ic = adjective* (economy – economic): atom, climate, energy.

**Exercise 4. Match the Russian equivalents to the given collocations.**

a) free-market economy, the cost of money, interest rate, through a variety of economic incentives, the amount of money, available for business expansion, can be affected by.

b) рыночная экономика, стоимость денег, посредством разных экономических воздействий, доступный для расширения бизнеса, процентная ставка, согласуются, могут быть подвергнуты, количество денег.

## Text A

### INTEREST RATE



INTEREST RATE

**Interest rate** is the amount **charged**, expressed as a percentage, by a **lender** to a **borrower** for the use of **assets**. Interest rates are typically noted on an **annual** basis, known as the annual percentage rate (APR). The assets borrowed could include **cash**, consumer goods, and large assets such as a vehicle or building.

In terms of borrowed money, the interest rate is typically applied to the principal, which is the amount of money lent.

The interest rate is the cost of debt for the borrower and the rate of return for the lender.

Interest rates are applied in **numerous** situations where lending and borrowing is concerned. Individuals borrow money to purchase homes, fund projects, start businesses, pay college **tuition**, etc. Businesses take loans to fund capital projects and expand their operations by purchasing fixed and long-term assets such as land, buildings, machinery, trucks, etc. The money that is lent has to be repaid either in **lump sum** at some pre-determined date or in monthly **installments**, which is usually the case. The money to be repaid is usually more than the borrowed amount since lenders want to be compensated for their loss of use of the money during the period that the funds are loaned out; the lender could have invested the funds instead of lending them out. With lending a large asset, the lender may have been able to generate income from the asset should they have decided to use it themselves. The difference between the total **repayment** sum and the original loan is the interest charged. The interest charged is an interest rate that is applied on the principal amount.

In free-market economies, consumers and businesses can do almost anything they want as long as they pay for it. Therefore, by controlling the cost of money, its interest rate central banks are able to influence economic growth.

In a totalitarian country the government can simply tell its citizens what it wants them to do. But in free-market countries, consumers and businesses are encouraged to increase or reduce their economic activity through a variety of economic incentives. By increasing short-term interest rates, for example, a central bank discourages bank lending, reducing the amount of money available for business expansion and consumer spending. Likewise, by lowering these interest rates, a central bank acts to encourage economic activity.

All interest rates are linked, because money, like most commodities, is interchangeable. Banks and individuals will go wherever interest rates are lowest, wherever money is cheapest – so a change in interest rates announced in Washington will affect interest rates in Singapore.

In the global village of the international money markets, interest rates have become the heartbeat of economic activity, regulating economic growth worldwide. A country's consumers and businesses therefore can be directly affected by central bank decisions made on the other side of the world. Foreign investment money can come flooding in at a moment's notice, or be pulled out just as quickly if one country's interest rates are not kept in line with other countries in the world economy.

## COMPREHENSION CHECK

### Exercise 1. Choose the best answer according to the text.

1. In free market economies consumers and businesses can do ...
  - a) almost anything they want as long as they pay for it.
  - b) nothing.
  - c) everything without payment.
2. Banks often borrow money ...
  - a) from other banks.
  - b) from the central bank.
  - c) from the government.
3. All interest rates are linked ...
  - a) because money is interchangeable.
  - b) because they don't encourage economic activity.
  - c) because they don't affect anything.

### Exercise 2. Match the antonyms.

1. free-market	a. to reduce
2. to increase	b. to discourage
3. to encourage	c. to lend
4. short-term	d. totalitarian market
5. to borrow	e. long-term
6. cheap	f. to grow
7. to low	g. expensive
	h. expansion
	i. to pull out

### Exercise 3. Read and translate the collocations below.

- |                      |                       |
|----------------------|-----------------------|
| 1. credit risks      | 6. interest rate      |
| 2. additional reward | 7. foreign earnings   |
| 3. pension fund      | 8. strong currency    |
| 4. use of assets     | 9. foreign investment |
| 5. smart investor    | 10. removing risks    |

### Exercise 4. Which explanation of economic terms is correct?

1. a) A free-market economy is a system of trade when prices are not controlled by the government.

b) A free-market economy is a system of trade when all prices are controlled by the government.

c) A free-market economy is a system when all prices are controlled by consumers.

2. a) International investing is putting money into a business of your country.

b) International investing is providing money for your project by international organizations.

c) International investing is investing money into foreign companies.

3. a) To lend money is to steal money.

b) To lend money is to let someone borrow it on condition to pay back with additional interest.

c) To lend money is to pay back your debt.

**Exercise 5. Agree or disagree to the following statements. Begin your sentences with the following phrases: *I think so. Yes, it's really so. I'm afraid, it's wrong. I can't agree.***

1. Every economy in the world is controlled by its supply of money.

2. A modern economy is not based on the use of money.

3. Each country's money supply determines how quickly the economy can grow.

4. If the central bank increases the money supply consumers and businesses have less money to spend on goods and services.

5. Control of the money supply doesn't allow a central bank to reduce inflation.

## **Text B**

### **WHAT IS MONEY SUPPLY?**

Every economy in the world is controlled by its supply of money. A modern economy is based on the use of money. Each country's money supply, therefore, determines how quickly the economy can grow. If the central bank increases the money supply, consumers and businesses have more money to spend on goods and services. A country can encourage economic growth by increasing its money supply, which includes currency in circulation and readily available funds such as bank deposits on which checks can be drawn. This easy-to-access money, often called "highpowered" money, tends to fuel most consumer and business consumption and therefore stimulates most economic growth.

Other measures of a country's money supply include funds that are not so readily available, such as time deposits and other long-term investments. Basically, when businesses and individuals have less money at their disposal, economic activity slows down. Central banks usually limit money supply growth in order to slow down the economy and control inflation.

On the larger scale of a national economy, less money usually leads to an economic slowdown. When less money is available, interest rates tend to increase and the cost of money increases; it becomes more expensive to borrow. If it costs businesses and consumers more to borrow money, they will be less inclined to increase spending. In this way, control of the money supply allows a central bank to reduce inflation. The money supply can also be increased to stimulate economic activity. Increasing the money supply usually results in rapid growth and inflated prices.

## Unit 8

### WORD-STUDY

#### **Exercise 1. Read and memorize the following words and word combinations.**

to excel [ɪk'sel] – отличаться, выделяться; превосходить, превышать  
to prosper ['prɒspə] – преуспевать, процветать  
foreign ['fɔːrɪn] trade – внешняя торговля  
to expose (to) [ɪk'spəʊz] – подвергать (опасности; воздействию)  
layoff – увольнение из-за отсутствия работы, временное увольнение  
idle ['aɪdl] – неработающий, неиспользуемый, незанятый  
to merit ['merɪt] – заслуживать, быть достойным (чего-л.)  
encourage [ɪn'kʌrɪdʒ] – вдохновлять, поощрять, поддерживать  
competitive [kəm'petɪtɪv] – конкурентоспособный  
at the expense of – за счет (кого-л., чего-л.)  
a shot in the arm – стимулирование, поддержка, улучшение  
ensure [ɪn'sʊə] – гарантировать, обеспечивать  
safety ['seɪftɪ] – безопасность  
to customize ['kʌstəmaɪz] – модифицировать в соответствии с требованиями заказчика

#### **Exercise 2. Check the translation in a dictionary, read and translate the words listed below.**

*Nouns:* aircraft, benefit, competition, courtesy, scarcity, purchase.

*Verbs:* prosper, expose, convince, ease.

*Adjectives:* efficient, competitive, successful, profitable, temporary.



### Exercise 3. Match the Russian equivalents to the given collocations.

a) based on the notion of; with a level playing field; to remove restrictions; in order to; a temporary scarcity; state-supported banks; international tension; to underline measures

b) на равных условиях; снять ограничения; основанный на понятии; временная нехватка; для того чтобы; банки, поддерживаемые государством; предпринять меры; международная напряженность

#### Text A

### HOW IS FOREIGN TRADE ENCOURAGED?

When every country is allowed to do what it does best – letting the French **excel** in fashion, the Japanese in electronics, and the Americans in aircraft, for example – the world economy **prosper**s. With free trade, whoever produces the best product at the best price can sell these products around the world, benefiting consumers everywhere. By encouraging **foreign**

**trade**, countries **expose** their own producers **to** foreign competition, which can be disastrous for many poorly managed companies. This can lead to short-term **layoffs** and **idle** factories. In the long run, however, foreign competition usually forces companies to be more efficient and more competitive, helping the country to become a successful and profitable member of the global economy.

Free trade is based on the notion of open markets. With a level playing field, companies in one country can compete openly with companies in other countries to sell their goods in foreign markets.

When a government wants to encourage a new trading partner, it removes restrictions and barriers to its internal market. This courtesy is provided to countries whose political and economic policies are seen to **merit** favored status. Countries may also **encourage** trade by allowing importers and exporters to barter goods.

When a country wants to encourage its own exports, it can provide incentives to make the products more **competitive** on the world market. Some countries provide loans or grants to foreign buyers of a country's



goods and services through state supported export-import banks. These "ex-im" banks provide low-cost loans – called export credits – that help stimulate exports. These loans are sometimes criticized for going too far, encouraging exports **at the expense of** producers in other countries. At times, countries might want to encourage imports of foreign goods and services to decrease international tensions resulting from trade imbalances. When Germany and Japan were criticized for running large trade surpluses, for example, they undertook measures called "external adjustment" to increase their imports. One way to encourage imports is to increase the value of a country's currency, making foreign goods and services less expensive than locally-made products.

Another way to encourage imports is to give the economy **a shot in the arm** by lowering interest rates, stimulating purchases at home and abroad. This cheaper money usually means more sales of goods such as televisions and automobiles. In countries such as Germany, where many consumer goods are imported, lowering the interest rates can encourage imports of everything from Vietnamese rice to Canadian sporting goods. Another way to encourage imports would be to reduce cultural barriers that may limit purchases of foreign products.

*Notes:*

**Export Import Banks (Exim Banks)** are agencies that **ensure** the **safety** and growth of a country's foreign trade. They provide **customized** financial instruments to safeguard the interests of exporters against default/nonpayment from the importers.

### COMPREHENSION CHECK

**Exercise 1. Match the synonyms.**

1. to allow	a. to disclose
2. to excel	b. to take part in a race
3. to prosper	c. to do better than others
4. to expose	d. to permit
5. to compete	e. to succeed
6. to force	f. to cause
7. to benefit	g. to profit
	h. to encourage
	i. to manage

**Exercise 2. Complete the sentences.**

1. When every country is allowed to do what it does best, the world economy ...
2. By encouraging foreign trade, countries ... their own producers to foreign competition.
3. Interest rates have ... the heartbeat of economic activity
4. In the long term foreign competition usually ... companies to be more efficient and more competitive.
5. Another way to encourage import is ...
6. One of the ways to encourage imports is to ...
7. ... are sometimes criticized for going too far, encouraging exports at the expense of producers in other countries.

**Exercise 3. Choose the correct term according to its definition.**

1. Foreign markets where companies in one country can compete openly with companies in other countries are called ...
  - a) international markets
  - b) open markets
  - c) internal markets
2. Export-import banks provide low-cost loans, called ... that help stimulate exports.
  - a. export credits
  - b. credits
  - c. import credits
3. Products made by the companies in their own country are called ...
  - a. imported goods
  - b. locally made products
  - c. barter goods

**Exercise 4. Answer the questions.**

1. What are the benefits of encouraging foreign trade for countries?
2. Why does foreign competition force companies to be more efficient and more competitive?
3. What is free trade based on?
4. In what way do countries encourage foreign trade?
5. What is the main duty of "ex-im" banks?
6. What are the possible ways of encouraging imports?

## Text B

### HOW IS GOLD USED AS AN INTERNATIONAL INVESTMENT?

Gold is bought and sold around the world in almost every market and currency imaginable: with Egyptian pounds in a Cairo souk<sup>1</sup>, or with dollars on the sophisticated commodity exchanges of Hong Kong or Chicago. Although some gold trading is based on commercial transactions, such as an Amsterdam jeweler buying gold for inventory, most gold is purchased as an investment.

Gold investors range from powerful central banks who use gold to shore up their currencies to individuals who buy gold hoping that it will hold its value in inflationary times. Gold's role has changed over the years. Before banks and securities houses<sup>2</sup> became part of the electronically interconnected global economy, gold served as a "liquid" investment that could be exchanged anywhere in the world at any given time.

Now gold is perceived mostly as a "hedge" – providing a stable refuge for investors in highly inflationary times when financial instruments such as stocks or bonds tend to lose their value. When inflation is brought under control, however, gold tends to lose its luster because, unlike most other investments, there is not interest paid on gold. The only possible profit is its rise in value, called capital gain<sup>3</sup>.

There are several ways of investing in gold, including buying shares in gold mining companies or gold mutual funds<sup>4</sup>. Instead of buying "spot" gold for immediate delivery, however, investors can also make an agreement to buy gold at a future date. These are called futures contracts<sup>5</sup> because they are based on periodic delivery dates in the future, usually every three months. Tailor-made futures contracts, with flexible dates to fit the needs of buyers and sellers, are called forward contracts.

Spot and the futures prices, like a child riding piggyback, tend to move in the same directions, rising and falling with other precious metals in the market. If gold's spot price increases, its futures price usually rises by the same amount. In general, the prices of precious metals such as gold, silver, and platinum tend to rise and fall together.

#### *Notes:*

1. a Cairo souk – Каирский базар;
2. securities houses – финансовые компании, специализирующиеся на торговле ценными бумагами;
3. capital gain – прибыль от продажи ценных бумаг или недвижимости;
4. mutual funds – взаимные фонды;
5. futures contract – сделка на срок, фьючерсный контракт.

