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Кафедра «Белорусский и иностранные языки»

**М. В. Вержбовская**

## **ИНОСТРАННЫЙ ЯЗЫК (АНГЛИЙСКИЙ)**

**УЧЕБНО-МЕТОДИЧЕСКОЕ ПОСОБИЕ  
для магистрантов неязыковых специальностей  
дневной и заочной форм обучения**

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Ориентирует на развитие и совершенствование изучающего, ознакомительного, просмотрового и поискового видов чтения экономических текстов. Содержит частотный грамматический материал, необходимый для чтения, понимания и извлечения информации из текстов профессиональной направленности. Приводятся упражнения для тренировки грамматических навыков и умений.

Для магистрантов неязыковых специальностей дневной и заочной форм обучения.

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## ПОЯСНИТЕЛЬНАЯ ЗАПИСКА

Электронный документ (ЭД) по дисциплине «Иностранный язык (английский)» предназначен для магистрантов экономических специальностей дневной и заочной форм обучения в качестве дополнительного курса на 2-ой ступени получения высшего образования.

В основу электронного документа положен учебно-методический блок (Unit), нацеленный на подготовку магистрантов к использованию иностранного языка в их профессиональной деятельности, т.е. обучение письменной и устной формам коммуникации. В качестве одной из основных задач при обучении магистрантов иностранному языку остается профессиональное чтение и понимание оригинальной литературы по профилю магистрантов. Учебные материалы ориентируют магистрантов на развитие и совершенствование а) изучающего, б) ознакомительного, в) просмотрового, г) поискового видов чтения экономических/специальных текстов. Данный ЭД состоит из семи разделов и приложения, а именно:

- раздел I «Economic System»;
- раздел II «Macroeconomics and Microeconomics»;
- раздел III «Competition»;
- раздел IV «Types of Business Enterprise»;
- раздел V «Management»;
- раздел VI «Marketing»;
- раздел VII «Money and Banking».

Каждый раздел ЭД содержит частотный грамматический материал, необходимый магистрантам для чтения, понимания и извлечения информации из англоязычных текстов профессиональной направленности. Здесь же приводятся упражнения для тренировки грамматических навыков и умений. В основу отбора грамматического минимума положены данные лингвостатистических исследований, выявляющие наиболее типичные и частотные структуры для научного жанра и стиля речи.

Приложение «My Higher Degree Course» имеет целью формирование у магистрантов навыков монологической и диалогической речи по устной теме «Моя научная работа», предусмотренной программой кандидатского минимума по иностранным языкам.

В соответствии с программными требованиями устная речь предполагает развитие и совершенствование умений и навыков подготовленной и неподготовленной речи по научной работе и специальности магистранта.

Электронный документ рассчитан на два семестра аудиторной и внеаудиторной работы с магистрантами и предназначен для подготовки их к сдаче экзамена по магистерскому курсу английского языка.

## UNIT I

### ECONOMIC SYSTEM

**Read and remember the following words and word combinations:**

1. stock market – фондовый рынок
2. transact – осуществлять сделку
3. consumption – потребление
4. alternative goods – альтернативные товары
5. reconcile – применить, согласовать
6. adjustment – регулирование, поправка
7. ensure – гарантировать, обеспечивать
8. counter – прилавок
9. luxury lunch – роскошный обед
10. cattle – рогатый скот
11. contract – зд. подхватывать (о болезни)
12. remote – отдаленный
13. decision – решение
14. labour – труд
15. scarce – скудный, недостаточный
16. satisfy – удовлетворять
17. executive – исполнительный, административный
18. conversely – наоборот

**Read and translate the text:**

#### TEXT A

#### THE ROLE OF THE MARKET

Markets bring together buyers and sellers of goods and services. In some cases, such as a local fruit stall, buyers and sellers meet physically. In other cases, such as the stock market, business can be transacted over the telephone. We need not go into these details. Instead, we use a general definition of markets.

A market is a shorthand expression for the process by which households' decisions about consumption of alternative goods, firms' decisions about what and how to produce, and workers' decisions about how much and for whom to work are all reconciled by adjustment of prices.

Prices of goods, and of resources, such as labour, machinery and land, adjust to ensure that scarce resources are used to produce these goods and services that society demands.

Much of economics is devoted to the study of how markets and prices enable society to solve the problems of what, how, and for whom to produce. Suppose you buy a hamburger for your lunch. What does this have to do with markets and prices? You chose the cafe because it was fast, convenient and cheap. Given your desire to eat, and your limited resources, the low hamburger price told you that this was a good way to satisfy your appetite. You probably prefer steak but that is more expensive. The price of steak is high enough to ensure that society answers the “for whom” question about lunchtime steaks in favour of someone else.

Now think about the seller's viewpoint. The cafe owner is in the business because, given the price of hamburger meat, the rent and the wages that must be paid, it is still possible to sell hamburgers at a profit. If rents were higher, it might be more profitable to sell hamburgers in a cheaper area or to switch to luxury lunches for rich executives on expense accounts. The student behind the counter is working there because it is a suitable part-time job which pays a bit of money. If the wage were much lower it would hardly be worth working at all. Conversely, the job is unskilled and there are plenty of students looking for such work, so owners of cafes do not have to offer very high wages.

Prices are guiding your decision to buy a hamburger, the owner's decision to sell hamburgers, and the student's decision to take the job. Society is allocating resources – meat, buildings, and labour – into hamburger production through the price system. If nobody liked hamburgers, the owner could not sell enough at a price that covered the cost of running the cafe and society would devote no resources to hamburger production. People's desire to eat hamburgers guides resources into hamburger production. However, if cattle contracted a disease, thereby reducing the economy's ability to produce meat products, competition to purchase more scarce supplies of beef would bid up the price of beef, hamburger producers would be forced to raise prices, and consumers would buy more cheese sandwiches. Adjustments in prices would encourage society to reallocate resources to reflect the increased scarcity of cattle.

## **LANGUAGE PRACTICE**

**1. Answer the following questions to the text:**

1. What do markets do?
2. What process is described by the term “market”?
3. Why do prices adjust?
4. When is it still profitable to sell anything at a profit?
5. How does a society allocate resources into production of any commodity?
6. What way do prices guide the decisions of buyers, owners and workers to buy, to sell and to take a job accordingly?
7. What do adjustments in prices encourage society to do?

**2. Read the following statements and find out what is not true about the role of the market:**

- a) Markets bring together buyers and sellers of goods and services.
- b) People's desire to have steaks for lunch guides resources into hamburger production.
- c) The student behind the counter is working there because it is a suitable part-time job which pays a bit of money.
- d) Much of economics is devoted to the study of how prices are guiding people's decisions.
- e) Adjustment in prices would encourage society to buy more meat products.

**3. Read the following words and word combinations and give definitions:**

- a) market;
- b) price resources;
- c) scarcity;
- d) stock market;
- e) consumption;
- f) adjustment of prices.

**4. Read these sentences and translate them into Russian:**

- a) A market is a shorthand expression for the process by which households', firms' and workers' decisions are all reconciled by adjustment of prices.
- b) Prices of goods, and of resources adjust to ensure that scarce resources are used to produce these goods and services that society demands.

- c) Much of economics is devoted to the study of how markets and prices enable society to solve the problems of what, how, and for whom to produce.
- d) The cafe owner is in the business because, given the price of hamburger meat, the rent and the wages that must be paid, it is still possible to sell hamburgers at a profit.
- e) Society is allocating resources into hamburger production through the price system.
- f) Adjustments in prices encourage society to reallocate resources to reflect the increased scarcity of cattle.

**5. Read the following words and word combinations and find Russian equivalents for them:**

- a) bring together;
- b) local fruit stall;
- c) meet physically;
- d) to be transacted over;
- e) shorthand expression;
- f) scarce resources;
- g) limited resources;
- h) to satisfy one's appetite;
- i) expense accounts;
- j) adjustments in prices.

**6. Questions for the final discussion:**

1. What affects the supply of a particular good or service?
2. How do demand and supply interact to determine prices?
3. How do shifts in demand and supply affect prices?

**TEXT B-1 THE ECONOMIC SYSTEM**

**1. Learn the following English terms and their Russian equivalents:**

1. economic order – экономический строй
2. private enterprise – частное предпринимательство/предприятие
3. controlled economies – нерыночная экономика
4. discretion – свобода действий
5. beneficial services – льготы



6. utility companies – коммунальное предприятие
7. business community – деловые круги
8. full employment – полная занятость
9. equitable distribution – справедливое распределение

**Read the text. Define the main idea of each paragraph:**

There are many forms of economic order, ranging from the mixed private enterprise system to partially or completely controlled economies. Regardless of their form, however, economic system is the system that a society uses for allocation and distribution of scarce resources. Private enterprise means that decisions about what and how much to produce are left to the discretion of owners and managers. In controlled economies such decisions are the responsibility of some governmental agency. There is, of course, no economy today that is completely free of governmental influence, nor is this condition necessarily undesirable. There are many beneficial services and protections available from government. The question then is a matter of degree. Irrespective of the form of economic order, it performs certain valuable functions in the life of organizations of all types.

Among the functions of the economic order the most important one is to provide some means of resource allocation. In a private enterprise this function is basically performed by the price mechanism. This simply means that demand for and supply of goods and services interact to set their market price. In the case of regulated utilities, there are governmental agencies such as public service commissions that determine the rates that may be charged by utility companies. These rates are set at the level that will allow a fair return on investments made by the companies. This form of regulated monopoly is considered, on balance, preferable to unchecked competition. This is true because of efficiency reasons. In taking actions in the area of employment, government is attempting to control the economy in such a fashion as to help the business community operate at the level of production that will yield full employment.

Without a system of distribution economy simply could not exist. A major part of this distribution system is credit. Economy flourishes on credit or extended methods of payment. Such a system literally affects every link in the distribution chain from the supplier of raw materials to the ultimate consumer. Without this vital financing function being performed, the economy would doubtless be forced to a lower order of production.

Economic goals for a nation include price stability, full employment, economic growth, and equitable distribution of income. Price stability contributes to the efficient allocation of resources and facilitates long-term planning. Full employment means that jobs are available for those seeking work. Higher standards of living require increased output per person (economic growth per capita). An equitable distribution of income means that the fruits of the economy are divided in a way that seems fair to the majority of the people. With the long-run trend toward a more sophisticated, highly integrated economic system, it is becoming increasingly important for an individual decision maker to be aware of the macroeconomic environment.

- 1. What is a system?**
- 2. What are three main concepts of a system? What do they imply?**
- 3. What is an economic system?**
- 4. What functions does economic order perform?**
- 5. What do economic goals for a nation usually include?**

## **TEXT B-2 PROLOGUE TO ECONOMICS**

**Read the text. Make up the plan and retell the text using your plan:**

There is almost universal agreement that economies are becoming more complex every year and that an understanding of how an economy works is more important than ever before. For someone who is just beginning to study economics, the task indeed appears to be a difficult one. Economics is the study of the way in which mankind organizes itself to solve the basic problem of scarcity. All societies have more wants than resources, so that a system must be devised to allocate these resources between competing ends. In a very real sense, the complexity of the economy makes it difficult to decide exactly where to start. Simultaneously, production is taking place, goods and services are being allocated, and a great number of market participants are being motivated by a diverse set of goals. In addition, there is the complex financial system in which individuals, firms, and governments borrow and lend funds.