## COMPREHENSION CHECK

### Exercise 1. Read and translate collocation listed below.

Immediate delivery, at a future date, flexible dates, spot prices, rise in value, gold mining companies, commercial transactions, precious metals, security houses.

### Exercise 2. Match English and Russian equivalents.

1. global economy	1. коммерческая сделка
2. mutual funds	2. поддержать валюту
3. inventory	3. инфляционный период
4. "spot" purchases	4. запас, портфель ценных бумаг
5. commodity	5. глобальная экономика
6. custodian bank	6. взаимные фонды
7. commercial transaction	7. товар, предмет широкого потребления
8. to shore up currency	8. банк, управляющий чужими капиталами
9. inflationary times	9. фьючерсный контракт
10. futures contract	10. немедленно оплачиваемые покупки
	11. дата поставки
	12. драгоценный металл
	13. гибкие даты

### Exercise 3. Read and translate the definitions of the words.

1. Auction is a public sale at which articles are sold to the highest bidder.

2. Bargain is an agreement establishing what each party will give, receive, or perform in a transaction.

3. Bear is a person who sells shares in anticipation of falling prices to make a profit on repurchase.

4. Bonus is something given, paid or received above what is due or expected by employees.

5. Bull is speculator who buys in anticipation of rising prices in order to make a profit on resale.

6. Commodity is something that can be bought or sold, especially basic food products or fuel.

7. Dividend is a portion of a company's profits paid to its shareholders.

8. Fine is an amount of money that you have to pay because you have broken the law.

#### **Exercise 4. Complete the sentences according to the text.**

1. Most gold is purchased as... .
2. Powerful central banks use gold to... .
3. There are several ways of investing in gold... .
4. Instead of buying “spot” gold for immediate delivery investors can also make an ...
5. Tailor-made futures contracts, with flexible dates to fit the needs of buyers and sellers, are called ...
6. When inflation is brought under control gold tends to lose its luster because ...
7. Gold investors range from ...

#### **Exercise 5. True or false?**

1. Nowadays gold serves as a “liquid” investment that can be exchanged anywhere.
2. Futures contracts are based on periodic delivery dates in the future.
3. Spot and futures prices tend to move in the same directions, rising and falling with other precious metals in the market.
4. The prices of precious metals such as gold, silver and platinum tend to rise and fall together.
5. There is a high interest rate paid on gold.
6. The futures contracts are agreements for the future.
7. In ancient times gold was a very popular means of payment and investment.

## **Unit 9**

### **WORD-STUDY**

#### **Exercise 1. Read and memorize the following words and word combinations.**

- bring about – вызывать, быть причиной  
to retaliate [rɪ'tæliət] – отвечать (на агрессию, обиду и т. п.) ; мстить  
domestic [də'mestɪk] – внутренний; находящийся в пределах страны  
artificially – искусственно  
refusal [rɪ'fju:z(ə)l] – отказ, неприятие  
to violate ['vaɪəleɪt] – нарушать, попираť, преступать  
treaty ['tri:tɪ] – договор, соглашение, конвенция  
sufficient [sə'fɪʃ(ə)nt] – достаточный; обоснованный  
foreign ['fɔ:ɡɪn] – иностранный, зарубежный, внешний

**Exercise 2. Check the translation in a dictionary, read and translate the words listed below.**

*Nouns:* quota, subsidy, desire, restriction, quantity, sacrifice, apartheid.

*Verbs:* suffer, impose, feud, include.

*Adjectives:* inefficient, expensive, competitive, dubious, responsible, temporary.

*Adverbs:* artificially, rarely, temporarily, widely, unilaterally.

**Exercise 3. Make up different parts of speech using the prefixes, translate them:**

*en-:* courage, title, close, circle, code.

*dis-:* mantle, courage, like, count, agree, ability, advantage.

**Exercise 4. Match the Russian equivalents to the given English collocations.**

a) to bring about; in the long run; trade restrictions; to impose quota; goods and services; poorly made; to make the sacrifice; to be of dubious economic value; to be responsible for

b) в конечном результате; вызвать; ввести квоту; плохо сделанные; торговые ограничения; товары и услуги; принести в жертву; быть ответственным за; иметь сомнительную экономическую ценность.

## Text A

### FOREIGN TRADING

Like most wars, a trade war may **bring about** desired economic or political changes, but in the long run almost everyone suffers, including those whom trade war was meant to help.

An inefficient car maker, for example, may ask for limits on foreign imports, hoping to keep its prices high without improving the quality of its product. In the end, however, other countries may **retaliate** with trade restrictions of their own. Consumers and businesses in both countries are then forced to buy poorly made and expensive **domestic** products. Trade restrictions might protect a few jobs in inefficient industries, but the whole economy often suffers by becoming less competitive on the international markets.

The most common tools for limiting imports or foreign goods and services are quotas, tariffs, and subsidies. When a country imposes a quota,

it limits the quantity of certain foreign products that can be imported. A tariff is a tax placed on goods entering a country, raising the price of imported goods. A government can also use the taxpayers' money to provide a subsidy to local producers, making the price of local goods **artificially** lower than imported goods.



Trade barriers, like walls between feuding neighbors, are usually imposed unilaterally by one country acting on its own to limit the amount of foreign products available to local consumers. These barriers are often designed to temporarily protect local producers from foreign competition and allow them time to improve productivity. The problem is that local producers rarely make the sacrifices to improve their product, or lower their prices as long as they are protected from foreign competition by trade barriers.

Although trade restrictions are of dubious economic value, they have been shown to be effective in bringing about political or social change. The **refusal** of countries to trade and do business with South Africa for example, was widely seen to be responsible for the decision to dismantle the system of apartheid. Trade blockades can be useful in forcing countries to change policies that **violate** human rights or international **treaties**, but only as long as a **sufficient** number of countries join in the blockade to make it effective.

### COMPREHENSION CHECK

#### Exercise 1. Match the synonyms.

1. to retaliate	a. to do something harmful
2. to consume	b. to limit
3. to restrict	c. to use
4. to desire	d. to increase
5. to raise	e. to make better
6. to design	f. to return
7. to improve	g. to want
	h. to project

#### Exercise 2. Find definitions of the following terms in the text:

- a. quotas                      b. tariffs                      c. subsidies.



### Exercise 3. True or False?

1. A trade war may bring not only desired economic or political changes but also sufferings to those whom trade war was meant to help.
2. Consumers and businesses are forced to buy poorly made and expensive domestic products.
3. Trade restrictions may protect a few jobs in inefficient industries.
4. The whole economy suffers by becoming less competitive on the international markets.
5. Trade barriers are always effective.
6. A quota is a tax placed on goods entering a country, raising the price of imported goods.
7. When a country imposes a subsidy, it limits the quantity of certain foreign products that can be imported.

### Exercise 4. Answer the questions.

1. Enumerate the most common tools for limiting imports or foreign goods and services.
2. What is a quota? Give an example.
3. What is a tariff? Give an example.
4. What is a subsidy? Give an example.
5. Do trade restrictions protect jobs positions in inefficient industries?
6. Are local producers willing to make the sacrifices to improve their product and lower their prices?
7. What possible consequences do trade barriers bring about?

## Text B

### WHAT IS TRADE PROTECTIONISM?



nations suffered economic setbacks such as a recession or even a depression.

Trade protectionism is a controversial tactic among policymakers and economists in enhancing a nation's economic well-being. Trade protectionism has been used with the intent of helping a nation recover from an economic downturn. However, in many instances the opposite effect occurred in which not just one but many

Trade protectionism is defined as a nation, or sometimes a group of nations creating trade barriers with the specific goal of protecting its economy from the possible perils of international trading. This is the opposite of free trade in which a government allows its citizenry to purchase goods and services from other countries or to sell their goods and services to other markets without any governmental restrictions, interference, or hindrances. The objective of trade protectionism is to protect a nation's vital economic interests such as its key industries, commodities, and employment of workers. Free trade, however, encourages a higher level of domestic consumption of goods and a more efficient use of resources, whether natural, human, or economic.

There are various methods of trade protectionism whose goal is to protect a nation's economic well-being. These include:

**Tariffs** which are a tax on imports from other countries and foreign markets. Here, the government imposing the tariff is looking to restrict imports of foreign goods and services, protect its own industries and companies manufacturing such items and raise tax revenues.

**Quotas** are a direct restriction on the number of certain goods, products, and commodities that may be permitted to be imported into a nation.

**Subsidies** are government payments to domestic producers. This can come in the form of cash payments, low-to-no interest loans, tax breaks, and government ownership of common stock in domestic companies. Subsidies help domestic producers by having extra cash available for production of goods.

While some economists and policymakers feel that trade protectionism will help a nation's economy, many others feel the damage could be severe.

## Unit 10

### WORD-STUDY

**Exercise 1. Read and memorize the following words and word combinations.**

private ownership ['praɪvɪt 'əʊnəʃɪp] – частная собственность  
sole-proprietorship – индивидуальное частное предприятие  
eligible (for) – годный, пригодный, желательный, подходящий, приемлемый  
to take on losses – принять убытки  
to fail [feɪl] – потерпеть неудачу; не иметь успеха

shareholder ['ʃeə, həʊldə] – акционер; пайщик, владелец акций  
to pursue [pə'sju:] – преследовать (кого-л.) ; гнаться, бежать  
debt [det] – долг  
designation [, deziɡ'neɪʃ(ə)n] – обозначение, название, указание

**Exercise 2. Check the transcription in a dictionary, read and translate the words listed below.**

*Nouns:* liability, skyscraper, assets, bankrupt, enterprise, key, guarantee, equity, fund, firm, identity.

*Adjectives:* initial, anonymous, public, private.

*Verbs:* own, require, pursue.

*Adverbs:* enough, though, almost.

**Exercise 3. Wordbuilding.**

*Model: a) suffix -ship: relation – relationship – взаимоотношения*

Friend, member, partner, owner.

*Model: a) suffix -hood: man – manhood – мужественность;*

Child, brother, mother, like.

*Model: probable – probability*

Responsible, possible, available, transportable, capable, able.

**Text A**

**COMPANIES**

The heart of capitalism is **private ownership**, and a limited liability company allows people to own almost anything – from skyscrapers to television stations – without risking their professional assets should the company go bankrupt.

A Limited Liability Company, also known as an LLC, is a type of business structure that combines traits of both a **sole-proprietorship** and a corporation. An LLC is **eligible for** the pass-through taxation feature of a partnership or sole proprietorship, while at the same time limiting the liability of the owners, similar to a corporation.



As the LLC is not considered a separate entity, the company does not pay taxes or **take on losses**. Instead, this is done by the owners as they have

to report the business profits, or losses, on their personal income tax returns. However, just like corporations, members of an LLC are protected from personal liabilities, thus the name Limited Liability.

The key factor in owning any company is the guarantee called *limited liability*: the owners of a company never have to pay more than they have invested in the company. Their liabilities are limited. When a company goes bankrupt, the owners can never be required to pay its unpaid bills.

The worst that can happen to investors in a limited liability company is losing their initial investment if the company **fails**. By limiting the downside risk for **shareholders**, companies are able to attract *equity investors* and raise large amounts of funds called *equity capital* through sales of shares rather than by borrowing money at potentially high interest rates.

The names of companies around the world reflect this guarantee or limited liability. The abbreviations "GmbH" in Germany, "Inc" in the United States, or "Ltd." in most other English-speaking countries indicate that the firm is a limited liability company and investors have nothing more to lose than the money invested in their shares. The "S.A." in French- and Spanish-speaking countries also refers to limited liability by defining shareholders as "anonymous." Since the identity of shareholders can be kept secret, the creditors or a bankrupt company have no right **to pursue** them for the company's unpaid **debts**.

Many countries make a clear distinction between public and private companies, with separate **designations**, such as AC and GmbH in Germany, or Plc. and Ltd. in Britain. Generally, "public" companies are those large enough to have their shares traded on stock exchange, while smaller unquoted companies are said to be "private," even though their shares can be held by the public at large. In some countries, a large company is said to be privately owned if its shares are not available to the general public, in the United States, where little distinction is made between public and private companies. Most companies simply bear the title "Incorporated."

**Notes:**

**Equity investment** – “портфельные инвестиции”, инвестиции в акционерный капитал.

## COMPREHENSION CHECK

### Exercise 1. Match the synonyms.

1. affect	a. have
2. end up	b. influence
3. start	c. invest
4. indicate	d. finish
5. own	e. begin
	f. land
	g. pay

### Exercise 2. Which of two parallel sentences are true?

1. a) The heart of capitalism is private ownership.  
b) The heart of capitalism is public ownership.
2. a) The owners of a company never have to pay more than they have invested in it.  
b) Sometimes, the owners of a company have to pay more than they have invested in it.
3. a) Companies are able to raise a large amount of funds through sale of shares.  
b) Companies prefer to raise a large amount of funds through borrowing money at high interest rates.
4. a) The creditors of a bankrupt company have right to pursue shareholders for the companies unpaid debts.  
b) The creditors of a bankrupt company have no right to pursue shareholders for the company's unpaid debts.

### Exercise 3. What attributes are not suitable to the given terms?

1. investment – high-risk, initial, responsible, foreign, heavy, unpaid, small, profitable.
2. deficit – trade, political, financial, profitable, food, budget.
3. security – guaranteed, economic, independent, public, high, financial, available, national.

### Exercise 4. Answer the questions.

1. What is A Limited Liability Company? What opportunities does it give to the owner?
2. Does the company pay taxes or take losses?
3. Are the members of an LLC protected from personal liabilities?
4. What does *limited liability* mean?

5. If a company goes bankrupt are the owners required to pay its unpaid bills?
6. What is the worst that can happen to investors in a limited liability company if the company rails?
7. If a limited liability company fails, are its investors arrested?
8. Do the names of companies around the world reflect the guarantee of limited liability?
9. What title do most American companies bear?

## **Text B**

### **ADVANTAGES OF AN LLC**

✓ The members of an LLC have protection against liability. They cannot be held liable for company losses, or debts and business credit, and their personal assets (such as a house or car) cannot be recovered by the debtors.

✓ LLCs have the freedom of selecting any form of profit distribution, which does not have to be in the ratio of the ownership between different members.

✓ LLCs do not have a legal requirement to conduct formal meetings, maintain minutes of the meeting, or record resolutions.

✓ Benefits similar to a corporation are available without going through any incorporation formalities.

✓ Pass-through taxation principles apply and the company itself is not taxed unless it opts for being treated as a regular corporation. All business profits, losses, and expenses are accounted for by its individual members. Members have to show the earnings in their individual tax returns and accordingly pay taxes. This allows the avoidance of double taxation by way of corporate tax payment along with the individual income tax.

### **DISADVANTAGES OF AN LLC**

While the advantages largely benefit most small businesses, certain aspects of an LLC can prove to be disadvantageous. This is especially true for larger organizations. Some of the disadvantages of an LLC are:

✓ LLCs have a limited life and are usually dissolved when a member dies, or if the company faces bankruptcy.

✓ LLCs cannot go public, as there are no shares or shareholdings.

✓ Even though the paperwork and the complexities associated with LLCs are significantly less than those required for forming a corporation, its formation is still substantially more complex than a partnership or sole-proprietorship.

## Unit 11

### WORD STUDY

**Exercise 1. Read and memorize the following words and word combinations.**

enterprise ['entəpraɪz] – (промышленное) предприятие (фабрика, завод) ; фирма, компания

to earn [z:n] – зарабатывать

income ['ɪŋkʌm] – доход, приход, прибыль; заработок

profit ['prɒfɪt] – прибыль, доход

loss [lɒs] – убыток, ущерб, потеря

statement ['steɪtmənt] – отчёт; баланс

revenue ['rev(ə)nju:] – доход; выручка

to subtract [səb'trækt] – вычитать

expenses [ɪk'spen(t)sɪz] – расходы, издержки

cash flow ['kæʃ,fləʊ] – движение денежной наличности

due to – благодаря; вследствие; в результате; из-за

wear and tear –износ; амортизация; изнашивание

**Exercise 2. Check the transcription in a dictionary, read and translate the words listed below.**

*Nouns:* south, overview, maintenance, depreciation, nightmare, advantage, uncertainty, organization, fund.

*Adjectives:* multinational, proverbial, nonprofit.

*Verbs:* spend, incur, deduct, delay, measure.

**Exercise 3. Pay attention to the negative prefix “non-”. Translate the sentences:**

- He will refuse your cigarette, he is a nonsmoker.
- Some countries declared their nonalliance to the pact.
- Nonconformists don't follow ways of living accepted by most people.
- Sunday is a nonworking day.
- Nonliquid goods are produced here.

- Nonpayment of taxes is punished by the law.
- There are public nonprofit organizations such as World Wildlife Fund.

## Text A

### WHAT IS A PROFIT AND LOSS STATEMENT?

Any **enterprise** from a major multinational corporation to a coconut juice stand in the South Pacific needs a summary of everything the company has **earned** and spent over a given period of time. This **overview** of a company's day-to-day activities is called an **income statement** or a ***profit and loss statement (P&L)***.



A company making and selling coconut juice on a South Pacific beach would start its P&L with a summary of all **revenues** from selling its product. To determine its profit, the company needs **to subtract** its **expenses** from its revenues. First, it would subtract the costs incurred in producing the juice, called "cost of goods sold."

Expenses such as salaries or **maintenance** of assets would also have to be accounted for. Other expenses, such as interest on loans, would then have to be deducted. Finally, **depreciation**, the decline in value of fixed assets, such as machinery and tools, would have to be deducted from earnings. Depreciation causes numerous accounting nightmares because there is no way to determine how much a fixed asset really declines in value overtime.

Many companies take advantage of this uncertainty to show as much "loss" as possible as soon as possible, reducing earnings in order to pay less tax in the early years of the asset's life. By delaying tax payments, companies can earn valuable interest on their retained earnings.

Once all expenses have been deducted from the revenues, a company can see its total profit or loss. This is the proverbial bottom line. It tells us how much the company's assets and liabilities changed over the course of the year.

Another tool for understanding a company's activity is to look at its **cash flow**. This measures the actual flow of funds – real money-flowing into and out of a company during a given period of time. A company's cash flow, or "cash summary," factors out all of the accounting tricks and looks at what a company really earned.



Even though it does not tell us the company's "profit", cash flow sometimes gives a clearer picture of a company's true earnings, because it excludes accounting tools such as depreciation. Cash flows and profit and loss statements are essential (or understanding the revenues, expenses, and profits of any organization, including nonprofit organizations such as the World Wildlife Fund or the United Nations. Even if profits are not distributed to shareholders, any organization needs a P&L to account for its activities to see whether it is being efficiently and honestly run.

Notes:

**Depreciation** – a reduction in the value of an asset over time, **due** in particular **to** wear and tear.

## COMPREHENSION CHECK

### Exercise 1. Choose the right translation of the terms.

1. retained earnings

- a) полученная прибыль
- b) распределенная прибыль
- c) нераспределенная прибыль

2. profit and loss statement

- a) отчет о доходах
- b) отчет о результатах хозяйственной деятельности
- c) утверждение доходов и расходов

3. cash flow

- a) появление реальных денег
- b) денежный отток
- c) движение денежных масс

4. cash summary

- a) сводка о наличности
- b) суммы наличных денег
- c) кассовый аппарат

5. depreciation

- a) депрессия
- b) амортизация
- c) выплата

6. asset

- a) имущество, актив
- b) прибыль
- c) ущерб

### Exercise 2. Match the synonyms.

1. enterprise	a. instrument
2. overview	b. percent
3. revenue	c. statement
4. machinery	d. income
5. salary	e. expense
6. interest	f. survey
7. tool	g. earnings
	h. activity
	i. mechanisms
	j. company

### Exercise 3. True or false?

- 1) Profit and loss statement is the overview of a company's day-to-day activities.
- 2) The profit of a company includes its expenses and revenues.
- 3) There are many ways to determine the depreciation of a company's fixed assets.
- 4) The decline in value of fixed assets is called depreciation.
- 5) Analysis of company's cash flow helps to understand its activity.
- 6) The United Nations is not nonprofit organization.
- 7) Such fixed assets as machinery and tools don't change their value over the time.
- 8) Cash flow is the flow of investors into and out of the company.

### Text B

#### MEASUREMENT OF SUCCESS

The profit & loss statement is considered one of the most important documents for keeping an eye on the financial health of a business. An essential objective of a business is to make a profit. The P&L statement shows the extent to which it has been successful in achieving this objective.

The profit and loss statement is a financial statement that summarizes the revenues, costs and expenses incurred during a specified period, usually a fiscal quarter or year. These records provide information about a company's ability or inability to generate profit by increasing revenue, reducing costs or both.

The P&L statement is one of three financial statements every public company issues quarterly and annually, along with **the balance sheet** and **the cash-flow statement**. The income statement, like the cash flow statement, shows changes in accounts over a set period. The balance sheet, on the other hand, is a snapshot, showing what the company owns and owes at a single moment. It is important to compare the income statement with the cash flow statement.

Typically, a profit & loss statement is created at the end of accounting periods – for example, at the end of each quarter. This allows a business to stay on top of their financial situation and make adjustments for the coming quarter. Profit and loss statements are important because many companies are required by law or association membership to complete them. Aside from this, a profit and loss statement will help the company to understand their net income, which may be helpful in decision-making processes. For example, a business owner may consider whether his or her company is bringing in enough of a profit to justify renovating their building or expand or grow in other ways.

#### *Notes*

**Balance sheet** (балансовый отчет, баланс) – a statement of the assets, liabilities, and capital of a business or other organization at a particular point in time, detailing the balance of income and expenditure over the preceding period.

**Cash-flow statement** (отчет о движении денежных средств) – a financial statement that provides aggregate data regarding all cash inflows a company receives from its ongoing operations and external investment sources, as well as all cash outflows that pay for business activities and investments during a given period.

## Unit 12

### WORD-STUDY

**Exercise 1. Read and memorize the following words and word combinations.**

reward [ri'wɔ:d] – денежное вознаграждение, премия

loan [ləʊn] – заём, ссуда

to issue ['ɪʃu:] – выпускать, издавать; пускать в обращение

to rely (on) – надеяться, полагаться (на что-л.)

to raise [reɪz] (money) – добывать деньги, занимать деньги

to reward [rɪ'wɔ:d] – награждать, давать награду или денежное вознаграждение

essentially [ɪ'senʃ(ə)li] – по существу; по существу дела

redemption value [rɪ'dempʃ(ə)n 'vælju:] – выкупная стоимость

compete [kəm'pi:t] (with) – соревноваться (с)

return [rɪ'tʌ:n] – отдача, возврат; возмещение

yield [ji:ld] – прибыль, доход (от финансовой деятельности, от сбора налогов и т. п.)

likewise ['laɪkwaɪz] – также; более того

maturity [mə'ʃʊərəti] – подошедший, наставший срок платежа

face value – нарицательная цена, номинальная стоимость

to run out (of) – кончаться, иссякать

pay off – расплачиваться сполна; рассчитываться с кем-л.; покрывать (долг)

to adjust [ə'dʒʌst] – корректировать, устанавливать (сумму)

### **Exercise 2. Read and translate the collocations below.**

In reference to, unlike a stock, to reflect the market, low rate of interest, to sell at a discount, a higher return, interest-bearing investments, around the world.

### **Exercise 3. Remember the meaning of the terms that you'll find in the text.**

A bond is a fixed income investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate. Owners of bonds are debt holders, or creditors, of the issuer.

Redemption is the act or process of redeeming, of paying off a loan.

Maturity is the date on which a bill of exchange, promissory note or loan becomes due for payment or repayment.

Securities are stocks, shares and bonds which are bought as investments.

### **Exercise 4. Make words with these prefixes according to the model.**

**“over-” (too much, more) and “under-” (too little, below)**

*Model: to estimate – to overestimate ;to estimate – to underestimate*

with prefix “over-”: time, coat, to work, to sleep;

with prefix “under-”: ground, wear, to value, to pay, to line.

**b) Translate the collocations below:**

overpopulated cities; 5 minutes of overtime; to underestimate the talent; to overwork every day; an underground passage; to put on an overcoat.

## Text A

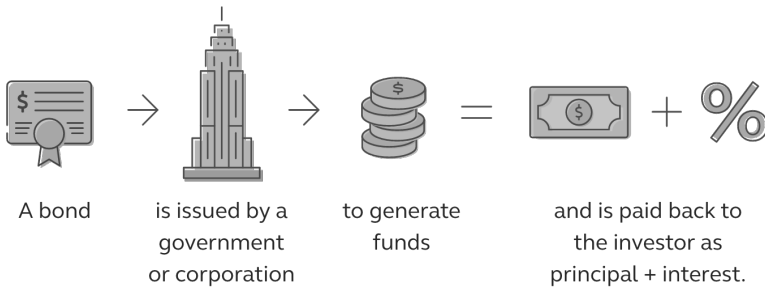
### WHAT IS A BOND?

Unlike a stock, which represents the risk and **rewards** of ownership in a company, a bond is simply a **loan** agreement that says: “I, the borrower, agree to pay to you, the bondholder, a certain amount of money at a certain time in the future.”

Although almost anyone can **issue** a bond, large institution such as government and corporation are the most common borrowers in the international bond markets. Instead of **relying on** any one bank to lend them money, they issue bonds **to raise** large sums of funds, often in global issue of securities that are sold to banks and other investors around the world.

A bond is basically a piece of paper giving the holder the right to receive a specific amount of money at a specific time. The borrower, or issuer, of a bond has two obligations. First, the issuer has to pay back the original amount borrowed, called the principal. Second, the borrower needs to pay interest periodically, **to reward** those who buy the bond as an investment. These interest payments are also called coupons in reference to the little pieces of paper attached to bonds before the electronic markets made such paper transactions unnecessary.

In order to determine the value of a bond, it is necessary to calculate the interest paid over the bond’s life and compare this with other interest-bearing investments in the international marketplace.



Bond prices are constantly raised and lowered to reflect the market. **Essentially**, bonds often interest rates. A bond paying a relatively low rate of interest, therefore, will be sold at a discount when higher-interest bonds are issued. A low-coupon bond, for example, may have to be sold for 95 percent of its face value, or **redemption value**, in order to make it attractive enough **to compete with** other bonds. In paying less for a bond, the buyer receives a higher **return**, or **yield**, on the amount invested.

Like a playground seesaw, when one goes up, the other goes down. **Likewise**, when interest rates fall, the prices of existing bonds rise. In a period of declining interest rates, a relatively high-coupon bond would see its price increase, until its yield is same as other bonds in the market with similar **maturity** and similar risk. A bond's price may even rise above **face value**, to 105 percent for example, to make its yield competitive with other bonds in the market.

The interest rate and price of a bond are also determined by its risk – the likelihood of the investment being repaid. The riskier the bond, the higher the interest a potential borrower will have to pay to attract investors. Bonds, especially government bonds, are seen to be a relatively safe investment. In the case of a bankrupt company **running out of** money to pay bondholders and stockholders, the bondholders get paid first. A government, in a worst-case scenario, can always **pay off** bonds issued in the national currency by simply printing more money.