Economics is divided into two major branches: macroeconomics and microeconomics. Macroeconomics is the study of behavior of the economy as a whole with emphasis on the factors that determine growth and

fluctuations in output, employment, and the level of prices. Macroeconomics studies broad economic events that are largely beyond the control of individual decision makers and yet affect nearly all firms, households, and other institutions in the economy. Specialists in macroeconomics are particularly interested in understanding those factors that determine inflation, unemployment, and growth in the production of goods and services. Such an understanding is necessary in order to develop policies that encourage production and employment while controlling inflation.

The other major branch of economics is microeconomics. Microeconomics is the study of behavior of individual units within the economy. The division of economics has resulted from the growing complexity and sophistication of economic research.

These two approaches and the topics they include are in fact interdependent. Individuals and firms make their decisions in the context of the economic environment, which has an impact on the constraints the decision makers face as well as their expectations about the future. At the same time, when taken as a whole, their decisions determine the condition of the overall economy. A good understanding of economic events and an ability to forecast them require knowledge of both individual decision making and the way in which individuals react to changes in the economic environment.

- 1. Economies are becoming more complex every year. Why?**
- 2. What is the main division of economics?**
- 3. What is macroeconomics «responsible for»?**
- 4. What does microeconomics deal with?**

## **GRAMMAR IN USE**

### **Страдательный залог (The Passive Voice)**

Страдательный залог показывает, что действие, выраженное сказуемым, направлено на подлежащее.

Формы глагола в страдательном залоге образуются при помощи вспомогательного глагола **to be** в соответствующем времени и III формы смыслового глагола. Таким образом, изменению подлежит только вспомогательный глагол **to be**, а форма смыслового глагола остается неизменной.

**Таблица видовременных форм  
глаголов в страдательном залоге**

	Simple (to be + Participle II)	Continuous (to be + being + Participle II)	Perfect (to have + been + Participle II)
Present	I <b>am</b> He <b>is</b> <b>invited</b> They <b>are</b>	I <b>am</b> He <b>is</b> <b>being</b> <b>invited</b> They <b>are</b>	I <b>have</b> He <b>has</b> <b>been</b> <b>invited</b> They <b>have</b>
Past	I <b>was</b> He <b>was</b> <b>invited</b> They <b>were</b>	I <b>was</b> He <b>was</b> <b>being</b> <b>invited</b> They <b>were</b>	I <b>had</b> He <b>had</b> <b>been</b> <b>invited</b> They <b>had</b>
Future	I <b>shall</b> He <b>will</b> <b>be</b> <b>invited</b> They <b>will</b>	_____	I <b>shall</b> He <b>will</b> <b>have</b> <b>been</b> <b>invited</b> They <b>will</b>
Future-in-the-Past	I <b>should</b> He <b>would</b> <b>be</b> <b>invited</b> They <b>would</b>	_____	I <b>should</b> He <b>would</b> <b>have</b> <b>been</b> <b>invited</b> They <b>would</b>

При образовании вопросительной формы первый вспомогательный глагол становится перед подлежащим: *Am I invited? Shall I be invited?*

При образовании отрицательной формы частица **not** ставится после первого вспомогательного глагола: *I am not invited. I shall not be invited.*

**Подлежащее** при сказуемом в страдательном залоге переводится существительным (местоимением) не только в именительном, но и в косвенном падеже (с предлогом или без).

**Сказуемое** в страдательном залоге переводится:

1. Глаголом «быть» и кратким страдательным причастием с суффиксом -н- или -т-, т. е. русским страдательным залогом.
2. Глаголом, оканчивающимся на «-ся», «-сь», в соответствующем времени, лице и числе.
3. Глаголом действительного залога в соответствующем времени, 3-м лице мн. числа, являющимся частью неопределенно-личного предложения.
4. Глаголом действительного залога в соответствующем времени при наличии дополнения с предлогом «by» или «with».

## EXERCISES

### 1. Transform the sentences from Active into Passive:

1. The speaker *stressed* the importance of the Congress.
2. This actor *will play* the part of Hamlet.
3. The students *have learnt* a lot of new English words.
4. The director himself *answered* the phone.
5. Somebody *recommended* me to see that doctor.
6. They *had eaten* all the dinner before they *finished* the conversation.
7. Somebody *has locked* the box and I cannot open it.
8. Our friends *are making* special preparations.
9. The teacher *asked* the student to tell the story once again.
10. We *shall receive* the answer in two days.
11. The fire *destroyed* many valuable paintings.
12. An electric fire *warms* the room.

### 2. Fill in each blank with the necessary form of the verb in the Passive Voice:

1. The papers ... just by the dean (to sign).
2. The newspapers ... already by me (to look through).
3. The proposal ... by that time (to discuss).
4. The invitation ... tomorrow (to send).
5. The communique? ... by 6 o'clock (to publish).
6. The new plan of the reconstruction of the town ... still (to work out).
7. The treaty ... tomorrow (to sign).
8. I knew that he ... to go out as he was not well (not to allow).
9. He left the hall when the first item of the agenda ... still (to discuss).
10. He could not understand why he ... by nobody for such a long time, (to visit).
11. What is going on here? – The results of the exam (discuss) by the students.
12. I just (offer) a ticket for the concert.
13. The article (to translate) by the time you return.

### 3. Translate the sentences and put questions to the words given in bold type:

1. English is spoken **in many countries** of the world. 2. The problem has been settled **by the signing of the communique?** 3. A lecture will be delivered **at 2 o'clock tomorrow**. 4. **A new rule** is being explained now. 5. New underground lines are being built **in the city**. 6. **The question of establishing a system of collective security** has been raised. 7. Much **had been learnt** by the end of the term. 8. **Many** new books are being received by our library. 9. The telegram will have been delivered **before they ring him up**.

**4. Translate the following sentences into Russian:**

1. My letter of complaint was answered at once. 2. We were joined by a group of our students in the Crimea. 3. These events were followed by a wave of strikes. 4. The lecture on marketing was attended by many students. 5. The terms were agreed upon. 6. We hope that an agreement will be arrived at. 7. He was listened to attentively. 8. This problem was not spoken about. 9. The doctor will be sent for at once. 10. This book on theory of Economics was often referred to.

**5. Put the verbs in brackets into the correct tense form:**

1. This piece of music (to know) to me. But it never (to play) so wonderfully before. 2. When I came into the cinema, a new film (to show). 3. It is raining and football (not, to play). 4. The students (to work) at the laboratory the whole evening yesterday. 5. Nick was late for the party, so when he came into the room all the guests (to introduce) to each other, some of them (to dance) and some (to sing) in the next room. 6. The mother (to tell) not to worry about her sick boy. He (to examine) soon by the doctor. 7. We (to discuss) the problem already when you came. 8. The weather changed for the worst. It (to rain) heavily. The windows (to break) by the strong wind.

**6. Transfer the verbs in brackets into the correct tense form:**

1. Don't enter the room! A student (to examine) there. 2. The event (to report) to the newspapers before they arrived home. 3. After the accident he (to take) home immediately. 4. The letter (to type) by the typist when I came in. 5. I am sure that his work (to complete) by the end of the month. 6. Some new magazines just (to bring). Would you like to look them through? 7. The exercises usually (to correct) by the teacher at home. 8. I can't show you my written work as it not (to return) by my teacher.

9. Many new houses (to build) in our town lately. 10. The goods not (to examine) yet at the custom-house. When they (to examine)?

**7. Translate into Russian:**

1. He was shown the way to the station. 2. She was told the news when she I returned home. 3. They were offered the goods at a low price. 4. Children are taught foreign languages at school. 5. They are paid twice a month. 6. He was offered some interesting work. 7. He was promised immediate help. 8. The buyers were granted a credit of six months.

**8. Change the Active constructions into the Passive ones:**

1. Everybody *objected* to his proposal. 2. We *sent for* the broker as soon as the telegram arrived. 3. I think that we *can rely on* this information. 4. They *insisted on* these terms and conditions. 5. Do you think that we *can rely on* these figures? 6. I am afraid that they *will not arrive* at an agreement. 7. I am sure that the newspapers *will comment* on this event. 8. I am sure that nobody *will object* to this plan.

**9. Translate into English:**

1. Какой вопрос сейчас обсуждается? – Обсуждается работа нашего научного общества. 2. Ее можно видеть в библиотеке каждый день. 3. Когда будет открыта новая бизнес-школа? 4. Мне предложили работу бухгалтера. 5. За последнее время в нашем городе построено мало красивых зданий. 6. В этой школе преподается экономика и экология. 7. Какие достопримечательности города будут показаны туристам?

**VOCABULARY AND GRAMMAR REVIEW**

**Read and translate the text with the help of the dictionary:**

**THE COMMAND ECONOMY, THE FREE MARKET ECONOMY,  
THE MIXED ECONOMY**

The Command Economy

To highlight the role of markets and prices, we now ask how resources might be allocated if markets did not exist. One example is a command economy.

A command economy is a society where the government makes all decisions about production and consumption. A government planning office decides what will be produced, how it will be produced, and for whom it will be produced. Detailed instructions are then issued to households, firms, and workers.

Such planning is a very complicated task, and there is no complete command economy where all allocation decisions are undertaken in this way. However, in many countries, for example in the Soviet bloc, there was a large measure of central direction and planning. The state owned factories and land, and made most important decisions about what people should consume, how goods should be produced, and how much people should work.

To appreciate the immensity of this task, imagine that you had to run by command the city in which you live. Think of the food, clothing, and housing allocation decisions you would have to make. How would you decide who should get what and the process by which these goods and services would be produced? Of course these decisions are being made every day in your own city, but chiefly through the allocative mechanism of markets and prices.

#### The Invisible Hand or Free Market Economy

Markets in which governments do not intervene are called free markets. Individuals in free markets pursue their own interests, trying to do as well for themselves as they can without any government assistance or interference. The idea that such a system could solve the what, how, and for whom problems is one of the oldest themes in economics, dating back to Adam Smith, the famous Scottish philosopher-economist whose book *The Wealth of Nations* (1776) remains a classic. Smith argued that individuals pursuing their self-interest would be led «as by an invisible hand» to do things that are in the interests of society as a whole.

Suppose you wish to become a millionaire. You play around with new ideas and invent a new good, perhaps the television, the motor car or the hand calculator. Although motivated by our own self-interest, you make society better off by creating new jobs and opportunities. You have moved society's production possibility frontier outwards – the same resources now make more or better goods – and become a millionaire in the process. Smith argued that the pursuit of self-interest, without any central direction, could produce a coherent society making sensible allocative decisions.



This remarkable insight has been studied at length by modern economists.

### The Mixed Economy

The free market allows individuals to pursue their self-interest without any government restrictions. The command economy allows little scope for individual economic freedom since most decisions are taken centrally by the government. Between these two extremes lies the mixed economy.

In a mixed economy the government and private sector interact in solving economic problems. The government controls a significant share of output through taxation, transfer payments, and the provision of goods and services such as defence and the police force. It also regulates the extent to which individuals may pursue their own self-interest.

In a mixed economy the government may also be a producer of private goods such as steel or motor cars. Examples of this in the UK include the nationalized industries such as railways and coal.

Most countries are mixed economies, though some are close to command economies and others are much nearer the free market economy. Even the Soviet Union allowed consumers some choice over the goods they bought. Private agricultural markets co-existed with centrally organized «collectives». Conversely, even countries such as the United States which espouse more enthusiastically the free market approach, still have substantial levels of government activity in the provision of public goods and services, the redistribution of income through taxes and transfer payments, and the regulation of markets.

## EXERCISES

**1. Look through the text to find the English equivalents of the following terms and give the sentences with them:**

удивительная сущность

подчеркнуть роль

выпуск продукции

трансфертный платеж

принадлежащий государству

регулировать размер чего-либо

механизм распределения

сосуществовать с чем-либо

**2. Find the sentences in the text that correspond to the following statements:**

1. A command economy is a society where the government makes all decisions about what will be produced, how it will be produced, and for whom it will be produced.
2. It is not an easy thing to perform planning, that is why there is no complete command economy. But in some countries there is a large measure of central direction and planning.
3. Individuals in free markets are able to pursue their own interests without any government interference.
4. In a mixed economy the government and private sector work closely together to solve economic problems.
5. Different countries are closer to this or that type of economic system.

### 3. Answer the questions:

1. What is the name for the society where markets do not exist?
2. What kind of economy can we nominate as a command one?
3. What is a free market?
4. What kinds of problems does a free market economy solve?
5. What can you tell about Adam Smith's famous idea?
6. What are the features of mixed economy?
7. What way does the government control the output?
8. What are the examples of mixed economies?

### TEST

1. The papers ... by the Managing Director yet. He is on a business trip.
 

a. haven't been signed	c. haven't signed
b. aren't signed	d. weren't signed
2. The details of the deal ... at the board meeting now.
 

a. are finalized	c. have been finalized
b. are being finalized	d. are finalizing
3. A new government ... to overcome the economic slump.
 

a. formed	c. was formed
b. has formed	d. have been formed
4. Promotional gifts ... at the presentation.
 

a. is handed out	c. has been handed out
b. will be handed out	d. have handed out

5. A discount may ... to make a consumer pay immediately.
- |                      |                    |
|----------------------|--------------------|
| a. have been offered | c. will be offered |
| b. is offered        | d. be offered      |
6. The stock exchange ... twice a day.
- |                   |                  |
|-------------------|------------------|
| a. is monitored   | c. has monitored |
| b. were monitored | d. will monitor  |
7. The mail ... yet.
- |                         |                         |
|-------------------------|-------------------------|
| a. hasn't received      | c. wasn't received      |
| b. hadn't been received | d. hasn't been received |
8. To improve the effectiveness of marketing strategy a market ... into separate definable elements.
- |              |                   |
|--------------|-------------------|
| a. has split | c. is split       |
| b. splits    | d. has been split |
9. This model is of a new design and only a few units ... so far.
- |                           |                     |
|---------------------------|---------------------|
| a. have been manufactured | c. are manufactured |
| b. were manufactured      | d. had manufactured |
10. The financial status of an enterprise ... in its financial account.
- |                  |                        |
|------------------|------------------------|
| a. is reflected  | c. is being reflected  |
| b. has reflected | d. was being reflected |

## UNIT II

### MACROECONOMICS AND MICROECONOMICS

**Read and remember the following words and word combinations:**

1. deliberately – умышленно, обдуманно
2. gross domestic product (GDP) – валовой внутренний продукт (ВВП)
3. national income – национальный доход
4. personal income – личный доход
5. personal disposable income – личный доход после уплаты налогов
6. business cycle – экономический цикл
7. labour shortage – нехватка рабочей силы
8. breakdown – распределение, классификация
9. bundle – набор, множество
10. aggregate – совокупный
11. on average – в среднем
12. reveal – показывать
13. consumer goods – потребительские товары
14. coverage – охват, освещение (*в СМИ*)
15. total output – общий объем производства
16. aggregate price level – общий уровень цен
17. unemployment rate – уровень безработицы
18. labour force – рабочая сила
19. landed gentry – дворянство; *зд. пренебр.* господа
20. aggregate unemployment rate – общий уровень безработицы

**Read and translate the text:**

#### TEXT A

#### WHAT IS MACROECONOMICS?

Macroeconomics emphasizes the interactions in the economy as a whole. It deliberately simplifies the individual building blocks of the analysis in order to retain a manageable analysis of the complete interaction of the economy.

For example, macroeconomists typically do not worry about the breakdown of consumer goods into cars, TV sets, calculators. They prefer to treat them all as a single bundle called “consumer goods” because they are more interested in studying the interaction between households' purchases of consumer goods and firms' decisions about purchases of machinery and buildings.

As these macroeconomic concepts are intended to refer to the economy as a whole, they tend to receive more coverage on television and in the newspapers than microeconomic concepts, which are chiefly of interest to those who belong to the specific group in question. To give an idea of the building blocks of macroeconomics, we introduce three concepts which you have probably read about in the newspapers or seen discussed on television.

Gross domestic product (GDP) is the value of all goods and services produced in the economy in a given period. GDP is the basic measure of the total output of goods and services in the economy.

The aggregate price level is a measure of the average level of prices of goods and services in the economy, relative to their prices at some fixed date in the past.

There is no reason why the prices of different goods should always move in line with one another. The aggregate price level tells us what is happening to prices on average. When the price level is rising, we say that the economy is experiencing inflation.

The unemployment rate is the percentage of the labour force without a job. By the labour force we mean those people of working age who in principle would like to work if a suitable job were available. Some of the landed gentry are of working age but have no intention of looking for work. They are not in the labour force and should not be counted as unemployed.

In 1970s, economic interactions within and between national economies led to substantial inflation rates. In 1980s, most Western economies faced sharp rises in the aggregate unemployment rate. Macroeconomists wish to understand how interactions within the economy can lead to these outcomes and whether government policy can make any difference.

## **LANGUAGE PRACTICE**

### **1. Answer the following questions to the text:**

1. What does macroeconomics emphasize?
2. What do macroeconomists study?
3. Why do macroeconomics concepts receive more coverage in media?
4. What does a notion «GDP» mean?
5. What does the term «aggregate price level» denote?
6. What term do economists apply to name people of working age?

**2. Read the following statements and find out what is not true about macroeconomics:**

- a) Macroeconomics deals with global questions only.
- b) Landed gentry are those who have no chance to find a job on speciality.
- c) Government policy always makes some effects on the national economy.
- d) Macroeconomic analysis shows the development of the economic theory.
- e) GDP tells us what is happening to prices on average.
- f) The aggregate price level is the basic measure of the total output of goods and services in the economy.

**3. Read the following words and word combinations and give definitions:**

- a) macroeconomics;
- b) breakdown;
- c) gross domestic product;
- d) aggregate price;
- e) labour force;
- f) inflation rate;
- g) unemployment rate.

**4. Read the sentences and translate them into Russian:**

- a) Macroeconomics examines questions such as how fast the economy is running; how much overall output is being generated.
- b) It also seeks solutions to macroeconomic problems such as how employment can be increased, and what can be done to increase the output of goods and services.
- c) We can see from the aggregate price level what is happening to prices on average: when the price level is rising, the economy is experiencing inflation.

d) By the labour force we mean those people of working age who are ready to work if a suitable job is available.

**5. Find Russian equivalents to the following English word combinations:**

- a) building blocks;
- b) consumer goods;
- c) aggregate price level;
- d) unemployment rate;
- e) labour force;
- f) landed gentry;
- g) aggregate unemployment;
- h) purchase;
- i) household;
- j) group in question.

**6. Work in pairs or small groups. Think and say if you are able to answer the following macroeconomic questions:**

- 1. What does it happen when the price level is rising?
- 2. Is it possible for macroeconomists to realize how interactions within and between the economies can lead to such outcomes as inflation and unemployment?

**TEXT B-1**

**MACRO ENVIRONMENT**

**1. Learn the following English terms and their Russian equivalents:**

- 1. constraint – ограничение
- 2. consumer client group – потребительская группа
- 3. accepted behavior patterns – принятые формы поведения
- 4. culture-bound – имеющий культурные ограничения
- 5. common practice – обычай
- 6. transfuse – передавать; пропитывать
- 7. recreational areas – зоны отдыха
- 8. red tape – бюрократия, волокита
- 9. feasible – реальный, осуществимый
- 10. facet – аспект, сторона
- 11. ultimate – последний, завершающий

**Read the text. Be ready to define the key sentence(s) of each paragraph. Explain your choice:**

Macro environment is the network of systems composed of culture, political and economic forces, technology, skill mixes, and consumer groups; a source of opportunities and constraints for the organization. Once the organization has built its product or defined its service, it must distribute it to consumer client groups who have wants and needs that they attempt to satisfy through the consumption of such products and services.

Every organization exists within an extensive and complex environmental network. Organizational environment refers to all groups, norms, and conditions with which an organization must deal. It includes such things as the political, cultural, economic, religious, educational, and the like systems that affect an organization and which are in turn affected by it.

*Culture*, composed of values, norms, artifacts, and accepted behavior patterns, affects the way the organization is formed and how it operates. Indeed, one must recognize that all of the decisions made in an organization are culture-bound; i.e., they are a reflection of all these components of culture. Societal norms are those standards that mold behavior, attitudes, and values of those members who constitute a society. They come from laws, customs, religious teachings, and common practice. They are standards because members take them into account in their decisions and behavior. Dress, speech, what is considered to be in good taste, and the general understanding of what is right and wrong are all affected by societal norms. At the same time, almost every institution in a society is capable of transfusing some of its values, norms, and behavior patterns into its environment. Organizations can hardly afford to ignore such a vital ingredient in its macro environment.

*Political forces* are classified as the form and role of government in a society. The source of law and other regulations that restrict or at least affect the organization, the political system is also the source of a rich variety of services for the organization. These services range from fire and police protection to the provision of recreational areas. When one thinks of the governmental sector, one might be likely to think of its negative connotation and red tape. Although there is an element of restriction originating from the political sector, it is by no means dominant. Even though the presence of the political system has served to complicate



management's job, it has also made it easier at the same time. By knowing that all similar organizations must observe the same rules and regulations, managers can experience an element of certainty in their activity. They know that they have a source of protection and redress when violations do occur.

The political system is coupled with the *economic system*. The type of economy a society has can range from private enterprise to planned economy. Whatever its form, the economic system is concerned with the allocation of scarce resources and the provision of some form of distribution. It is, in practice, quite difficult to separate the political and economic systems from each other.