Bond prices are **adjusted** constantly, allowing them to compete with other investments in the global economy, always reflecting the current political, monetary, and economic environment.

*Notes:*

**Bond trading** – торговля облигациями

## COMPREHENSION CHECK

### Exercise 1. Match Russian and English equivalents.

1	2
1. redemption	a. срок выплаты долгового обязательства
2. to compete with	b. держатель (акций)
3. return	c. отражать
4. rate of interest	d. погашение
5. maturity	e. кредитор
6. face value	f. процентная ставка
7. holder	g. прибыль
8. to reflect	h. соперничать с
9. lender	i. номинальная стоимость
10. to attach	j. прикреплять
	к. отрывать
	l. покупатель

**Exercise 2. Match the antonyms.**

1	2
1. loss	a. payer
2. global	b. gain
3. valuable	c. dynamic
4. static	d. worthless
5. inflation	e. deflation
6. payee	f. local

**Exercise 3. Complete the sentences giving the explanation of the following economic terms.**

1. A bond is basically ....
2. The bondholder is a ... .
3. The nominal value of a bond is ... .
4. The redemption value of a bond is ... .
5. Maturity is a ... .
6. Debt is ...
7. Payee is ...

**Exercise 4. Answer the questions according to the text.**

1. What institutions are the most common borrowers in the international bond markets?
2. What right does a bond give to the holder?
3. What obligations does the borrower have?
4. When do the prices of existing bonds rise?
5. What is the principal?
6. What bonds are a relatively safe investment?
7. What do constantly adjusted bond prices reflect?

**Text B**

**HOW ARE BONDS TRADED?**

Bonds are traded around the world twenty-four hours a day, usually in trading rooms of banks and securities houses that are connected by an elaborate system of electronic communications equipment. The largest international capital markets are based in London, New York, and Tokyo, but bonds are traded in almost every financial center in the world, from Paris to Bangkok, from Abu Dhabi to Vancouver.

Since it is difficult for bonds investors to find individual buyers and sellers, they usually go to professional “market-makers” who buy and sell their bonds for them.

Although some bond trading takes place on public trading floors like stock exchange, most of the world’s fixed-income securities, or bonds, are traded by banks and securities houses acting as market-makers on behalf of their clients.

Bond markets are just like any others competitive market in that trades make money by buying for less and selling for more. To buy or sell a bond, an investor goes to a trader who makes a “market” with two prices: a “bid” price and an “offer” price. A trader makes money by buying bonds at the lower bid price and by selling them at the higher offer price. The difference between the two prices is called the spread.

Bond traders are forced by the market to keep their prices and spread competitive. Some markets are so competitive that the bid and offer prices are quoted in fractions of a percent, sometimes given as 1/32nds.

Bonds are usually traded with prices based on a percentage of their original face value. When the piece of a thousand-dollar bond rises by 16/32, or one half of one percent, its value rises by five dollars. Since the original value of the bond and its interest rates do not change, adjusting the bond’s price gives it a new yield. Bond yield calculations are so complex that most traders use calculators to determine which prices bring a bond’s interest rate in line with the changing market.

In the international capital markets, some bonds, such as U. S. Treasury bonds, serve as bellwether indicators of the market as a whole. Because of the enormous amount of U. S. Treasury debt issued, international investors prefer to use this market for a large part of their trading and investing. U. S. government securities are said to be the most liquid bonds in the world because then can be traded internationally in large quantities at almost any given time.

## Unit 13

### WORD-STUDY

**Exercise 1. Read and memorize the following words and word combinations.**

techniques [tek'ni:ks] – технические приемы

persuade [pə'sweɪd] – убедить



respond [rɪ'spɒnd] – реагировать  
charities ['ʃærɪtɪz] – благотворительные дела  
flourish ['flaʊrɪʃ] – процветать  
primarily [praɪ'mer(ə)li] – главным образом  
execute ['eksɪkjʊ:t] – осуществлять

**Exercise 2. Read and translate the collocations below.**

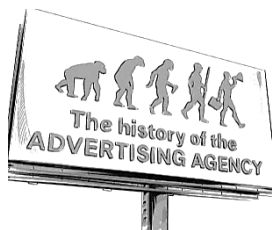
In order to, to bring to public notice, for the purpose of, in a certain way, to be used for, by word of mouth, by the 1920s.



**Text A**

**ADVERTISING AND ITS HISTORY**

To advertise means to tell people publicly about a product or service in order to persuade them to buy it. Advertising – the techniques and practices used to bring products, services or opinions to public notice for the purpose of persuading the public to respond in a certain way toward what is advertised. Most advertising involves promoting a good that is for sale, but similar methods are used to encourage people to drive safely, to support various charities, or to vote for political candidates.



In many countries advertising is the most important source of income for the media through which it is conducted. The media are all the organizations, such as television, radio, and the newspapers, that provide information for the public. In the ancient and medieval world such advertising as existed was conducted by word of mouth.

The first step toward modern advertising came with the development of printing in the 15th and 16th centuries. In the 17th century weekly newspapers in London began to carry advertisements, and by the 18th century such advertising was flourishing. The great expansion of business in the 19th century was accompanied by the growth of an advertising industry; it was that century, primarily in the United States, that saw the establishment of advertising agencies. Advertising agency is a company that

designs and makes advertisements for other companies. By the 1920s advertising agencies could plan and execute complete advertising campaigns.

### COMPREHENSION CHECK

#### **Ex. 3. Restore the word order in the questions and answer them.**

1. What is by the term "advertising" meant? 2. What most advertising involve does? 3. Where advertising is used? 4. What the most important source of income for the media is? 5. How was advertising in the ancient and medieval world conducted? 6. What the first step toward modern advertising was? 7. Who to carry advertisements in the 17th century in London began? 8. What was accompanied the great expansion of business in the 19th century by? 9. What century the saw establishment of advertising agencies?

#### **Ex. 4. Agree or disagree with the following statements.**

1. To advertise means to make an announcement, for example in a newspaper or on a poster, that a job is available. 2. Advertisement is a picture, set of words, a film etc. that is used to advertise a product or service. 3. Advertising is used to bring its preconceived opinions to public notice. 4. Advertising promotes unsaleable goods for sale. 5. Advertising encourages people to make traffic violations. 6. Advertising discourages people to back up various charities. 7. Advertising has the purpose of persuading the public that charity begins at home. 8. Advertising encourages people to vote for political candidates holding extreme views in politics. 9. Advertising is something that gives people what they want knowing it is not good for them. 10. Advertising is the most important source of income for the gutter press. 11. Advertising tuckers any man of sense out. 12. Advertising makes anyone extremely angry or annoyed.

#### **Ex. 5. Translate the following questions and answer them.**

1. Реклама используется для того, чтобы привлечь внимание общественности к определенным товарам? 2. Реклама убеждает нас осторожно водить автомобиль? 3. Реклама поддерживает благотворительные дела? 4. Реклама призывает нас голосовать за политических кандидатов? 5. Реклама процветает?

**Ex. 6. Complete the following statements.**

1. To advertise means... .
2. Advertising is ... .
3. ... is the action of calling something to the attention of the public especially by paid announcements.
4. Most advertising involves ... .
5. Advertising encourages ... .
6. Advertising supports... .
7. Advertising helps people to vote ... .
8. The most important source of income for the media is ... .
9. Advertising is conducted through ... .
10. Advertising was conducted by ... in the ancient and medieval world.
11. Modern advertising came with ... .
12. Weekly newspapers in London began ... .
13. ... was accompanied by ... .
14. The United States saw... .
15. Advertising agencies could ... .

**Ex. 7. Choose one topic to speak about advertising: a) its definition; b) its usage; c) its mutual relations with the media; d) its existence far back in the past; e) its agencies.**

**Retell the text “Advertising” and its history.**

**Ex. 8. Here are the captions or slogans of some advertisements. Working in pairs, discuss each of them. Do you find any of them striking or amusing? Why? What techniques have the writers used?**

1. HANDLE WITH PASSION (Ad for the Toyota)
2. PRESSED FOR TIME? (Ad for irons)
3. ON THE THRESHOLD OF BUYING YOUR HOME? LET BARCLAYS CARRY YOU OVER. (Ad for Barclays Bank)
4. DEFY THE JONESES (Ad for the Infiniti car)
5. WE PUT A LOT OF ENERGY INTO YOUR BATTERIES (Ad for batteries)

**Have you found any recurring devices in these advertisements? If so, what are they?**

**Ex. 9. Read the following paragraph. Choose words from the box below to write in each blank.**

Few, a few, little, a little, many, much, more, most, all, no, none, a lot

In Sweden there is only 1) \_\_\_\_\_ cigarette advertising because the government has been successful in preventing 2) \_\_\_\_\_ cigarette advertisements. Although there are 3) \_\_\_\_\_ cigarette advertisements in magazines (but not many), there are 4) \_\_\_\_\_ cigarette advertisements at all in cinemas and also 5) \_\_\_\_\_ on the radio and television.

In Britain and the United States 6) \_\_\_\_\_ of cigarette advertisements show beautiful girls and handsome men smoking cigarettes. In spite of attempts to stop people smoking, there are even 7) \_\_\_\_\_ advertisements than before. In Sweden, however, there: must be 8) \_\_\_\_\_ people at all in cigarettes advertisements! The Swedish governments wants as 9) \_\_\_\_\_ people as possible to smoke. It tells people that 10) \_\_\_\_\_ smokers usually die at a 11) \_\_\_\_\_ earlier age than none-smokers.

## Text B

### ADVERTISING



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

It is easy to say, "I'm not influenced by the adverts!" Everyone is influenced to a certain extent. There was recently some research on subliminal advertising. The word "coffee" was flashed on to the television

screen. It happened so quickly that no one was aware it had happened. For just a fraction of a second it registered on the viewers' subconscious. The result? A surprising number of people chose to make coffee at that precise moment. Of course, it could be a coincidence but; it was highly unlikely.

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

An alternative to advertising would be to lower prices when sale fall. This would suit the purchasers but introduce an element of uncertainty for the manufacturers. They are always concerned to ensure that their revenue exceeds their costs, and where would they be if there were daily fluctuations in the prices of their products?

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

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

### **Vocabulary to the text:**

ware [weə] – товар

to convey [kən'veɪ] – сообщать

misleading [mɪs'li:dɪŋ] – обманчивый

undue [ʌn'dju:] – чрезмерный

to pander ['pændə] – потворствовать

vanity ['vænəti] – тщеславие

subliminal advertising [sʌb'limɪn(ə)l] – реклама, основанная на внушении

sag [sæg] – падение цен  
warehouse ['weəhaus] – товарный склад  
deteriorate [di'tiəriəreit] – портиться  
obsolete ['ɒbs(ə)li:t] – устаревший  
revenue ['rev(ə)nju:] – доход  
fluctuation [ˌflʌktʃu'eɪʃ(ə)n] – колебание  
supplement ['sʌplɪmənt] – приложение  
hoarding ['hɔ:diŋ] – рекламный щит

**Ex. 1. Answer these questions with your own words.**

1. What should be done to counter a fall in sales?
2. How do national newspapers benefit from advertising?
3. How can window-dressing be seen as a form of advertising?
4. How does advertising help the workforce?
5. Why is it expensive to hold stocks unnecessarily?

**Ex. 2. Translate and learn the phrases from the text.**

To be aimed at, to persuade the public, to make smth. seem unduly attractive, to pander to one's egos, to create a demand, to be influenced by the adverts, to register on the viewers' subconscious, a form of insurance, to assess consumer's needs, to soak up the surplus goods, to lay off workforces, to introduce an element of uncertainty, to exceed the costs, daily fluctuations in the prices of the products, to go far beyond, to carry on trading, to derive much of the revenue from advertising.

**Ex. 3. Prove the following.**

1. Businesses need to advertise.
2. Everyone is influenced by advertising to a certain extent.
3. Advertising is a form of insurance.
4. Advertising goes far beyond television and hoardings, newspapers and magazines.
5. Advertising enriches our life.

**Ex. 4. Your dream is to work for an advertising agency. Give reasons for your choice.**

**Ex. 5. Give the following passage an appropriate title and summarize it in about 150 words.**

The art of advertising is to persuade people to buy your product or service. This requires a basic understanding of psychology, the needs of

human beings and how those needs can be satisfied. An American psychologist, Abraham Maslow, has suggested those needs can be compartmentalized and arranged in the form of a hierarchy. At the lowest level people need food, shelter, warmth and sex. When these needs are largely satisfied, people begin to think about the safety of themselves and their personal possessions. Squirrels, when they have had their fill of nuts, begin to bury nuts in their winter larders. Human beings have the same tendency, much to the relief of the insurance companies. Insurance appeals to those who would feel the loss of personal possessions, through burglary, flood and fire, and those who seek pensions and financial security generally.

Even when a human being does not feel under threat at the safety level, a new need emerges according to Maslow. There is now a need to be approved by other people, a need for love and respect. The advertising industry finds this a very useful area for its machinations.

If you want people to look at you admiringly, or enviously, you have to wear Jayboy Jeans – no one else’s will do! That is the message, in effect.

Or the advertiser might be trying to persuade you to buy a new car. This is the latest and the best sports car in the market. It is faster, sleeker, more enviable, than anything else in the world. If you haven't got one, or don't get one pretty soon, the rest of the world is going to see you as a dead duck!

And when we are largely satisfied at this social level, according to Maslow we simply move on to egocentricity. We all have egos, but what is an ego? It is a love of self. We look into the mirror and hopefully like what we see. Of course, not only in physical terms. We hunger for self-respect now that our lower level needs have been largely satisfied. Another happy hunting ground for the advertising agencies, for example “Diamonds are for ever!”, or “Use Real Results from Diana Cosmetics – fights wrinkles fast!”