The macro environment is also the source of *technology* – the machines, techniques, and methods required for production and distribution. To be able to compete successfully, organizations must have access to modern technology. It is simply not feasible for an organization to compete unless an adequate level of technology is available to it. It can be safely stated that organization success is measured by the ability of the organization to adjust to and to employ technological innovations. Among their responsibilities, managers today must count the obligation to maintain a spirit of creativity and ingenuity among members so that continued progress on the technological front can be made. The ever-growing shortages of resources of all types are but one indication of the seriousness of this obligation.

*Skill mix* in the labor force is likewise an important facet of an organization's macro environment. All organizations depend to some extent on a supply of labor that possesses the skill and ability to perform the work necessary to attain objectives. Consequently, labor market conditions and skill mixes are crucial to success.

*The consumers* are the ultimate arbiters of the organization's success, for it is they who make the critical choices to consume or not to consume an organization's output. Without the income (in whatever form) that results from this consumption, the organization is doomed to a relatively short life. This means that managers must be more aware of and sensitive to the total environmental complex of their organization in order to develop and implement plans for successfully coping with it.

**1. What is macro environment?**

**2. Why is macro environment called a source of constraints and opportunities for an organization?**

### 3. What is «the most influential element» of the environment?

#### 2. Write a short summary of the text.

You may use the phrases like:

- a) It is well-known, that ....
- b) A large number of ....
- c) It is believed that ....
- d) As the practice shows ....
- e) The latest studies say, that ....

#### TEXT B-2

**Read the following text. Define its main topic. Divide the text into logical parts. Give the title to the text and to each part. Explain the meanings of the words and phrases which have been highlighted:**

The study of economics would be incomplete without understanding of the nation's role in the world economy. The study of the world economy is known as "international economics". **International economics** embraces two broad areas of interest: **international trade** and **international finance**. World trade has been gaining increasing significance among nations. Why do nations trade? The answer is that nations have different quantities and qualities of economic resources and different ways of combining them. As a result, each country can produce certain goods more efficiently, or at relatively lower costs, than others. This idea can be stated somewhat differently. Imagine a world consisting of only two countries, each producing the same goods. Under such circumstances, the alternative or **opportunity cost** to each country of producing more of one good is the amount of the second good that must be sacrificed. In view of this, which of the two goods should the countries produce? The answer is that each should **specialize**. When two parties engage, the sacrifice that each makes to obtain something from the other is called the "terms of trade". For example, in order to buy a book, you might have had to give up five visits to the movies. Your terms of trade, therefore, are 5 movies = 1 book. The **terms of trade** for a given transaction equal the number of units of goods that must be given up for one unit of goods received by each party to the transaction. Or in other words, terms of trade are defined as the ratio of the prices of its export

commodity to the price of its import commodity. Despite the fact that trade is of great importance for each nation, all countries impose restrictions of one form or another to protect some of their domestic industries. The restrictions may be of several types: **tariffs, import quotas, nontariff barriers**. Tariffs are **customs duties** or taxes imposed by a government on the importation of a good. Tariffs may be (1) specific, in the form of a tax per unit of the commodity, or (2) **ad valorem**, based on the value of the commodity. Import quotas are laws that limit the number of units of a commodity that may be imported during a specified period. Nontariff barriers are any laws or regulations, other than tariffs, that nations impose in order to restrict imports. For instance, to “protect the health and safety” of their citizens, many countries establish higher standards of quality for various kinds of imported goods than for similar goods produced domestically.

## GRAMMAR IN USE

### Категория наклонения (The Category of Mood)

Наклонение – грамматическая категория глагола, выражающая отношение между содержанием высказывания и действительностью. В английском языке 3 наклонения: **изъявительное (Indicative), повелительное (Imperative) и сослагательное (Subjunctive)**.

1. *Изъявительное наклонение* выражает действие, представляемое как реальный факт.

He came home late yesterday. – Вчера он пришел домой поздно.

2. *Повелительное наклонение* выражает действия, совершаемые по просьбе, приказанию, совету.

Pass the dictionary, please. – Передайте, пожалуйста, словарь.

3. *Сослагательное наклонение* выражает действия, не соответствующие действительности, а также действия, возможные или желательные, которые могли бы совершиться при определенных условиях.

If I knew English, I would help you. – Если бы я знал английский язык, я бы помог тебе.

I wish I knew English. – Жаль, что я не знаю английского.

Сослагательное наклонение	
Аналитические формы	Синтетические формы

настоящее/ будущее	прошедшее	настоящее/ будущее	прошедшее
should would ask might (V1) could	should would have might asked could (V3)	ask/be (V1) asked/were (V2)	had asked (V3) had been (V3)
Употребление: сказуемое			
В простых предложениях и главных в составе сложноподчиненных: He <u>would rather go</u> by car. I <u>should ask</u> He <u>would have asked</u>		В простых предложениях и условных придаточных: if I <u>were</u> there. if he <u>had been</u> there.	
<p style="text-align: center;">В трех типах придаточных предложений:</p> <p>1) подлежащих (<i>it is necessary, it is desirable, it is possible, etc</i>). It is necessary that he (<u>should</u>) do it.</p> <p>2) дополнительных (<i>to order, to demand, to suggest, to recommend, etc</i>). He demanded that <u>we (should) do</u> it.</p> <p>3) цели (<i>so that, lest</i>). She must hurry lest she (<u>should</u>) be late.</p>			
<p>После глагола <i>to wish</i> (wish-clauses) I wish he <u>would be/were</u> a manager.</p>			

### Условные предложения (Conditional Sentences)

В английском языке существует три типа условных предложений. Условное предложение **I типа** (Conditional I) отражает вероятные условия, относящиеся к настоящему или будущему времени.

If they offer me the job I will accept it.

Если мне предложат эту работу, я согласюсь.

Условное предложение **II типа** (Conditional II) отражает маловероятные условия, относящиеся к настоящему или будущему времени.

If they offered me the job I would accept it.

Если бы мне предложили эту работу, я бы согласился (*но я не думаю, что мне ее предложат*).

Условное предложение **III типа** (Conditional III) отражает нереальные условия, относящиеся к прошлому.

If they had offered me the job I would have accepted it.

Если бы мне предложили эту работу, я бы согласился (но мне ее не предложили).

Тип предложения	Придаточное условное предложение	Главное предложение
I тип (Переводится будущим временем)	Present Simple  <u>If he works</u> hard Если он <u>будет</u> усердно <u>работать</u> ,	Future Simple  he <u>will pass</u> the exam. он <u>сдаст</u> экзамен
II тип (Переводится глаголом в прошедшем времени с частицей «бы»)	Past Simple  <u>If he worked</u> hard Если <u>бы</u> он <u>работал</u> усердно,	Should (would, could, might) + Indefinite Infinitive без “to”  he <u>would pass</u> the exam. он <u>сдал бы</u> экзамен.
III тип (Переводится так же, как II тип)	Past Perfect  <u>If he had worked</u> hard last term Если <u>бы</u> он <u>работал</u> усердно в прошлом семестре,	Should (would, could, might) + Perfect Infinitive без “to”  he <u>would have passed</u> his exam.  он <u>сдал бы</u> экзамен.

Условные придаточные предложения вводятся союзами *if* (если), *unless* (если не), *in case* (в случае если), *provided* (при условии). Возможно также бессоюзное подчинение условных предложений, в этом случае в начале предложения присутствует глагол “*should*”, “*were*” или “*had*”.

Had I known about the meeting I would have come.

Если бы я знал о собрании, я бы пришел.

Should he call, ask him to leave the message for me.

Если он позвонит, попросите его оставить для меня сообщение.

## EXERCISES

**1. Translate the following sentences paying attention to the Subjunctive Mood:**

1. It is desirable that the project should be finished in time. 2. The production manager demands that the workers should increase their productivity. 3. In this case it is not necessary that the scientist should carry out a set of experiments. 4. I wish I had passed my driving test. But unfortunately I failed. 5. There was danger lest the new business plan become known to our rivals. 6. An engineer ordered that the equipment should be repaired. 7. He wished it were the weekend already. He was so tired. 8. One should be very careful so that the packing should be as uniform as possible. 9. It is important that trade should be in balance and the foreign exchange market should be in equilibrium.

**2. Change the sentences according to the model. Translate them:**

*Model: If you arrange English classes, they will attend them.*

*If you arranged English classes, they would attend them.*

*If you had arranged English classes, they would have attended them.*

1. If you *explain* me the rule, I *shall understand* this task. 2. If he *stays* abroad long, we *shall miss* him. 3. If you *have* problems with English, your teacher *will consult* you. 4. If he *invites* me, we *shall discuss* our agreement. 5. If they *organize* international exhibition, our company *will take part* in it. 6. If you *read* job vacancies, you *will find* the required information. 7. If you *work* efficiently, you *will perform* the job successfully.

**3. Write sentences using the 2<sup>nd</sup> type of conditionals. Translate the sentences:**

*Example: I am not rich. I don't have a big house.*

*If I were rich, I would have a big house.*

1. He *doesn't speak* English. He *won't work* at the branch located in Britain. 2. Mary *gets up* late in the morning. She *is not* a fortunate business lady. 3. Mr. Smith *isn't* an efficient manager. He *doesn't make* a progress. 4. Students *have no* problems with their studies. They *won't consult* a teacher. 5. I *don't know* where to spend holidays. I *ll stay* at home.

**4. Write sentences using the 3<sup>rd</sup> type of conditionals. Translate the sentences:**

1. If I *have* an interview, I'll *get* a new job. 2. If I *become* the president of the company, I'll *increase* the profit. 3. If you *arrive* in our country, I'll *be* your guide. 4. If she *attends* practical classes at the English courses, she'll *pass* an exam. 5. If he *recruits* this applicant, the department *will be* profitable.

**5. Translate from English into Russian:**

1. If incomes are rising, the demand for most goods and services will tend to increase. 2. If the price of butter fell, the demand for margarine would probably fall. 3. If the supplier of such a commodity raised the price, many buyers would turn to the close substitutes. 4. If demand were inelastic, the movement of the supply curve would lead to a relatively large fall in price. 5. If the consultant had done more careful research, he would have identified the gap in the market. 6. We would be very grateful if you sent us the information as soon as possible. 7. If the government hadn't introduced the tax incentive scheme, we would have faced serious financial difficulties. 8. Unless we reach break-even point within six months, we will have to ask for another bank loan.

**6. Rewrite the following as conditional sentences:**

1. The government must take appropriate measures to decrease the unemployment. 2. He was always late for work, that is why he was sacked. 3. The company lost a lot of money because their competitors reduced prices. 4. We should spend more on advertising, then our products will sell better. 5. The workers went on strike because their wages were inadequate. 6. We can order more goods, they will give us a discount. 7. He refused to take the job because the salary was not high enough. 8. He would sign the agreement but he does not like some of the terms.

**7. Put the verb in brackets in the appropriate form:**

1. If we increased production volume we (benefit) from a more economic batch size. 2. If we had installed the equipment, we (become) more competitive. 3. If a government cuts taxation, it (gain) a lot of popular support. 4. We (beat) the price increases if we made the investment now. 5. If the radicals (make) the government more responsible they would have wasted their time. 6. If the market for our products (expand) we will have a 20 per cent increase in turnover next year. 7. We would have to reduce our workforce if the bank (refuse) to extend our credit. 8. If wages rise, unemployment (increase).