According to Maslow the ultimate need is for fulfillment. This would no doubt come when we have all that the advertisers say we so desperately need. For most of us it seems that day will never come!

#### **Ex. 6. Complete the sentences.**

1. Advertising can help a business to ... .
2. If you have goods or services to sell... .
3. A good advertising agency will... .
4. While advertising on national television is ... .
5. Local radio is often used to ... .
6. When stocks are building up ... .
7. Although newspapers and magazines ... .
8. One of the weaknesses of the human beings is that ... .
9. It is essential that the packaging of a product should be ... .

**Ex. 7. Match the words from the box with dictionary definitions that follow.**

audiovisual	publicity	hoarding	artwork	gimmick
feature	exhibition	ego	exclusive	persuasion
audience	bulletin	brand	tabloid	teaser
stimulus	sponsor	presentation	slogan	dry-run
leaflet	logo	media	showcase	profile

1. A cabinet made of glass or clear plastic used to display products while protecting them against deterioration and pilferage.
2. The art of making people do what you want them to do.
3. A combination of visual art forms, such as film and video, with sound in the form of record, tape or cassette.
4. An idea or object which is novel or unusual.
5. An individual's conception of himself/herself.
6. An established product name which is usually registered with the Registrar of Patents.
7. A display of a company's products to bring them to public notice.
8. A story or photographic material which is supplied to one publication alone.
9. A group of people exposed to any form of persuasion.
10. A company symbol, badge or name style.
11. Catchwords, phrases or sentences associated with a particular product or company, putting across a selling point in an entertaining fashion.
12. A site for poster advertising.
13. A printed piece of paper, single or folded-over to make four pages.
14. Someone who is prepared to finance an operation so long as their name will be featured in the publicity.
15. A brief description of a product or person which amounts to a character sketch.
16. A brief mailing announcement, issued periodically.
17. A newspaper with a small page area.
18. An advertisement which makes people curious because some information has been withheld.
19. The art of claiming attention.
20. A story or article written in some depth for a particular publication.
21. An action which provokes a response.
22. The pictorial or illustrative part of an advertisement.



23. A planned meeting at which attempts are made to sell ideas or products.

24. The intermediaries used by the business fraternity to advertise their wares.

25. A rehearsal for a TV/video presentation where actions, lines and cues are practiced.

**Ex. 8. Study some items of advertising taken from the world business newspaper “Financial Times”. Try to write your own ones.**

### **The Bigger The Crowd, The Better The Performance**

You're a major in the securities markets worldwide, so when it comes to trading, you know what you need.

Liquidity.

A world of buyers and sellers – ready to trade. And when you're trading electronically, you know the place to come for global liquidity

Instinet.

We give electronic access to some of the broadest, deepest – most liquid – trading opportunities around the world.

What's more, we don't have our own portfolio so we never compete with your trades or take a position against you.

Our only goal is to help you get the fastest trade at the best price – and we handle the follow-up automatically.

All of which can add up to better performance.

For information, call our international freephone number +800 INSTINET (+800 4678 4638) or visit [www.instinet.com](http://www.instinet.com)

### **If We Call A Rock A Stone *Isn't It Still A Rock?***

Names are powerful things. For years, First Chicago has been making a name for itself in international banking. Our name has become synonymous with international capabilities from trade services to FX and risk management. And now First Chicago has chosen yet another set of words to define itself: Bank One.

Just as calling a rock by another name cannot change what it is, our new name can't change the heritage we've created for ourselves and our clients. We wouldn't want to even if we could. Instead, we intend to strengthen our identity by banking on some of the properties of our new name.

With our combined assets and access to new markets, multinational corporations will find that we've become a dominant force in more U.S. business centers. Bank One now hails as one of the top 3 in large and middle-market banking in the U.S. with over \$250 billion in assets.

No matter what side of the ocean you do business on, you'll find that Bank One can provide you with access to U.S. and overseas markets in more ways than we ever could before.

A new name can't change who we've been, but it can speak volumes about where our business is headed. Not to mention yours.

### **First Chicago is now Bank One.**

Whilst working at Iveco, I've learnt something. We don't just make trucks, vans and all the rest. We work for customers. Here, they call it "Customer Satisfaction". What that really means is that if our customers have problems, anywhere in the world, we do our utmost to solve.

### **Forgive Us for Flag-Waving, But We're Number One In Europe**

OPC now operates in more European countries than any other broadband communications company. We also have more subscribers than anyone else, with nearly 9 million and thousands of businesses across Europe benefiting from our communications and entertainment services. And we're the only pan-European company offering a unique triple service of cable TV, telephony and high-speed internet access. All available to our customers via a single cable. It makes you proud to be European.

### **Ex. 9. Do you agree with the following statements? Discuss them with a partner.**

1. I tend to watch television channels that have no adverts as I find them annoying and interruptive in programmes especially films.

2. It has little persuasive influence on me personally, but I think it is used a lot to influence children, and works on them.

3. Music is very important in an advert but often overrides what product is being advertised.

4. Adverts can become very repetitive. Some adverts are used more than once in an advert break. These stick in your mind more.

5. I hate the adverts that are in a series like a mini story, where each separate advert makes a mini story-line.

6. Europe is now banning tobacco advertising, which appear on billboards, sports and papers. This is a good thing. Because tobacco does not need to be advertised, enough people smoke already through peer pressure.

## UNIT 14

### WORD-STUDY

**Exercise 1. Read and memorize the following words and word combinations.**

- circulation [ˌsɜːkjəˈleɪʃ(ə)n] – тираж  
pervasive [pəˈveɪsɪv] – всюду проникающий  
spot [spɒt] – место  
composition [ˌkɒmpəˈzɪʃ(ə)n] – состав  
charge [tʃɑːdʒ] – запросить  
segment [ˈseɡmənt] – сектор  
direct [dɪˈrekt] – направлять  
billboard [ˈbɪlbɔːd] – рекламный щит  
poster [ˈpəʊstə] – плакат, афиша  
intrusive [ɪnˈtruːsɪv] – назойливый, навязчивый

#### Text A

### ADVERTISING AND ITS MEDIA



There are some principal media for advertising. Newspapers can offer advertisers large circulations and the opportunity to alter their advertisements frequently and regularly. Magazines may be of general interest or they may be aimed at specific audiences (such as people interested in computers or literature) and offer the manufacturers of products of particular interest to such people the chance to make contact with their most likely customers. The most pervasive media are television and radio. Advertisers can buy short "spots" of time to promote their products or services. Advertising spots are broadcast between or during regular programs. For advertisers the most important facts about a given television or radio program are the size and composition of its audience. The size of the audience determines the amount of money the broadcaster can charge an advertiser, and the composition of the audience determines the advertiser's choice as to when a certain message, directed at a certain segment of the public, should be run. The other advertising media include direct mail, outdoor billboards, posters, and etc. Advertising is on some occasions too intrusive.

## COMPREHENSION CHECK

### Ex. 2. Restore the word order in the questions and answer them.

1. What newspapers can offer advertisers? 2. What magazines may be aimed at? 3. What magazines may offer the manufacturers? 4. What the most pervasive media are? 5. What and why advertisers can buy? 6. When advertising spots are broadcast? 7. What facts the most important for advertisers are? 8. What the size of the audience does determine? 9. What the composition of the audience determine does? 10. What the do other advertising media include? 11. Do you advertising too intrusive find?

### Ex. 3. Agree or disagree with the following statements.

1. Newspapers can offer advertisers small circulations. 2. Newspapers can offer advertisers the opportunity to buy printing machines. 3. Magazines may help the manufacturers of products to foist their substandard goods upon their customers. 4. The most pervasive media are old wives' tales. 5. Advertisers can buy television and radio to promote their products or services. 6. The term "direct mail" means advertisements that are sent by post to many people. 7. Billboard is a large sign used for advertising. 8. Poster is a large printed notice, picture, or photograph, used to advertise something or as a decoration. 9. Audience is a group of people who watch and listen to someone speaking or performing in public. 10. Audience is the number or kind of people who regularly watch or listen to a particular programme. 11. Target audience is the kind of people that a programme, advertisement etc. is supposed to attract.

### Ex. 4. Translate the following questions from Russian into English and answer them.

1. Почему размещать рекламу в газетах выгодно? 2. Журналы предлагают производителям установить контакты с потенциальными покупателями их товаров? 3. Телевидение и радио проникают повсюду? 4. Рекламу можно назвать «навязчивой»? 5. Реклама полезна всем?

### Ex. 5. Complete the following statements.

1. Newspapers can offer... 2. Magazines may be ... 3. Magazines may offer ... 4. The most pervasive media are ... 5. Advertisers can buy ... 6. Advertising spots are broadcast... 7. For advertisers ... are ... 8. The size of the audience determines ... 9. The composition of the audience

determines ... . 10. The other advertising media include ... . 11. Advertising on some occasions affects ... . 12. ... is the kind of people that an advertisement is expected to attract. 13. ... is the number or kind of people who at regular times watch or listen to a peculiar programme. 14. .... is a large photograph used to advertise something. 15. ... is a large signboard used for advertising.

**Ex. 6. Choose one topic to speak about: a) advertising in newspapers; b) advertising in magazines; c) advertising by television and radio; d) the other advertising media.**

**Retell the text “Advertising and its media”.**

**Ex. 7. As you know, many advertisements use modified quotation, proverb or saying, sometimes only changing one word or adding a pan.**

**Here are a number of such quotations, expressions and sayings. Working in pairs, discuss their meaning and try to use them in sentences.**

1. When in Rome, do as the Romans do.
2. Achilles' heel.
3. Crossing the Rubicon.
4. Crying over spilt milk.
5. To have one foot in the grave.
6. All's well that ends well.
7. To cut the Gordian knot.
8. You can't have too much of a good thing.
9. A rough diamond.

Choose three or four of these expressions and use them to write one- or two-line captions to advertise products of your choice (e.g. jewelry, dairy products, a holiday, shoes, furniture:). You can keep the expressions as they are, modify them slightly or significantly, or give them a context, but remember that they must remain recognizable.

**Ex. 8. Read the following sentences. Put a circle round the letter of the correct word to use in each blank.**

1. The New Oxford Garage is \_\_\_\_\_ for more salesmen.  
a) advertising; b) informing; c) requesting; d) advising.
2. One of the new salesman has \_\_\_\_\_ me to buy a new car.  
a) convinced; b) argued; c) persuaded; d) resulted.
3. First, he gave me a very interesting \_\_\_\_\_ about the car.

- a) information; b) fact; c) news; d) brochure.
4. It contained a lot of \_\_\_\_\_ about how little petrol the car used.  
a) examination; b) news; c) fact; d) information.
5. The car is \_\_\_\_\_ for one year. The garage will pay for any repairs within this period.  
a) promised; b) advised; c) guaranteed; d) attended.
6. I hope everything is true and that the salesman isn't trying to \_\_\_\_\_ anyone.  
a) lie; b) mislead; c) mistake; d) steal.

**Ex. 9. Advertisements take many forms, some of which are in Column A. In Column B there are some opinions of these forms of advertising. Match the opinions with the forms of advertising, according to what you think. Now work in groups. Discuss your opinions, like this:**

**What do you think of poster advertising?**

- In my opinion it's probably quite effective, although it's unsightly.
- It's probably effective because its reaches a lot of people.

A	B
posters	It's effective.
radio	It's unsightly.
cinema	It's expensive.
TV	It's ineffective.
magazines	People don't listen to watch it.
newspapers	People don't go there.
direct mail	People throw it/them away.
brochures	It reaches a lot/ only a few people.

**And now make sentences like this:**

In spite of being unsightly, this type of advertising is good for many products like\_\_\_\_\_.

In spite of the fact that many people don't go there, this type of \_\_\_\_\_.

**Read the sentences to the group and ask:**

Which form of advertising am I talking about?

**Ex. 10. Here is the list of products and images. Match the images with the products in the chart and make a sentence like this:**

I think that advertisements often use an image of a woman in an evening dress to advertise cars because \_\_\_\_\_.

jewelry	a woman in a swimming costume
wine	a woman in an evening dress
ladies' fashions	a man in a suit
cars	a wild animal
spirits	a mountain scene
cigarettes	an outdoor man
perfume	a tropical island
chocolates	mountain streams
ancient ruins	a peaceful country scene

**And now working with a partner make your own list of products and images.**

### Text B

## ADVERTISING ALL OVER THE WORLD

How can a rabbit be stronger than a football hero? How can a rabbit be more powerful than a big strong man? In the world of advertising this is quite possible. Consider the example of Jacko. This great Australian football hero recently appeared on TV and yelled at the audience to buy products. Jacko's angry campaign worked well in Australia, so Energizer batteries invited him north to sell their product in the United States. But Jacko's yelling did not convince the American audience to buy batteries. So, goodbye, Jacko. Hello, Energizer Bunny, the little toy rabbit that has sold far more batteries than Jacko.



In the world of advertising, selling products is the most important goal. As companies are becoming more global, they are looking for new ways to sell their products all over the world. It is true that because of global communication, the world is becoming smaller today.

But it is also true that the problems of global advertising – problems of language and culture – have become larger than ever. For example, Braniff Airlines wanted to advertise its fine leather seats. But when its advertisement was translated from English to Spanish, it told people that they could fly naked! Another example of wrong translation is when Chevrolet tried to market the Chevy Nova in Latin America. In English, the

word *nova* refers to a *star*. But in Spanish, it means “doesn't go”. Would you buy a car with this name?