### **8. Paraphrase the sentences:**

1. Were I in the city, I would attend the lecture. 2. Had he pointed out all the drawbacks, we should have found ways to solve the problem. 3. Had the agent defaulted on the agreement, we would have taken legal action. 4. Had I known that I wouldn't have said anything. 5. Should the guests come earlier, no one will be here to greet them. 6. Were I responsible for this job, I would do it another way. 7. Should the supplier raise the price we would have to buy from another one.

### **9. Translate from Russian into English:**

1. Если они предложат мне эту работу, я соглашусь. 2. Если вы заплатите заранее, мы снизим цену на 2 процента. 3. Если бы он не опоздал вчера на собрание, он бы знал, о чем там говорили. 4. Если бы он получил ваше письмо, он приехал бы раньше. 5. Если бы я последовала совету своего друга, я бы продолжала занятия наукой. 6. Если бы она была здесь, она бы дала вам другой совет. 7. Если бы студенты посещали занятия регулярно в прошлом семестре, они сдали бы экзамен успешно.

### **10. Translate the situations into Russian and answer the questions:**

1. If you found a wallet in the street with 1,000 dollars, what would you do?  
2. If you saw a fight in the street, what would you do?  
3. If you came home and found someone burgling your house, what would you do?  
4. If you were offered two jobs, one of them was interesting but badly paid, and the other was boring, but well paid, which one would you accept?

## **VOCABULARY AND GRAMMAR REVIEW**

### **Read and translate the text with the help of the dictionary:**

### **MICROECONOMICS**

Many economists specialize in a particular branch of the subject. Labour economics deals with problem of the labour market as viewed by firms, workers, and society as a whole. Urban economics deals with city



problems: land use, transport, congestion, and housing. However, we need not classify branches of economics according to the area of economic life in which we ask the standard questions “what”, “how”, and “for whom”. We can also classify branches of economics according to the approach or methodology that is used. The very broad division of approaches into microeconomic and macroeconomic cuts across the large number of subject groupings cited above.

Microeconomic analysis offers a detailed treatment of individual decisions about particular commodities.

For example, we might study why individual households prefer cars to bicycles and how producers decide whether to produce cars or bicycles. We can then aggregate the behaviour of all households and all firms to discuss total car purchases and total car production. Within a market economy we can discuss the market for cars. Comparing this with the market for bicycles, we may be able to explain the relative price of cars and bicycles and the relative output of these two goods. The sophisticated branch of microeconomics known as general equilibrium theory extends this approach to its logical conclusion. It studies simultaneously every market for every commodity. From this it is hoped that we can understand the complete pattern of consumption, production, and exchange in the whole economy at a point in time.

If you think this sounds very complicated you are correct. It is. For many purposes, the analysis becomes so complicated that we tend to lose track of the phenomena in which we were interested. The interesting task for economics, a task that retains an element of art in economic science, is to devise judicious simplifications which keep the analysis manageable without distorting reality too much. It is here that microeconomists and macroeconomists proceed down different avenues. Microeconomists tend to offer a detailed treatment of one aspect of economic behaviour but ignore interactions with the rest of the economy in order to preserve the simplicity of the analysis. A microeconomic analysis of miners' wages would emphasize the characteristics of miners and the ability of mine owners to pay. It would largely neglect the chain of indirect effects to which a rise in miners' wages might give rise. For example, car workers might use the precedent of the miners' pay increase to secure higher wages in the car industry, thus being able to afford larger houses which burned more coal in heating systems. When microeconomic analysis ignores such indirectly induced effects it is said to be partial analysis.

In some instances, indirect effects may not be too important and it will make sense for economists to devote their efforts to very detailed analyses of particular industries or activities. In other circumstances, the indirect effects are too important to be swept under the carpet and an alternative simplification must be found.

## EXERCISES

**1. Look through the text to find the English equivalents of the following terms and give the sentences with them:**

сохранить простоту анализа

полная модель потребления

упустить суть явления

без разрушения действительности

подробное рассмотрение вопроса

альтернативное упрощение

семейная единица

индивидуальное решение

отрасли экономики

экономика города

всецелая модель потребления

ряд косвенных эффектов

**2. Match two parts to compose a sentence. Translate the sentences:**

1. For many purposes, the analysis becomes so complicated

2. A microeconomic analysis of miners' wages could get known

3. Microeconomists offer a precise treatment of one aspect of economic behaviour

4. We are able to explain output of these two goods

5. When microeconomic analysis doesn't touch such indirect effects

a) comparing the market of cars with the market for bicycles.

b) it is said to be partial analysis.

c) that we can lose kernel of the issue in which we were interested.

d) the specific features of miners themselves and the ability of mine owners to pay wages.

e) but ignore interactions with the other branches of the economy in order to keep the simplicity of the analysis.

**3. Answer the following questions:**

1. What are the ways of classifying branches of economics?

2. What does microeconomic analysis deal with?

3. What is the approach to understand the pattern of consumption, production and exchange?
4. What is an interesting task for economics?
5. What do microeconomists tend to offer and to ignore?
6. Are indirect effects important for microeconomists?

### TEST

1. He suggested that a new method ....
 

a. develops	c. developed
b. should be developed	d. will develop
  
2. I wish I ... able to prevent them from doing this.
 

a. was	c. has been
b. were	d. am
  
3. It is desirable that corporation activities ...by antitrust laws preventing their growth in a single field.
 

a. be restricted	c. restricted
b. have restricted	d. are restricted
  
4. If I were better qualified, I ...for this job.
 

a. should have applied	c. apply
b. should apply	d. shall apply
  
5. If I were in the city, I ...the conference.
 

a. will attend	c. attend
b. would attend	d. would have attended
  
6. If the top manager had pointed out all the drawbacks, we ...ways to solve the problem.
 

a. should have found	c. will find
b. would find	d. find
  
7. Had he known the rule, he ...so many mistakes.
 

a. would make	c. will make
b. would have not made	d. should have made
  
8. If interest rates ..., bank loans become more expensive.

a. rise	c. will rise
b. rises	d. have risen

9. Unless you click on that icon, it ....

a. will not print out	c. doesn't print out
b. will print out	d. prints out

10. If the quality of the product hadn't been so bad, we ... .

a. hadn't complained	c. wouldn't have complained
b. wouldn't complain	d. didn't complain

## UNIT III

### COMPETITION

**Read and remember the following words and word combinations:**

1. perfect competition – совершенная конкуренция
2. plausible – правдоподобный, достоверный
3. trivial – мелкий, незначительный
4. sensible – целесообразный, практичный
5. sole – единственный, исключительный
6. discretion – проницательность, прозорливость, осторожность,
7. осмотрительность, благоразумие
8. output – продукция, выпуск, выработка
9. OPEC (Organization of Petroleum Exporting Countries) – Организация стран – экспортеров нефти
10. cohesive – связанный, сплоченный, образующий единое целое
11. relevance – значимость, существенность, важность
12. price-taking firm – фирма-ценополучатель
13. prohibitive – чрезмерно, непомерно высокий
14. revenue – доход, выручка
15. enormous – громадный, гигантский, обширный, огромный
16. profound – полный, совершенный
17. rule out – исключать
18. thereby – таким образом
19. move up – увеличение

**Read and translate the text:**

#### TEXT A PERFECT COMPETITION

A perfectly competitive industry, in which everyone believes that their own actions have no effect on market price, must have many buyers and many sellers. Agricultural markets are a good example. In London the New Covent Garden fruit market confronts many buyers with many sellers. Neither buyers nor sellers believe their own actions affect the market price. Firms in a perfectly competitive industry face a flat or horizontal demand curve. The horizontal demand curve for a product is the crucial feature of a perfectly competitive firm. For this to be a plausible description of the

demand curve facing the firm, we really need to have in mind an industry with four characteristics. First, there must be a large number of firms in the industry so that each is trivial relative to the industry as a whole. Second, the firms must be making a reasonably standard product, such as wheat or potatoes. Even if the car industry had a large number of firms it would not be sensible to view it as a competitive industry. A Ford Sierra is not a perfect substitute for a Vauxhall Cavalier. The more imperfect they are as substitutes, the more it will make sense to view Ford as the sole supplier of Sierras and Vauxhall as the sole supplier of Cavaliers. Third, in a perfectly competitive industry all firms must be making essentially the same product, for which they must all charge the same price. Even if all firms in an industry made homogeneous or identical goods each firm might have some discretion over the price it charged if buyers have imperfect information about the quality or characteristics of the products of different firms in the industry. If you don't know much about cars you may think that a 1970 Ford Cortina being sold for £1000 must be in a better condition than a 1970 Ford Cortina being sold for £500. Hence, if no firm in a competitive industry can affect the price for which it sells its output, it is not sufficient that all firms are selling a homogeneous product. We must also assume that buyers have almost perfect information about the characteristics of the products being sold so that they know the products of different firms in a competitive industry are really identical.

Why don't all the firms in the industry do what OPEC did in 1973-74? If existing firms collectively restrict supply, they can increase the price of their output by moving the industry up its market demand curve. If the analysis of price-taking perfectly competitive firms is to have any relevance we must explain why such collective action is impossible.

One answer is that, with so many firms in the industry, the costs of organizing themselves into a cohesive group might be prohibitive. Think of all the committee meetings that would be needed. Managers might spend more time negotiating with other firms than organizing production. Nevertheless, if the market demand curve is very inelastic, the potential increase in revenue from such co-operation could be enormous, as OPEC discovered. We need a more profound answer to rule out co-operation. Thus the fourth crucial characteristic of a perfectly competitive industry is free entry and exit. Even if existing firms could organize themselves to restrict total supply and drive up the market price, the consequent increase in revenues and profits would simply attract new firms into the industry, thereby increasing total supply again and driving the price back down.

Conversely, when firms in a competitive industry are losing money, some firms will close down and, by reducing the number of firms remaining in the industry, reduce the total supply and drive the price up, thereby allowing the remaining firms to survive.

## LANGUAGE PRACTICE

### 1. Answer the following questions to the text:

1. How can a perfectly competitive industry be described?
2. How does a demand curve look like in a perfectly competitive industry?
3. How many industry characteristics must an economist have in mind?
4. What kind of firms must be in a competitive industry?
5. What kind of product must the firms produce to be viewed as competitive ones in an industry?
6. What is the third important characteristic of a perfectly competitive industry?
7. Why is it impossible to restrict supply collectively?
8. What is the fourth crucial characteristic of perfect competition?

### 2. Read the following statements and find out what is not true about perfect competition:

- a) Agricultural markets are a good example of a perfectly competitive industry.
- b) The horizontal demand curve for a product is the essential feature of a perfectly competitive firm.
- c) In a perfectly competitive industry all firms make homogeneous goods, but charge different prices for them.
- d) With so many firms in the industry, they can organize themselves into a cohesive group successfully.
- e) Buyers usually have imperfect information about the quality or characteristics of the products.

### 3. Read the following words and word combinations and give definitions:

- a) sole supplier;
- b) substitute;
- c) supply;
- d) demand;

- e) compete;
- f) homogeneous goods;
- g) perfectly competitive industry;
- h) demand curve.

**4. Read these sentences and translate them into Russian:**

- a) Both buyers and sellers believe their own actions affect the market price.
- b) Firms in a perfectly competitive industry face a flat demand curve, that being the crucial feature.
- c) Even if the car industry had a large number of firms it would not be sensible to view it as a competitive industry.
- d) Buyers know that products of different firms in a competitive industry really are identical.
- e) The horizontal demand curve for a product is the crucial feature of a perfectly competitive firm.

**5. Read the following words and word combinations and find Russian equivalents for them:**

- a) perfectly competitive industry;
- b) to have no effect on;
- c) affect the market price;
- d) flat or horizontal demand curve;
- e) to be not a perfect substitute;
- f) charge the same price;
- g) identical goods.

**6. Questions for the final discussion:**

1. What are the advantages and the drawbacks of a perfectly competitive industry?
2. Why don't existing firms collude to drive up the price for their production?
3. What should a producer do to run his firm successfully in a perfectly competitive industry?

**TEXT B-1      COMPETITION IN THE WORLD MARKET**

**1. Read and remember the following words:**



1. follow suit – следовать примеру
2. drought – засуха
3. extreme – самый отдаленный, крайний
4. levy – взимать (налог), облагать (налогом), вводить налоговые ставки
5. ensure – гарантировать, обеспечивать, ручаться
6. prohibitive – запрещающий, препятствующий
7. negligible – незначительный, неважный, не принимаемый в расчет, игнорируемый

**Read the text about competition in the world market and be ready to answer the questions:**

Changes in conditions in domestic markets are often the result of events in other countries. The fall in world oil prices in 1986 quickly led British producers of North Sea oil to follow suit. Wool prices in the European Community change when there is a drought in Australia, one of the world's largest wool suppliers. We now discuss how competitive markets in different countries are linked together and show why shifts in foreign supply or demand curves affect domestic markets.

When a commodity is internationally traded, its price in one country cannot be independent of its price in another country. In the extreme case, the «Law of One Price» will hold.

If there were no obstacles to trade and no transport costs, the Law of One Price implies that the price of a given commodity will be the same all over the world.

Without trade barriers and transport costs, suppliers would always wish to sell in the market with the highest price but consumers would always wish to purchase in the market with the lowest price. The commodity could be simultaneously traded in two different countries only if its price were the same in both markets. In practice, transport costs and trade restrictions such as tariffs (taxes levied only on imports) allow international differences in the price of a commodity. Nevertheless, unless these costs and restrictions are prohibitive, international competition will ensure that prices of the same good in different countries generally move together.

**1. Do shifts in foreign supply and demand curves affect domestic markets?**

2. When is the price of a commodity in one country dependent of its price in another country?
3. What does the Law of One Price mean?
4. Are there any international differences in the price of a commodity?

**2. Make up sentences using the following words.**

1. together, competitive, linked, different, to be, countries, markets, in.
2. or, affect, in, foreign, demand, shifts, curves, markets, supply, domestic.
3. when, traded, to be, a, in, of, a, commodity, countries, number, one, country, depends, on, of, its, country, in, price, another, the, price, in.
4. trade, without, barriers, sell, suppliers, would, in, the, with, the, market, price, highest.
5. restrictions, in, transport, practice, costs, and, trade, international, differences, price, commodity, allow, in, the, of, a.

**3. Prepare a report on the topic “Competition in the World Market”.**

You may use connectors like:

- in fact ...;
- though ...;
- on condition that ...;
- as a result ...;
- in short ....

**TEXT B-2 OLIGOPOLY**

**Read the text about oligopoly, answer the questions below and make a plan to the text:**

Under perfect competition or monopolistic competition, there are so many firms in the industry that no single firm needs to worry about the effect of its own actions on rival firms. However, the very essence of an oligopolistic industry is the need for each firm to consider how its own actions will affect the decisions of its relatively few competitors.

What makes oligopoly so fascinating is that the optimal supply decision of a particular firm depends on its guess about how its rivals will react. Exciting recent developments in economics shed important insight

into what constitutes a smart guess. First, however, we introduce the basic tension between competition and collusion which lies beneath all oligopolistic situations.

Collusion is an explicit or implicit agreement between existing firms to avoid competition with one another. Initially, for simplicity, we neglect the possibility of entry and focus only on the behaviour of existing firms. The existing firms will maximize their joint profits if they behave as if they were a multi-plant monopolist. A monopolist or sole decision-maker would organize the output from the industry to maximize total profits. Hence, if the few producers in an industry collude to behave as if they were a monopolist, their total profit will be maximized.

Oligopolists are torn between the desire to collude, thus maximizing joint profits, and the desire to compete, in the hope of increasing market share and profits at the expense of rivals. Yet if all firms compete, joint profits will be low and no firm is likely to do very well.

Collusion or co-operation between firms is easiest when formal agreements are legally permitted. Such arrangements are called cartels. In the late nineteenth century cartels were common, and they agreed market shares and prices in many industries. Such practices are now outlawed in Europe, the United States, and many other countries. Although there are usually large penalties for being caught, informal agreements and secret deals in smoke-filled rooms are not unknown even today.

The most famous cartel is OPEC, the Organization of Petroleum Exporting Countries. Active since 1973, its members (of which the UK is not one) meet regularly to set price and output levels. Initially, OPEC was very successful in organizing quantity reductions to force up the price of oil. Real OPEC revenues rose 340 per cent between 1974 and 1980. Yet almost from the start, many economists have predicted that OPEC, like most cartels, would quickly collapse. Usually, the incentive to cheat is too strong to resist, and once somebody breaks ranks others tend to follow.

In practice, one reason OPEC was successful for so long was the willingness of Saudi Arabia, the largest oil producer, to restrict its output further when smaller members insisted on expansion. By 1986, however, Saudi Arabia was no longer prepared to play by these rules, and refused to prop up the price any longer. The oil price collapsed from just under \$ 30 to \$ 9 a barrel before recovering a little.

- 1. What is the essence of an oligopolistic industry?**
- 2. What does the optimal supply decision depend on?**

3. What is collusion described as?
4. What are oligopolists torn between?
5. What is a cartel?
6. Why are cartels outlawed now?

**Fill in the table:**

The facts about oligopoly I have already known	The facts I have learned from the text

## GRAMMAR IN USE

### Неличные формы глагола (Non-finite Forms of the Verb).

Неличные формы глаголов – инфинитив (*the Infinitive*), причастие (*the Participle*) и герундий (*the Gerund*) совмещают в себе признаки двух частей речи: инфинитив – глагола и существительного, причастие – прилагательного и глагола, герундий – существительного и глагола. Они выражают действие без указания лица, числа, времени и наклонения, не могут быть сказуемым в предложении, а лишь значимой его частью. Неличные формы глагола имеют залог (Active, Passive) и временную отнесенность (неопределенные – Indefinite, длительные – Continuous, совершенные – Perfect); последние указывают лишь на то, как протекало действие по отношению к действию, выраженному сказуемым. В частности, неопределенные и длительные показывают, что действие протекало одновременно с действием сказуемого; совершенные показывают, что действие предшествовало действию сказуемого.

### Причастие (The Participle)

Причастие – это неличная форма глагола, которая обладает свойствами глагола, прилагательного и наречия. Подобно прилагательному, причастие может быть определением к существительному или именной частью составного сказуемого:

a <i>broken</i> agreement	нарушенное соглашение
the agreement was <i>broken</i>	соглашение было <i>нарушено</i>

Подобно наречию, причастие может быть обстоятельством, характеризующим действие, выраженное сказуемым.

Reading the text he wrote out new words.

Читая текст, он выписывал новые слова.

### Формы причастия

	<i>Active</i>	<i>Passive</i>
<i>Participle I (Indefinite)</i>	asking	being asked
<i>Participle I (Perfect)</i>	having asked	having been asked
<i>Participle II</i>		asked

Причастия, образованные от непереходных глаголов, имеют один залог (действительный).

### Функции причастия в предложении

1. Определение	Mother is looking at her <i>sleeping</i> child.	Мать смотрит на спящего ребенка.
2. Обстоятельство		
а) времени	When <i>asked</i> he refused to answer the question.	Когда его спросили, он отказался отвечать на вопрос.
б) причины	<i>Having been translated</i> into many languages the book became world famous.	Так как книга была переведена на многие языки, она стала известной во всем мире.
в) образа действия или сопутствующего обстоятельства	He was reading the newspaper <i>sitting</i> in the armchair.	Он читал газету, сидя в кресле.
3. Часть сказуемого	The plan is <i>being discussed</i> . All doors were <i>locked</i> .	План обсуждается. Все двери были закрыты.

### Причастные конструкции

Конструкция	Пример	Перевод
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<p>Объектный причастный оборот (the Objective Participial Construction) сущ. (общ. п.)/ мест. (объект. п.) + Participle I /II</p>	<p>We heard <i>him playing</i> the piano. I considered <i>the work done</i>.  I had my <i>books bound</i>.</p>	<p>Мы слышали, как он играл на пианино. Я считал, что работа выполнена.  Я переплел свои книги. (<i>Кто-то переплел их для меня</i>).</p>
<p>Субъектный причастный оборот (the Subjective Participial Construction) сущ. (общ. п.)/ мест. (им. п.) + Participle I /II</p>	<p><i>He was seen crossing</i> the street. <i>She was heard talking</i> about it. <i>He was seen looking</i> for something.</p>	<p>Видели, как он переходил улицу. Слышали, как она об этом говорила. Видели, как он что-то искал.</p>
<p>Независимый причастный оборот (the Absolute Participial Construction) сущ. (общ. п.)/ мест. (им. п.) + Participle I/II</p>	<p><i>It being warm</i>, we went for a walk. Radio was invented in 1895, <i>the inventor being the Russian scientist</i>.</p>	<p>Так как было тепло, мы пошли гулять. Радио было изобретено в 1895 г, причем изобретатель был русским.</p>

## EXERCISES

### 1. Translate into Russian, define the form and the function of the Participle:

1. The textile goods produced by the factory are in great demand. 2. He left the office at three o'clock, saying he would be back at five. 3. He stood reading the address on the envelope. 5. He asked her to go on with her story, promising not to interrupt her again. 6. Not receiving any letters from her broker, she sent him a telegram. 7. The books lying on the table belong to our marketer.

**2. Choose the proper form of the Participle and translate the sentences:**

1. There's a (*growing / grown*) awareness of the need to improve productivity. 2. (*Enclosing / Enclosed*) you will find our current catalogues and price lists. 3. Activity ratios are meaningful when (*comparing / compared*) with those of other companies. 4. The sales manager (*confirming / confirmed*) the company's orders is out at the moment. 5. Although (*allowing / allowed*), it was preferred that staffers should not smoke inside. 6. Being absorbed in her work she didn't pay any attention to the (*ringing / rung*) telephone. 7. I am (*bothering / bothered*) by our current financial status. 8. An accountant is a person (*concerning / concerned*) with the maintenance and audit of business accounts and the preparation of consultant reports in tax and finance.