To avoid these problems of translation, most advertising firms are now beginning to write completely new ads. In writing new ads, global advertisers must consider different styles of communication in different countries. In some cultures, the meaning of an advertisement is usually found in the exact words that are used to describe the product and to explain why it is better than the competitor. This is true in such countries as the United States, Britain, and Germany. But in other cultures, such as Japan's, the message depends more on situations and feelings than it does on words. For this reason, the goal of many TV commercials in Japan will be to show how good people feel in a party or some other social situation. The commercial will not say that a product is better than others. Instead, its goal will be to create a positive mood or feeling about the product.

Global advertisers must also consider differences in laws and customs. For instance, certain countries will not allow TV commercials on Sunday, and others will not allow TV commercials for children's products on any day of the week. In some parts of the world, it is forbidden to show dogs on television or certain types of clothing, such as jeans. The global advertiser who does not understand such laws will soon have problems.

Finally, there is the question of what to advertise. People around the world have different customs as well as different likes and dislikes. So the best advertisement in the world means nothing if the product is not right for the market. Even though some markets around the world are quite similar, companies such as McDonald's have found that it is very important to sell different products in different parts of the world. So when you go to a McDonald's in Hawaii, you'll find Chinese noodles on the menu. If you stop for a hamburger in Germany, you can order a beer with your meal. In Malaysia, you can try a milk shake that is flavored with a fruit that most people in other countries have never tasted.

All of these products must be sold with the right kind of message. It has never been an easy job for global advertisers to create this message. But no matter how difficult this job may be, it is very important for global advertisers to do it well. In today's competitive world, most new products quickly fall. Knowing how to advertise in the global market can help companies win competition for success.



**Ex. 1. Answer the following questions.**

1. Who is Jacko? What does he show about international advertising?
2. What problems do advertisers have when they try to translate ads directly from one language to another?
3. What must a global advertiser understand in order to avoid having problems?
4. Why should a company offer different products in different countries?

**Ex. 2. Complete the sentences below with the most appropriate word. Make sure that the sentences are correct according to the information that you have read.**

1. A battery \_\_\_\_\_ changed its campaign from Jacko to Energizer Bunny.  
a) firm;      b) goal;      c) market;      d) translator.
2. There are many problems with \_\_\_\_\_, even with languages that are similar, such as English and Spanish.  
a) advertising;    b) marketing;    c) translation;    d) competition.
3. Different countries have different styles of \_\_\_\_\_, which involve different use of words and feelings.  
a) writing;    b) communicating;    c) advertising;    d) competing.
4. Some countries do not allow \_\_\_\_\_ ads for children's products.  
a) newspaper;    b) TV;    c) magazine;    d) radio.
5. Drinking beer with a meal is an example of a \_\_\_\_\_.  
a) culture;      b) style;      c) custom;      d) law.
6. Many new products fail because there is a lot of \_\_\_\_\_ in the world today.  
a) advertising;    b) business;    c) communication;    d) completion.
7. The Nova campaign fail in Latin America because of the \_\_\_\_\_ of the ads.  
a) goal;      b) cost;      c) style;      d) message.
8. Ads that show a group of people sharing good feelings are often quite successful in \_\_\_\_\_.  
a) Germany;    b) Japan;    c) Malaysia;    d) Britain.

**Ex. 3. Complete the following passage using a gerund or infinitive. Choose from the verbs on the left.**

<p>build set up run bring make transform</p>	<p>Jo John S. Pemberton invented Coca-Cola in 1886. His partner suggested ... an advertisement for the drink in the Atlanta Journal that very year. In 1888, Asa Candler bought the Coca-Cola business and decided ... the product known through signs, calendars and clocks. The company began ... its global network when Robert Woodruff was elected president of the company in 1923. He succeeded in ... Coca-Cola into a truly international product by ... a foreign department, which exported Coca-Cola to the Olympic Games in Amsterdam in 1928. During World War II, he promised ... Coca-Cola to every soldier in every part of the world.</p>
<p>decide reflect appear create</p>	<p>Coca-Cola's advertising has always attempted ... changing contemporary lifestyles. ... an international advertising campaign requires the talents of professionals in many areas, and extensive testing and research are always done before ... which advertisements will finally be used. Celebrity endorsements have featured heavily – Cary Grant, Ray Charles and Whitney Houston are just three of the big name stars who have agreed ... in Coca-Cola commercials.</p>
<p>return change expand launch drink</p>	<p>After ... Diet Coke in 1982, the company saw its sales grow quickly. The drink is now the third most popular in the world. In 1985, the company tried ... the secret formula of Coca-Cola, but realized that Americans were very attached to the original recipe. The company listened to its consumers and quickly responded by ... the original formula to the market as “Coca-Cola Classic.” Today, people in more than 160 countries around the globe enjoy ... Coca-Cola. It is asked for more than 524 million times a day in more than 80 languages. The company intends ... its global presence even further in the twenty-first century, particularly in developing markets.</p>

**Ex. 4. Discuss the following with a partner.**

1. In a free market advertising is essential for a business to survive.
2. Advertising is the means by which a business can communicate with established and potential customers as to the goods and services it is offering.
3. TV adverts must be in the form of humorous short stories (sometimes incorporating national "in-jokes") that can observe the product being advertised.
4. Radio adverts are usually more direct and explicit about the advertised product.
5. The content of adverts are confined by public as well as legal constraints.
6. Television adverts are sometimes treated as an opportunity to make a cup of tea without missing part of a program.
7. Unsolicited advertising through the post ("junk mail") often causes more annoyance than television, radio or magazine advertising.
8. Adverts in magazines and newspapers reduce the cost of the publication to the consumer.

**Ex. 5. Advertising game.**

People are always influenced by various advertisements. So they hear them on TV, radio stations, see on the buses' walls etc. But they do not trust most of them. They could only do so if a close friend or relative has used it and said it was worth buying. Now you are going to play a game. Split into groups of five or six. All of you have been invited to a picnic. At the picnic you represent different people. Your task is to persuade other people to start using a new thing or service you advertise. There are six cards but you may add your own cards.

**Card 1: Linda**

You work as a sales manager. Recently you've bought a new "Shuna" washing powder. Your clothes have become much cleaner after using it and white clothes have become whiter. So you are really happy about it.

One minus: it costs more than other washing powders, but, on the other hand, is worth buying.

**Card 2: Jeffrey**

You are a film editor. A few days ago you bought a mixture of frozen vegetables “Keila”. When you made supper using it, you and your teenage kids enjoyed it. It was delicious! These vegetables are easy to cook, they do not contain soya. They are really very good with sour cream or mayonnaise dressing. The mixture consists of cucumbers, carrots, tomatoes, onion, red pepper, peas and corn. It costs even less than the mixture you used to buy.

**Card 3: Isabel**

You are an aerobics trainer. Last Friday you were shopping in the sports complex “Jupiter” and bought a new pair of badminton rackets “Kroyak”. They are well designed. The strings are of good quality, so it’s not so easy to tear them. The shuttlecock is bright and made of feathers. It flies even if it is a bit windy. It’s not cheap, but cheaper rackets have a lot of problems and don’t serve for a long time.

**Card 4: Robert**

You are a taxi driver. At the weekend you bought “Warrior” headphones. They are made in the USA. They are rather comfortable to put into ears, the sound can be regulated by a special button. The design is fashionable: you can choose any color you prefer. They aren’t expensive. You also decided to give them as a birthday present to your brother.

**Card 5: Paulme**

You are a computer programmer. You’ve bought a new table lamp. It is made of white plastic and can be easily fixed to any surface. It has got a very good extra feature: pens can be put into the place where it is fixed. So you are happy since you’ve had it in your room near the computer.

**Card 6: Beatrice**

You are a university student. You bought a new CD Encyclopedia a few days ago. It’s a wonderful and useful thing! You can find a lot of necessary information, for instance, who Niccollo Pagannini was, or how coral reefs move. Just enter the name or word, and you’ll quickly see the article about it. It’ll be less expensive if you search for the information on the Internet.

**Ex. 6. Read the following essay. Do you agree with the author's point of view that our life is a process of advertising? If yes, give your own arguments in favor of it.**

### **Our Life is a Process of Advertising**

When we hear someone say that advertising is bad, that it makes people 'zombies' by imposing things on them, we often nod in agreement without thinking over those words. But if we thought a little, we would see that our life is a process of advertising.

In order to have a better concept of what advertising is, let's look at its definition.

**advertising** – the attracting of public attention to a product, service, etc. (*New Webster's Dictionary*)

**advertising** – the business of encouraging people to buy goods . (*Longman Dictionary of Contemporary English*)

If you look closely at these two definitions, you'll notice that the first one points to the fact that not only products can be advertised, while the second one links advertising with the process of buying. I find the first one much more acceptable.

Our life is not just about buying or selling, it's more about constantly choosing between two or more things, ways, etc. It's choice that saturates our life and makes advertising a necessary thing. It's choice that makes advertising point out something to be bad or good, useful or useless, successful or not. So advertising is a way of helping people choose. You can see that it's a way to help people, not to impose things on them. I'll give you an example. When we were children our parents advertised good behavior to us by means of encouraging us when we behaved well, and punishing us when we behaved badly. The process of advertising goes in school, at work, in homes, in the society; we just have to see it and accept it as a necessary component of life.

As for the influence of advertising, I agree that it can be either positive or negative; but that's why we, people, were given free will to choose. Believe me, advertising doesn't make anyone a zombie or a robot; if it did we would have had a perfect society. A person becomes a zombie only when he stops using his brain and will. And it is the choice of a person and not the imposition of advertising.

## UNIT 15

### WORD-STUDY

**Exercise 1. Read and memorize the following words and word combinations.**

placement ['pleɪsmənt] – размещение

skilled [skɪld] – искусный, квалифицированный

research [rɪ'sɜːtʃ] – исследование

creativity [krɪ'eɪtɪvəti] – творчество

canny ['kæni] – осторожный, осмотрительный; хитрый

schedule ['ʃedju:l] – планировать

thing of naught [nɔːt] – ненужная вещь

### Text A

#### ADVERTISING AND ITS EFFECTIVENESS

There is no serious disagreement over the power of advertising to inform consumers of what products are available. In a free-market economy effective advertising is extremely important and necessary to a company's survival, for unless consumers know about a company's product they are unlikely to buy it. For an advertisement to be effective its production and placement must be based on a knowledge of the public and a skilled use of the media.

A career in advertising is a difficult one. Good advertisers are in great demand. Advertising agencies serve to organize complex advertising campaigns. The effectiveness of advertising campaigns is based on research into consumer behavior and demographic analysis of the market area. Advertisers combine creativity in the production of the advertising messages with canny scheduling and placement, so that the messages are seen by, and will have an effect on, the people advertisers most want to address. Given a fixed budget, the advertiser faces a basic choice: he can have his message seen or heard by many people fewer times, or by fewer people many times.



## COMPREHENSION CHECK

### **Ex. 2. Restore the word order in the questions and answer them.**

1. Does advertising its point or not gain? 2. Why effective advertising extremely important and necessary to a company's survival is? 3. What must for an advertisement to be effective be done? 4. A career in advertising a difficult one, isn't it is? 5. Good advertisers in great demand, aren't they are? 6. What do advertising agencies to do serve? 7. What the effectiveness of advertising campaigns is based on? 8. What and why advertisers do combine? 9. What budget the advertiser is given? 10. What choice does the advertiser face?

### **Ex. 3. Agree or disagree with the following statements.**

1. There is no dispute over the power of advertising to inform consumers of what products are available. 2. Free market is a market in which prices are not controlled or limited in any way. 3. Effective advertising is essential to a company's survival. 4. Consumer is someone who buys and uses products and services. 5. As soon as consumers know about a company's product they are likely to buy it. 6. A career in advertising is an easy one. 7. Good advertisers are in good demand. 8. Advertising agencies serve to organize advertising campaigns. 9. The effectiveness of advertising campaigns is based on research into consumer private life. 10. Advertisers have to be clever, careful, and not easily deceived, especially in business or politics. 11. Advertisers are given a permanent budget. 12. Advertisers play the fool with consumers.

### **Ex. 4. Translate the following words and phrases from Russian into English:**

разногласия, служить, спрос, рекламное агентство, распространение ложных слухов, научное исследование, частная жизнь, обманывать, информировать, потребитель, имеющийся в распоряжении, свободный рынок, цена, контролировать, эффективный, существенный.

### **Ex. 5. Translate the following questions from Russian into English and answer them.**

1. Реклама создает спрос на товары и услуги? 2. Что есть хорошая реклама? 3. Что есть плохая реклама? 3. Вы купите товар, если у него плохая реклама? 4. Может ли хорошая реклама убедить покупателя купить ненужный ему товар?

**Ex. 6. Complete the following statements.**

1. Effective advertising is ... .
2. Unless consumers know ... .
3. For an advertisement to be effective ... .
4. A career in advertising is ... .
5. Good advertisers are ... .
6. Advertising agencies serve ... .
7. The effectiveness of advertising campaigns is based on ... .
8. Advertisers combine ... so that... .
9. Advertisers are given ... .
10. Advertisers face ...



**Ex. 7. Choose one topic to speak about: a) effective advertising; b) advertisers; c) advertising agencies and campaigns. Speak on the topic “The effectiveness of advertising”.**

**Ex. 8. Write the correct word in each blank. A dash (-) is shown for each missing letter. Also, some letters in each word are given to help you.**

Come to sunny Spain! It is a country full of f-sc-n-t- -g and beautiful scenery. The food is d-l- - - -s. Wine is superb. However, the hotels aren't at all ex- - n - - v- and are cheaper than anywhere else in the world. There are also shops full of b- -g- - ns. You can spend your time shopping or you can simply relax on the one of Spain's ex- - - - - nt beaches. Whatever you do, you can be certain of a most en- - y-b- - holiday.