**3. Translate into Russian, change the Participial Construction into subordinate clauses:**

1. There are many useful books describing economic processes in post-industrialized societies. 2. Being a good manager, he spent a lot of money on books on Management. 3. All the goods discharged from the ship will be sent to the warehouse. 4. The figures mentioned in his article were published in «Komersant». 5. Receiving the telegram he rang the manager up.

**4. Change subordinate clauses into the Participial Constructions and translate them into Russian:**

1. Yesterday the secretary sent off all the letters which had been signed by the director. 2. While I was going to the Institute, I met one of my old friends. 3. As he was very absent-minded, he made some mistakes in the dictation. 4. The letter of guarantee which has been submitted by the firm was signed by the director of a London bank.

**5. Translate into English:**

1. Он дал мне список газет и журналов, получаемых нашей компанией ежедневно. 2. Я вчера прочел статью, описывающую работу английских шахтеров. 3. Читая этот рассказ, я встретил несколько интересных выражений. 4. Будучи хорошим менеджером, он смог выполнить эту работу в короткий срок. 5. В его статье есть много цифр, иллюстрирующих развитие нашей промышленности.

**6. Translate into Russian paying attention to the Absolute Participial Construction:**

1. The negotiations between the American and British representatives were conducted behind closed doors, measures having been taken that no correspondent should receive any information. 2. A business lunch being over, we went into the garden. 3. The letter having been delayed, the news reached us too late. 4. The key having been lost, they could not enter the cottage. 5. The weather being fine, all the windows in the lab were opened. 6. The play being very popular, it was difficult to get tickets. 7. There being no further business, the meeting adjourned. 8. We are not giving you any particulars, the enclosed letter containing the necessary information.

**7. Translate into English using the Objective Participial Construction:**

1. Я видел, как они подходили к универмагу. 2. Она видела, как я открывал окно в своем офисе. 3. Она видела, как я открыл окно в кабинете управляющего. 4. Я видел, как он выходил из банка. 5. Я видел, как она погасила свет в лаборатории и вышла.

## **VOCABULARY AND GRAMMAR REVIEW**

**Read and translate the text with the help of the dictionary:**

### **THE LIMITING CASES OF MARKET STRUCTURE**

An industry is the set of all firms making the same product. The output of an industry is the sum of the outputs of its individual firms. But why indeed do some industries have many firms but others only one? This is a question about market structure.

The structure of a market is a description of the behaviour of buyers and sellers in that market. Speaking about market structure, first it is useful to establish two benchmark cases, the opposite extremes between which all other types of market structure must lie. These limiting cases are perfect competition on the one hand and monopoly or monopsony on the other hand. A perfectly competitive market is one in which both buyers and sellers believe that their own buying or selling decisions have no effect on the market price. A monopolist is the only seller or potential seller of the good in that industry. A monopsonist is the only buyer or potential buyer



of the good in that industry. The economist's definition of perfect competition is different from the meaning of competition in everyday usage. The economist means that each individual, recognizing that his own quantities supplied or demanded are trivial relative to the market as a whole, acts on the assumption that his actions will have no effect on the market price. Each consumer constructs a budget line on the assumption that market prices are given and unaffected by the quantities he chooses. Changes in market conditions, applying to all firms and consumers, change the equilibrium price and hence individual quantities demanded, but each individual neglects any feedback from his own actions to market price. This concept of competition, which we now extend to firms, differs from everyday usage. Ford and Renault are fighting each other vigorously for the European car market, but an economist would not call them perfectly competitive.

Each commands such a large share of the total market that changes in their quantities supplied affect the market price. Each must take account of this in deciding how much to supply. They cannot regard themselves as price takers. Only under perfect competition can individuals make decisions that treat the price as independent of their own actions.

## EXERCISES

**1. Look through the text to find the English equivalents of the following terms and give the sentences with them:**

равновесная цена  
рыночная цена  
изменение рыночных условий  
большая доля общего рынка  
рассматривать цену

противоположные случаи  
предельный случай  
бесконечно эластичный  
первоначальный вклад в товары  
добровольный обмен

**2. Read each statement below and decide which of the following is not true:**

1. A monopsonist is the only seller or potential seller of the good in the industry.

2. The decision-maker realizes that general public act on the assumption that their actions will have no effect on the market price.
3. Any buyer plans his or her budget on the assumption that market prices are given and cannot be affected by the quantities he or she chooses.
4. Changes in market conditions that affect all firms and consumers change the equilibrium price.
5. Under perfect competition firms cannot make decisions that treat the price as independent of their own actions.
6. A number of the firms in an industry depends on the structure of a market.

**3. Answer the following questions:**

1. What is an industry?
2. What does a number of firms in an industry depend on?
3. What are the two limiting cases of a market structure?
4. Do any actions of individuals have effect on the market price in case of changes in market conditions?
5. What is the assumption any consumer makes a budget line on?
6. Why can't we call Renault or Ford perfectly competitive?
7. What must each large company take account of?
8. When do individuals make decisions that can treat the price?

**TEST**

1. A country ... to limit its population may discourage immigration and encourage emigration.
 

a. wished	c. having wished
b. wishing	d. having been wished
  
2. The amount of calculations ...depends on the quality of the computers ....
 

a. carried out...used	c. have carried out...used
b. carrying out...using	d. carry out...use
  
3. ...the necessary results, we stopped our experimental work.
 

a. obtained	c. obtain
b. obtaining	d. having obtained
  
4. ... an experienced manager, he found the mistake at once.

- |                |              |
|----------------|--------------|
| a. having been | c. have been |
| b. being       | d. been      |
5. ..., the device began working much better.
- |              |                         |
|--------------|-------------------------|
| a. repairing | c. having been repaired |
| b. repair    | d. having repaired      |
6. Well ..., the device will function properly.
- |          |                     |
|----------|---------------------|
| a. done  | c. having done      |
| b. doing | d. having been done |
7. The information ... is very valuable.
- |                  |                    |
|------------------|--------------------|
| a. obtaining     | c. having obtained |
| b. have obtained | d. obtained        |
8. The price level ..., the value of money decreases.
- |           |               |
|-----------|---------------|
| a. rising | c. have risen |
| b. rises  | d. risen      |
9. We continued our experiment, with some laboratory assistants ... us.
- |                 |                  |
|-----------------|------------------|
| a. being helped | c. helped        |
| b. helping      | d. having helped |
10. The new equipment ..., the company was able to decrease the cost of production and obtain higher profits.
- |                |               |
|----------------|---------------|
| a. having used | c. being used |
| b. uses        | d. using      |

## UNIT IV

### TYPES OF BUSINESS ENTERPRISE

**Read and remember the following words and word combinations:**

1. acquire – приобретать
2. adjustment – приспособление
3. borrow – занимать
4. bear – нести
5. capable – способный
6. debt – долг
7. entrepreneur – предприниматель
8. enterprise – предприятие
9. event – случай, событие
10. failure – неудача
11. flexible – гибкий
12. Joint Stock Company – акционерная компания
13. liability – ответственность
14. loss – убыток, потеря
15. maintenance – эксплуатация
16. ownership – собственность
17. partnership – товарищество
18. possess – обладать
19. profit – доход
20. repair – ремонт
21. responsible – ответственный
22. restrict – ограничивать
23. retail – розничный
24. seize – захватывать
25. sole proprietor – единоличник собственник
26. strength – сильная сторона; сила

**Read and translate the text:**

**TEXT A-1**

**THE SOLE PROPRIETOR**

The different types of business organization to be found in the UK and most other capitalist countries may be classified under five headings: the sole proprietor, the partnership, the joint stock company, the cooperative society, and the public corporation.

#### *The sole proprietor*

This is the simplest and the oldest form of business enterprise and is often referred to as the one-person business. A single person provides the capital, takes the decisions, and assumes the risks. He or she is solely responsible for the success or failure of the business and has, therefore, the sole rights to such profits as may be made, or, alternatively, bears the sole responsibility for such losses as may accrue. The one-person business is still far more numerous than any other type of business organization, but in terms of total output employment, value of capital employed, or value of total output, it is relatively unimportant compared with the joint stock company.

The strength of this type of firm lies in the direct personal interest of the proprietor in the efficiency of his enterprise. Ownership and control are vested in one person who enjoys all the fruits of success and hence has a great incentive to run the firm efficiently. Since the proprietor is the sole decision-taker and has no need to consult colleagues when changes of policy are required we should expect this type of organization to be extremely flexible and capable of quick and easy adjustment to changes in market conditions.

The great disadvantage of the sole proprietor from an enterprise lies in the fact that the owner is personally liable for the debts incurred by his firm and his liability is unlimited. All his personal possessions are at risk and may be seized to meet creditors demands in the event of the business becoming insolvent. Another disadvantage of this type of firm is the strict limitation of its ability to acquire capital for expansion. Finance is restricted to the amounts which the entrepreneur is able to provide from his own resources and whatever sums he can borrow on his own security.

We find the one-person business prevalent in farming, bailing, building, repair and maintenance work, and personal services such as hairdressing.

### **LANGUAGE PRACTICE**

#### **1. Answer the questions to the text:**

1. What are the types of business organization to be found in the UK?
2. What is the simplest and oldest form of business enterprise?

3. What is the strength of the one-person business?
4. What are the disadvantages of this form of business organization?
5. Why is the one-person business less important compared to the joint stock company?
6. Where is the one-person business prevalent?

**2. Read the following statements and find out what is not true about the sole proprietor:**

- a) The different types of business organization are classified as follows: the joint stock company, the sole proprietor, the partnership, the public corporation and the cooperative society.
- b) The cooperative society is the simplest and the oldest form of business enterprise and is often referred to as the joint stock company.
- c) The one-person business is far more numerous and important than any other type of business organization.
- d) Ownership and control are vested in one person who has a great incentive to run the firm efficiently.
- e) The great disadvantage of the sole proprietor is that the owner is personally liable for the debts incurred by his firm and his liability is unlimited.
- f) Another disadvantage of this type of firm is the direct personal interest of the proprietor in the efficiency of his enterprise.

**3. Read the following words and word combinations and give definitions:**

- a) sole proprietor;
- b) Joint Stock Company;
- c) cooperative society;
- d) public corporation;
- e) decision-taker;
- f) market conditions;
- g) personal services.

**4. Read these sentences and translate them into Russian:**

- a) The different types of business organization may be classified under five headings.
- b) The owner is personally liable for the debts incurred by his firm.
- c) The one-person business is prevalent in farming, retailing, repair and maintenance work.

- d) A single person provides the capital, takes the decisions, and assumes the risks.
- e) The oldest form of business enterprise is often referred to as the one-person business.

**5. Read the following words and word combinations and find Russian equivalents for them:**

- a) repair and maintenance work;
- b) extremely flexible;
- c) easy adjustment;
- d) a great incentive;
- e) personally liable;
- f) total output employment.

**6. Questions for the final discussion:**

- 1. What skills must a person possess to run the one-person business successfully?
- 2. What should the sole proprietor do to avoid losses?
- 3. In what cases is it unreasonable to run the one-person business?