**Ex. 9. Match the extracts and the places they have come from.**

1. If you hear the fire bell, walk down the stairs to the ground floor. Don't use any of the hotel lifts. Go quickly to the garden behind the hotel.	A. A TV guide
2. Long Beach Hotel is the most comfortable and modern hotel in town. Our rooms all have TV. Our restaurant serves delicious local dishes.	B Some instructions
3. Last month was a record for Long Beach Hotel. Almost two thousand people stayed there. As a result, the hotel is now planning to build more rooms.	C. Some advice



4. If you visit Lanu, stay in one of the hotels near the beach. Lanu itself is crowded and noisy but the nearby beach is beautiful and quiet. Long Beach Hotel is quite expensive, try the cheaper hotels, which are comfortable and clean.	D. A newspaper report
5. "The Perfect Holiday" is an interesting account of the history of Long Beach Hotel is full of fascinating stories. Unfortunately the photographs are only of average quality.	E. A book review
6. 6.50. p.m. Holiday report from Lanu. Tim Deli visits the town of Lanu on the beautiful island of Maniglod	F. An advertisement

**Ex. 10. Choose two or three items from the following list and write a short advertisement for each of them. Each advertisement must contain a caption and a few lines of explanation underneath. Try to make it as striking as possible.**

a sports car a freezer a fountain pen a luxury cruise a pair of shoes	a bottle of wine a chain of supermarkets office space for sale jewellery a vacuum cleaner	china a piece of clothing a travel agency a lawnmower a housing estate
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**Read just the captions to the rest of the group and see if they can guess the products they are for. Then read the text. Do other people's reactions give you ideas for revising your captions and explanations?**

### Text B

#### ADVERTISING, ITS COST AND ITS INFLUENCE

In criticism of advertising it has been argued that the consumer must pay for the cost of advertising in the form of higher prices for goods; against this point it is argued that advertising enables goods to be mass marketed, thereby bringing prices down. It has been argued that the cost of major advertising campaigns is such that few firms can afford them, thus helping these firms to dominate the market; on the other hand, whereas smaller firms may not be able to compete with larger ones at a national level, at the

local level advertising enables them to hold their own. Finally, it has been argued that advertisers exercise an undue influence over the regular contents of the media they employ – the editorial stance of a newspaper or the subject of a television show. In response it has been pointed out that such influence is counteracted, at least in the case of financially strong media firms, by the advertiser's reliance on the media to convey his messages; any compromise of the integrity of a media firm might result in a smaller audience for his advertising.

**Vocabulary to the text:**

- to market ['mɑ:kɪt] – сбывать
- thereby [ˌðeə'baɪ] – таким образом
- whereas [(h)weə'ræz] – тогда как
- to hold one's own – сохранять свои позиции
- to exercise ['eksəsaɪz] – использовать
- undue [ʌn'dju:] – чрезмерный
- editorial stance [ˌedɪ'tɔ:riəl 'stænt(s)] – редакторская позиция
- to counteract [ˌkaunt(ə)'rækt] – нейтрализовать
- reliance [rɪ'laɪənt(s)] – зависимость
- to convey [kən'veɪ] – сообщать
- contracting parties [kən'træktɪŋ 'pɑ:tɪz] – договаривающиеся стороны
- integrity [ɪn'teɡrəti] – неприкосновенность; целостность
- to break [breɪk] – прерывать
- to preserve [prɪ'zɜ:v] one's existence [ɪg'zɪst(ə)n(t)s] – выжить
- go without [gəʊ wɪ'daʊt] – обойтись без

**Ex. 1. Restore the word order in the following questions and answer them.**

1. What the first point at issue in criticism of advertising is? 2. What the is second matter of dispute in criticism of advertising? 3. What the third subject of controversy in is criticism of advertising?

**Ex. 2. Agree or disagree with the following statements. Use the following prompts.**

I fully agree with that. That's absolutely true. Quite right, I couldn't agree more. I'm all in favor of that.	That's more or less true, but... I don't think it's a good idea. I don't agree at all. No way!
---	---

1. The advertiser must pay for the cost of advertising.
2. Advertising enables goods to be mass marketed.
3. Advertising brings prices up.
4. The cost of major advertising campaigns is such that few firms can have enough money to pay for them.
5. Advertising helps only very large companies to have power and control over the market.
6. Smaller firms are not successful in comparison with larger ones at a national level.
7. Advertising enables smaller firms to flourish at the local level.
8. Advertisers exercise an unreasonable influence over the editorial stance of a newspaper.
9. Advertisers exercise an excessive influence over the subject of a television show.
10. The advertiser's influence is neutralized by the advertiser's reliance on the media to convey his messages.
11. The media are completely subject to the advertiser's ill will.

**Ex. 3. Translate the following phrases from Russian into English.**

Рекламодатель, рынок, в сравнении с, удачный, на национальном уровне, процветать, распространенный в отдельных местах, влияние, сообщение, всецело, подвластный, платить, стоимость, массовый, повлечь за собой, рекламная компания, злой умысел.

**Ex. 4. Translate the following questions from Russian into English and answer them.**

1. Потребитель должен платить за рекламу?
2. Вам нравится, когда фильм прерывается рекламой?
3. Телевидение проживет без рекламы?
4. Вы верите рекламе?
5. Какой товар может обойтись без рекламы?
6. Средства массовой информации бессильны перед злой волей рекламодателя?

**Ex. 5. Complete the following statements.**

1. The consumer must pay ...
2. Advertising enables ...
3. Few firms can afford ...
4. Advertising helps large companies to dominate ...
5. Small firms can't compete ...
6. Advertising enables small firms ...
7. Advertisers exercise ...
8. The advertisers influence is counteracted by ...
9. Any compromise ... might...
10. ... an agreement between two parties achieved by both of them accepting less than they wanted at first.

**Ex. 6. Choose one topic to speak about advertising: a) its cost; b) its influence. Retell the text “Advertising and its power”.**

**Ex. 7. How do advertisers spend their money? Where do they advertise most? Look at the following table.**

newspapers	220 m	
magazines	390 m	
posters	80 m	
TV	450 m	
radio	12 m	
cinema	45 m	

**Write true (T) or false (F) for each of the following sentences according to the information in the table above.**

1. Advertisers spend the most money on television advertisements.
2. Advertisers spend the least money on radio advertisements.
3. Advertisers spend only eight million pounds on advertising by means of posters.
4. Advertisers spend less money on advertising in newspapers than on advertising in magazines.
5. Over twice as much money is spent on advertising on television than on advertising in magazines.
6. Advertisers spend more money on TV advertisements than on advertisements in newspapers, posters, radio and cinema all put together.

**Ex. 8. Scan through the following text. Why do you think the following text is entailed so? Speak on the factors you would take into account if you advertised something.**

### How to advertise in five lessons



Work out what sort of people are most likely to want your goods. Advertise where they are most likely to see it – it is no use putting up posters for £2000 mink coats in a slum nor advertising second-hand clothes in Vogue. You don't advertise spanners in women's magazines, symphonies in pop music papers nor perfumes in a motoring journal.

When you have located your market and the papers many of them read, you must catch their attention. You can do nothing until you have made them stop turning over the pages and look at what you are saying. What will take one person's eye will have no effect on another, so that one of the adman's skills is knowing just what will pull up the group you want with a jerk.

When you have possible customers looking at your advertisement you start to play on their feelings, either through the pictures or the words. Greed, envy, ambition, outdoing the Joneses, love of luxury, fear of ill health or poverty, less work – all of these make people uneasy and in the right frame of mind listen to what the advertiser has to say.

When you have their attention, tell them as briefly and as powerfully as possible a few facts about your product – the best facts, of course. Don't tell actual lies, or you may be in trouble with the law, but if you tell half-truths in a vague enough way you can make people believe what you want to. A repeated jingle or catch phrase will often make the name of your product stick in people's memory.

Now you have people in a mood to buy your goods. Sit back and enjoy your profits – and think of ways of advertising that will attract another group to buy. Perhaps having aimed your first advertisement at men who are already bald, you might start a new line of pictures to create a feeling of fear – perhaps a large comb with a few hairs in it and “DANGER - are YOU going bald?”

**Ex. 9. Work in groups. You are a marketing team. Choose a product and decide how you want to advertise it: which methods, which images, where, which techniques you will use, which stages you'll follow, etc. When you have decided, write a brief report, saying what you have chosen and why. Hand your report to another group. Read the other group's report and discuss whether you agree or disagree.**

**Ex. 10. Do you agree with the following statements? Discuss them with a partner.**

1. Advertising seems to occur everywhere you go along road sides, on buses and tubes, in newspapers and television.

2. The world is run by advertisements. We live from one new product or "phase" to another.

3. Advertisements make you go out and purchase a product, either instantaneously or by planting a “seed” in your mind that you may act upon later.

4. The quality of the advertisement can depend on whether you purchase the product or not. Television ads are often more elaborate and involve visual stimulation, whilst radio ads are often more tacky and cheap.

5. Advertisements can influence a younger generation.

6. Advertisements that follow a story keep the viewer/potential consumer hooked and keep the product in their mind.

7. Tobacco advertising is bad and banned on television in the UK. Alcohol ads are allowed and are often very cleverly done. It is necessary to ban alcohol advertising.

8. Advertisements can make you imagine that you are someone/or something else.

9. Theme music to advert is often important, especially in car ads. It can sell you the product and they are used both on radio and television.

10. On the whole, I think advertising is good. They are fun to watch, informative, and often better than the television programs themselves.

**Ex. 11. Choose one of the aspects of the topic “Advertising” and write your own essay. The following list of words will help you.**

### ADVERTISING VOCABULARY

adman	рекламный агент
advertising account	заказчик рекламного агентства; заказ на рекламирование чего-либо
advocacy ad	разъяснительно-пропагандистская реклама
aerial ad	«надписи в небе»
billboard	рекламный щит
billing	выручка
bind in	рекламная вставка, вшитый в журнал рекламный материал, обычно представляющий собой или содержащий отрывной бланк, отделенный перфорацией, который нужно заполнить и отослать по почте
blow-in	вложенная реклама, рекламный материал, обычно имеющий форму открытки или буклета, вложенный между страницами журнала

brand	товар, фабричная, торговая марка фирменное название, которое отражает сам дух продукции
brand image	авторитет/имидж торговой марки
brand leader	товар, пользующийся наибольшим спросом
brand loyalty	приверженность покупателя определенной
(brand-stretching)	группе товаров
classified ad	рубричная реклама
clatter	<i>букв.</i> , мешающие сюжеты. Масса реклам- ных и информационных сюжетов, передаваемых в короткие промежутки времени, причем каждый из них соревнуется за внимание слушателя или зрителя.
consumer goods	потребительские товары
consumer market	рынок потребительских товаров
consumer non- durables/disposables	товары кратковременного использования (продовольственные товары, прохладительные напитки, газеты)
core brand	основной продукт фирмы
corporate image	представление о товаре
corporate image ad	престижная реклама
cross-promote	комбинированное стимулирование сбыта
deal-in smth.	торговать определенными товарами в оп- ределенной сфере производства
direct mail / resident mail ad	прямая почтовая реклама
domestic ad	внутренняя реклама
donut	«сэндвич» реклама. Предварительно запи- санный ролик теле- и радиорекламы, внутри которого зарезервировано пустое место для вставки специального рекламного сообщения
drop in	вставка местной рекламы
flier	рекламная листовка
flight	длительность одного из периодов рекламной кампании
follow-up ad	повторная реклама
front-page ad	реклама на первой странице

full-page ad	объявление размером с газетную/ журнальную полосу
generic ad	реклама типа товара
generic name	условное название однотипных изделий
illuminated signs	световая реклама
illustrative ad	изобразительная реклама
jingle	рекламный гимн, куплет
junk mail	макулатурная почта (реклама)
launch	выпуск товара на рынок
low-pressure ad	ненавязчивая реклама
market research	исследование конъюнктуры рынка, то есть соотношения спроса и предложения
marketing	процесс, направленный на покупателя, чтобы тот, в свою очередь, приобрел товар определенной фирмы. Сюда входят разного рода исследования и анализ рынка, поиск потенциальных покупателей и каналов сбыта.
media mix	сочетание средств массовой информации, используемых в рекламной кампании
ooh (out-of-home)	термин, используемый в отношении таких средств распространения рекламы, которые должны быть видны вне дома, но недоступ- ны в доме
own brand	марка торгового посредника
pos (point-of sale) ad	реклама на месте продаж
prime-time ad	реклама в пиковое время. Эфирное время радио и ТВ, в которое аудитория слушателей и зрителей является максимальной по сравнению с другими периодами суток на ТВ это 20:00-23:00 с понедельника по субботу и 19:00-23:00 в воскресенье
promotion	содействие сбыту товара. Как правило, основным инструментом продвижения товара является реклама.
proprietary name	патентованное, фирменное название
qualitative market research	качественное маркетинговое исследование (анализ спроса на определенный товар)



quantitative market research	количественное маркетинговое исследование (оценка численности покупателей определенного товара)
sampling	распространение образцов товара
spot	короткая рекламная вставка в телеэфире
taking product	удешевление известных торговых марок
downmarket	по цене с последующей потерей репутации
teaser	"приманка", предвестник большой рекламной кампании: интригующие предложения, содержащие часть информации для возбуждения интереса
transit ad	реклама в городском транспорте
two-page ad	реклама на развороте

## GLOSSARY

### A

a shot in the arm – стимулирование, поддержка, улучшение  
abroad [ə'brɔ:d] – за границей  
abundance [ə'bʌndənt(s)] – изобилие; избыток  
account for – давать отчет; объяснять; вычислять; составлять  
accounting [ə'kaʊntɪŋ] – отчётность; ведение бухгалтерских книг  
additional costs – дополнительные расходы  
adjust [ə'dʒʌst] – корректировать, устанавливать (сумму)  
annual ['ænjʊəl] – ежегодный; годичный, годовой  
appliance [ə'plaɪənt(s)] – прибор; приспособление, устройство  
artificially – искусственно  
assets ['æsets] – актив(ы); средства; имущество; фонды; капитал  
at the expense of – за счет (кого-л., чего-л.)

### B

balance of payments – платёжный баланс  
behavior [bi'heɪvjər] – поведение  
billboard ['bɪlbɔ:d] – рекламный щит  
borrower ['bɔ:ɡəʊə] – заёмщик; берущий займы  
borrowing ['bɔ:ɡəʊɪŋ] – ссуда; заём; кредит  
branch [brɑ:nʃ] – отрасль, подразделение  
break [breɪk] – прерывать

### C

canny ['kæni] – осторожный, осмотрительный; хитрый  
cash [kæʃ] – наличные деньги  
cash flow ['kæʃ, fləʊ] – движение денежной наличности  
charge [tʃɑ:dʒ] – назначать, запрашивать цену  
charities ['ʃærɪtɪz] – благотворительные дела  
circulation [ˌsɜ:kjə'leɪʃ(ə)n] – тираж  
coal – (каменный) уголь  
commodity [kə'mɒdətɪ] – товар, продукт для продажи  
compete [kəm'pi:t] (with) – соревноваться (с)  
composition [ˌkɒmpə'zɪʃ(ə)n] – состав

conduct (business) [kən'dʌkt] – вести, руководить; проводить  
consume [kən'sju:m] – тратить (деньги); потреблять  
consumption [kən'sʌm(p)ʃ(ə)n] – потребление  
contracting parties [kən'træktɪŋ 'pɑ:tɪz] – договаривающиеся стороны  
convey [kən'veɪ] – сообщать  
costly ['kɒstli] – дорогой, дорогостоящий  
counteract [,kaunt(ə)'rækt] – нейтрализовать  
creativity [kri'eɪtɪvəti] – творчество  
currency ['kʌr(ə)n(t)sɪ] – денежное обращение, деньги, валюта  
current account – текущий счёт  
customer ['kʌstəmə] – покупатель; потребитель; заказчик; клиент  
customize ['kʌstəmaɪz] – модифицировать в соответствии с требованиями заказчика  
cut wages – снижать заработную плату

## D

deal with – иметь дело с, заниматься  
debt [det] – долг  
decision [dɪ'sɪʒn] – решение (сделать что-л.) ; урегулирование  
decrease [dɪ'kri:s] – уменьшаться, убывать, сокращаться  
designation [,deɪzɪ'neɪʃ(ə)n] – обозначение, название, указание  
deteriorate [dɪ'tɪəriəreɪt] – портиться  
dip into – запустить руку (в копилку, банковский счёт и т. п.)  
direct [dɪ'rekt] – направлять  
distribution [,dɪstrɪ'bju:ʃ(ə)n] – распределение; раздача  
domestic [də'mestɪk] – внутренний; находящийся в пределах страны  
domestic trade – торговля внутри страны  
due to – благодаря; вследствие; в результате; из-за

## E

earn [ɜ:n] – зарабатывать  
earnings ['ɜ:niŋz] – прибыль  
editorial stance [,edɪ'tɔ:riəl 'stænt(s)] – редакторская позиция  
efficient [ɪ'fɪʃ(ə)nt] – действенный, результативный, эффективный  
eligible (for) – годный, пригодный, желательный, подходящий, приемлемый  
employment [ɪm'plɔɪmənt] – служба; занятие; работа (по найму)

ensure [m'ʃuə] – гарантировать, обеспечивать  
 enterprise ['entəpraɪz] – (промышленное) предприятие (фабрика, завод) ; фирма, компания  
 equal ['i:kwəl] – равняться, быть равным  
 equilibrium [ˌi:kwi'libriəm] – равновесие, баланс  
 essentially [ɪ'senʃ(ə)li] – в высшей степени; чрезвычайно; по существу дела  
 establish [ɪs'tæbliʃ] – устанавливать  
 evaluate [ɪ'væljuːeɪt] – оценивать; устанавливать стоимость  
 excel [ɪk'sel] – отличаться, выделяться; превосходить, превышать  
 excessive [ɪk'sesɪv] – чрезмерный  
 execute ['eksɪkjʊ:t] – осуществлять  
 exercise ['eksəsaɪz] – использовать  
 expenses [ɪk'spen(t)sɪz] – расходы, издержки  
 expose (to) [ɪk'spəʊz] – подвергать (опасности; воздействию)  
 externalities – внешние эффекты, экстерналии

## F

face value – нарицательная цена, номинальная стоимость  
 fail [feɪl] – потерпеть неудачу; не иметь успеха  
 failure ['feɪljə] – неудача, неуспех, провал  
 flourish ['flaʊrɪʃ] – процветать  
 flow of funds – финансовый поток, поток (денежных) средств  
 fluctuation [ˌflʌktʃu'eiʃ(ə)n] – колебание  
 foodstuffs ['fu:dstʌf] – продовольствие, продукты питания  
 forceless ['fɔ:sləs] – бессильный  
 forecast ['fɔ:kɑ:st] – предсказание; прогноз, прогнозирование  
 foreign ['fɔ:rn] trade – внешняя торговля  
 foreign currencies – иностранная валюта

## G

go without [gəʊ wɪ'dəʊt] – обойтись без  
 goods and services – товары и услуги  
 gross domestic product – валовой внутренний продукт, ВВП

## Н

hoarding ['hɔ:diŋ] – рекламный щит  
hold one's own – сохранять свои позиции  
household ['haʊshəʊld] – (домашнее) хозяйство; двор, дом

## И

i.e. (id est) – то есть  
idle ['aɪdl] – неработающий, неиспользуемый, незанятый  
implement ['ɪmplɪmənt] – выполнять, осуществлять  
in response [ɪn'spɒn(t)s] – в ответ  
income ['ɪŋkʌm] – доход, приход, прибыль; заработок  
increase [ɪn'kri:s] – возрастать, увеличиваться; расти; усиливаться  
influence ['ɪnfluəns(t)s] – влияние, воздействие  
installment [ɪn'stɔ:lmənt] – очередной взнос  
insurance [ɪn'sʊər(ə)n(t)s] – страхование  
integrity [ɪn'tegrəti] – неприкосновенность; целостность  
interaction [ɪntər'ækʃ(ə)n] – взаимодействие  
interest rate – ставка процента, ссудный процент  
intrusive [ɪn'tru:sɪv] – назойливый, навязчивый  
issue, n [ɪʃu:] – выпуск (продукции) ; издание (печатной продукции)  
issue, v [ɪʃu:] – выпускать, издавать; пускать в обращение  
item ['aɪtəm] – отдельный предмет

## К

keep track of – держать в поле зрения

## L

layoff – увольнение из-за отсутствия работы, временное увольнение  
lender ['lendə] – заимодавец, кредитор; ростовщик  
likewise ['laɪkwaɪz] – также; более того  
loan [ləʊn] – заём, ссуда  
loss [lɒs] – убыток, ущерб, потеря  
lump sum – единовременно выплачиваемая сумма

## М

make a profit – получать прибыль  
make decisions – принимать решения  
make money – зарабатывать, "делать" деньги  
manage ['mænidʒ] – руководить, управлять, заведовать;  
manufacture [ˌmænju'fæktʃə] – производить, изготавливать  
market ['mɑ:kɪt] – сбывать  
maturity [mə'ʃʊərəti] – подошедший, наставший срок платежа  
measure ['meʒə] – мера; единица измерения  
merchandise ['mɜ:ʃ(ə)ndaɪz] – товары  
merit ['merɪt] – заслуживать, быть достойным (чего-л.)  
misleading [mɪs'li:diŋ] – обманчивый  
monetary policy – денежная/кредитно-денежная/валютная политика  
money supply – денежная масса [количество денег] (в обращении)

## N

net trade – чистый объем торговли  
numerous ['nju:m(ə)rəs] – многочисленный, множественный

## O

obsolete ['ɒbs(ə)li:t] – устаревший  
outsourcing ['aʊt,sɔ:sɪŋ] – привлечение внешних ресурсов для решения собственных проблем  
overall ['əʊvəɹəl] – полный, общий, от начала до конца  
overheat [ˌəʊvə'hi:t] – развиваться слишком быстрыми темпами

## P

pander ['pændə] – потворствовать  
pay off – расплачиваться сполна; рассчитываться с кем-л.;  
покрывать (долг)  
payment ['peɪmənt] – платёж; взнос, оплата  
per unit – в относительных единицах  
performance [pə'fɔ:mən(t)s] – исполнение, выполнение  
persuade [pə'sweɪd] – убедить  
pervasive [pə'veɪsɪv] – всюду проникающий

placement ['pleɪsmənt] – размещение  
plummet ['plʌmɪt] – резко падать  
poster ['pəʊstə] – плакат, афиша  
preserve [prɪ'zɜ:v] one's existence [ɪg'zɪst(ə)n(t)s] – выжить  
primarily [praɪ'mer(ə)li] – главным образом  
private ownership ['praɪvɪt 'əʊnəʃɪp] – частная собственность  
prize fighter – боксер, который бьется за деньги  
produce ['prɒdju:s] – производить, выпускать; изготавливать  
proffer – предлагать  
profit ['prɒfɪt] – прибыль, доход  
prosper ['prɒspə] – преуспевать, процветать  
provide (with) [prə'vaɪd] – снабжать; доставлять; обеспечивать  
pursue [pə'sju:] – преследовать (кого-л.) ; гнаться, бежать

## R

raise money [reɪz] – добывать деньги, занимать деньги  
raise the price [reɪz] – поднимать (цену)  
raw materials – сырье  
real estate – недвижимость  
recession [rɪ'seɪʃ(ə)n] – рецессия, спад  
redemption value [rɪ'dempʃ(ə)n 'vælju:] – выкупная стоимость  
refusal [rɪ'fju:z(ə)l] – отказ, непринятие  
reliance [rɪ'laɪəns] – зависимость  
rely (on) – надеяться, полагаться (на что-л.)  
repayment – уплата, возмещение, вознаграждение  
research [rɪ'sɜ:ʃ] – исследование  
respond (to) – реагировать (на)  
retaliate [rɪ'tæliət] – ответить (на агрессию, обиду и т. п.) ; мстить  
retirement [rɪ'taɪəmənt] – выход в отставку; уход на пенсию  
return [rɪ'tɜ:n] – отдача, возврат; возмещение  
revenue [ˈrev(ə)nju:] – доход; выручка  
reward, n [rɪ'wɔ:d] – денежное вознаграждение, премия  
reward, v [rɪ'wɔ:d] – награждать, давать награду или денежное  
вознаграждение  
run out (of) – кончаться, иссякать

## S

safety ['seɪftɪ] – безопасность  
sag [sæg] – падение цен  
scarce [skeəs] – ограниченный  
schedule ['ʃedju:l] – планировать  
segment ['segmənt] – сектор  
shareholder [ˈʃeə ˌhəʊldə] – акционер; пайщик, владелец акций  
sign a contract – подписать контракт  
single entity – единое целое  
skilled [skɪld] – искусный, квалифицированный  
slow down – замедлять  
sole-proprietorship – индивидуальное частное предприятие  
spare parts – запасные детали, запасные части  
speed up – ускорять  
spend [spend] – тратить, расходовать (на что-л.)  
spending habits – потребительские привычки  
spot [spɒt] – место  
statement ['steɪtmənt] – отчёт; баланс  
steel [sti:l] – сталь  
stocks – акционерный капитал; основной капитал; фонды  
subliminal advertising [sʌb'limɪn(ə)l] – реклама, основанная на внушении  
subtract [səb'trækt] – вычитать  
sufficient [sə'fɪʃ(ə)nt] – достаточный; обоснованный  
supplement ['sʌplɪmənt] – приложение

## T

take on losses – принять убытки  
tally ['tæli] – итоговое число, итог  
tangible ['tæŋdʒəbl] – вещественный, материальный, реальный  
taxation [tæk'seɪʃ(ə)n] – налогообложение  
techniques [tek'ni:ks] – технические приемы  
thereby [ˌðeə'baɪ] – таким образом  
thing of naught [nɔ:t] – ненужная вещь  
timber ['tɪmbə] – лесоматериалы; строевой лес; древесина  
to a lesser extent – в меньшей степени  
trade [treɪd] – торговля; коммерческая деятельность



trade barriers – торговые барьеры, торговые ограничения  
treaty ['tri:tɪ] – договор, соглашение, конвенция  
tuition [t(j)u'ɪʃ(ə)n] – плата за обучение

## U

undue [ʌn'dju:] – чрезмерный  
unemployment [ˌʌnɪm'plɔɪmənt] – безработица  
unit price – цена за единицу товара (за 1 кг, 1 фунт, за штуку и т. п.)  
utilization [ˌju:tɪlaɪ'zeɪʃ(ə)n] – использование, употребление

## V

value ['vælju:] – ценность; важность  
vanity ['vænəti] – тщеславие  
violate ['vaɪələit] – нарушать, попира́ть, преступать

## W

ware [weə] – товар  
warehouse ['weəhaus] – товарный склад  
wear and tear – износ; амортизация; изнашивание  
whereas [(h)weə'ræz] – тогда как

## Y

yield [ji:ld] – прибыль, доход (от финансовой деятельности, от сбора налогов и т. п.)

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