**TEXT B-1            JOINT STOCK COMPANY**

**1. Learn the following English terms and their Russian equivalents:**

- 1. employ labour – принимать на работу
- 2. annually – ежегодно
- 3. debenture – облигация акционерного общества или компании, долговое обязательство, долговая расписка
- 4. allot – распределять, предоставлять, выделять, наделять, предназначать
- 5. criminal offence – уголовное преступление
- 6. subscribe to – подписаться на акции
- 7. file – представлять, подавать какой-л. документ
- 8. Registrar of Companies – Бюро регистрации акционерных компаний
- 9. productive assets – производственные активы

**Read the text and divide it into some meaningful parts:**

The most important form of business organization in the UK is the joint stock company. Basically, it consists of an association of people who contribute towards a joint stock of capital for the purpose of carrying on business with a view to profit. A company may be defined as a legal person created to engage in business, capable of owning productive assets, of entering into contracts, and of employing labour in the same way as an individual. There are two kinds of Joint Stock Company: the private company and the public company. In 1986 there were some 860 000 joint stock companies in the UK, of which about 6000 were public companies. The public companies are much larger units and account for about two-thirds of all the capital employed by companies. In general, private companies are small firms, often consisting of the members of one family. Both public and private companies must have at least 2 members. A public company must have a minimum allotted share capital of 50 000 pounds (sterling) of which at least one-quarter has been paid up. A private company must include the word «limited» in its name while a public company must have the words 'public limited company' at the end of its name although this can be abbreviated to plc. The basic distinction between a private and a public company is that a public company can offer its shares and debentures for sale to the general public. In the case of a private company it would be a criminal offence to ask the public to subscribe to its shares. All companies must file annually, with the Registrar of Companies, details of their turnover, profits, assets, liabilities and other relevant financial information about their structures and activities.

## **2. Write a short summary of the text.**

The following plan would be useful in writing a summary:

- a) This text suggests ....
- b) The main idea of the 1st (the 2<sup>nd</sup> ...) paragraph is ....
- c) It is useful to know ....
- d) It is known that ....

### **TEXT B-2**

### **THE PARTNERSHIP**

**Read the text and speak of the advantages and drawbacks of the business organization in question:**



Partnerships are voluntary combinations of from 2 to 20 persons formed for the purpose of carrying on business with a view of profit. This type of organization represents a logical development from the one-person business since the obvious method by which such a firm may acquire further capital is to form a partnership. The motive, however, may not be financial and partnerships are often formed in order to bring new ability and enterprise into the business.

The partners usually share in the task of running the business, but a partner need not play an active role. A person who joins a partnership, supplying capital and sharing in the profits, but taking no part in the management is known as a dormant or sleeping partner. Partnerships are a common form of business organization in such professions as law, accountancy, surveying, and medicine.

The advantages of this type of firm are similar to those of the one-person business. It is a flexible organization which allows a greater degree of specialization than the one-person business. Partners usually specialize in one or more aspects of the business; one may be responsible for buying, one for selling, one for production, and so on. Since it has greater access to capital, it can achieve greater size than the sole proprietor.

The great disadvantage, like that of the one-person business, is the fact that the liability of the partners is unlimited and they are all fully liable for the acts of the other partners. There are, however, some limited partnerships which have to be registered with the Registrar of Companies. In such firms some partners (e.g. dormant partners) may have their liability limited to some specified sum, but at least one of the partners must have unlimited liability.

The survival of a partnership depends upon the continued harmonious relationship between a number of people in situations which often give much cause for disagreement. Thus, where trading risks are very great, the partnership is not a very stable type of organization.

### **TEXT B-3**

### **ORGANIZATIONAL CLIMATE**

**Read the text and be ready to discuss each point of cultural values. Can you add anything?**

Although the concept of organizational climate is somewhat nebulous, it is valuable in understanding several aspects of organizational behavior. Organizational climate is the overall favourability of member attitudes and perceptions with reference to specific activities and features of an organization.

Organizations tend to have their specific culture: a peculiar mix of values, attitudes, norms, habits, traditions, behaviors and rituals. Some organizations are well aware of their culture and regard it as a powerful strategic tool, used to orient all units and individuals toward common goals, mobilize employee initiative, ensure loyalty, and facilitate communication. They aim at creating a culture of their own and making sure that all employees understand it and adhere to it. The specific cultural values of an organization may concern, for example:

- the organization's mission and image ( high technologies, innovative spirit, superior quality);
- seniority and authority (respect for seniority; seniority as a criterion of authority);
- the treatment of people ( concern for people and their needs, equitable treatment or favouritism, privileges, respect for individual rights, training and developing opportunities, how people are motivated);
- the importance of different management positions and functions (authority of personnel department; importance of different vice-presidents' positions; respective role and authority of research and development);
- work organization and discipline (voluntary versus imposed discipline; punctuality; use of time clocks; flexibility in changing roles at work; use of new forms of work organization);
- decision making process (who decides; who has to be consulted; individual or collective decision making; need to reach consensus);
- circulation and sharing of information (employees amply or poorly informed; information readily shared or not);
- communication pattern (preference for oral or written communication; rigidity or flexibility in using established channels, use of meetings; who is invited to what meeting; established behaviour in the conduct of meeting);
- ways of handling the conflicts (desire to avoid conflict; preference for informal or formal ways; involvement of higher management);
- performance evaluation (confidential or public; by whom carried out; how results are used);

- socialization patterns (who socializes with whom during and after work; facilities such as separate dining rooms or reserved clubs);
- management and leadership style (paternalism; authoritative, consultative or participative style; flexibility and adaptability);
- identification with the organization (manager and staff adherence to company objectives and policies; enjoying working with organization).

1. What is meant by “organizational climate”?
2. Why is it important?
3. What part does an organization’s culture play in the daily lives of its members?

## GRAMMAR IN USE

### Герундий (The Gerund)

Герундий – это неличная форма глагола, соединяющая в себе свойства существительного и глагола. В этом отношении герундий сходен с инфинитивом, но отличается от него тем, что передает оттенок процесса действия.

В русском языке нет формы глагола, соответствующей английскому герундию. Формы герундия совпадают с формами причастия.

**Таблица форм герундия**

	<i>Active</i>	<i>Passive</i>
<i>Indefinite</i>	shipping	being shipped
<i>Perfect</i>	having shipped	having been shipped

### Функции герундия в предложении и способы его перевода на русский язык

Функции	Употребление	Примеры	Перевод
Подлежащее		<i>Swimming</i> is my favorite sport.	Плавание – мой любимый вид спорта.
Часть составного сказуемого	после глаголов <i>to stop, to finish, to continue, to go</i>	Stop <i>talking</i> . He kept on	Прекратите разговаривать. Он продолжал

	<i>on, to keep, to begin, to start.</i>	<i>asking her about the details.</i>	спрашивать ее о подробностях.
Дополнение			
а) прямое дополнение	после глаголов <i>to like, to need, to prefer, to remember, to enjoy, to mind, to excuse, to be worth</i>	Your suggestion needs <i>discussing</i> . I prefer <i>reading</i> classical novels.  I don't mind <i>going</i> there.	Ваше предложение нужно обсудить. Я предпочитаю читать классические романы.  Я не возражаю (не против) пойти туда.
б) предложное дополнение	после глаголов с предлогами <i>to depend on, to rely on, to object to, to blame for, to thank for, to be responsible for, to be fond of, to be tired of, to be afraid of, to look forward to, to feel like</i> и т.д.	He is fond of <i>collecting</i> stamps. I am afraid of <i>making</i> a mistake.  I am tired of <i>arguing</i> with you.	Он любит собирать марки. Я боюсь, как бы не сделать ошибку.  Я устал спорить с вами.
Определение	после абстрактных существительных с предлогами: <i>way (of), hope (of), opportunity(of), experience (in), reason (for), interest (in), importance (of)</i> и	You have no reason for <i>saying</i> that.  I understand the importance of <i>learning</i> English.	У вас нет оснований говорить это.  Я понимаю важность изучения английского языка.

Т.Д.			
Обстоятельство	употребляется всегда с предлогом		
а) обстоятельство времени	с предлогами: <i>after, before, on</i>	<i>After returning home he resumed his work.</i>	После возвращения домой он возобновил работу.
б) обстоятельство образа действия	с предлогами: <i>by, without, instead of, besides</i>	<i>She left the room without looking at me.</i>	Она ушла из комнаты, не взглянув на меня.

После глаголов *to like, to begin, to start, to continue, to stop, to intend* и словосочетаний *it is no good, it is no use, it is useless* употребляется как герундий, так и инфинитив.

Как видно из таблицы, герундий может переводиться на русский язык существительным, глаголом в личной форме или неопределенной формой глагола, деепричастием.

### Сложный герундиальный оборот

Сложный герундиальный оборот – это сочетание притяжательного местоимения или существительного в притяжательном или общем падеже с герундием.

Притяж. местоим.

+ герундий

He insisted on *my  
being  
examined* by the  
doctor.

Сущ. в притяж./общ.  
пад.

I know of *Nick's father  
delivering* lectures in  
chemistry

## EXERCISES

### 1. Choose the right Russian equivalent:

1. Oleg's *refusing* our help is regrettable.  
a) то, что Олег отказался    b) то, что Олег отказывается    c) то, что Олегу отказали.
2. She is upset of her son *being accused* of bad conduct at school.  
a) ее сына обвинили    b) ее сын обвиняет    c) ее сына обвиняют
3. He apologized to the teacher for *not having done* his lessons.  
a) за то, что не сделал    b) за то, что не делает    c) за то, что не будет делать.
4. I don't like *being asked* such questions.  
a) задавать такие вопросы    b) когда мне задают    c) когда мне задавали.
5. The teacher was surprised at your *having made* so many mistakes.  
a) что вы сделали    b) было сделано    c) делаете.

### 2. Transfer the verb in brackets into the form of Gerund using the corresponding preposition:

1. I have no intention ... (to stay) here any longer.
2. She insisted ... (to help) me.
3. Are you fond ... (to play) chess?
4. He has had very much experience ... (to teach).
5. There is no possibility ... (to find) his address.
6. There is little chance ... (to see) her today.
7. We have the pleasure ... (to send) you our catalogues.
8. I think ... (to go) to the south in the summer.
9. He is afraid ... (to catch) cold.
10. I am proud ... (to have) such a son.
11. The rain prevented me ... (to come).
12. He is engaged ... (to write) a book.
13. They had very much difficulty ... (to find) the house.

### 3. Change the subordinate clauses with the Gerund using the corresponding preposition where necessary:

1. *When I received the telegram*, I started home at once.
2. You may avoid many mistakes *if you observe these rules*.
3. *When he entered the room*, he greeted everybody.
4. *After they had sat there a few minutes*, they continued their journey.
5. *While he was copying the text*, he made a few mistakes.
6. I am thankful *that I have been stopped in time*.
7. I remember *that I have read this book*.
8. *After she had tried all the keys on the ring*, she finally found the right one.
9. He is proud *that he has never been beaten at chess by his fellow students*.
10. I don't remember *that I have*

*ever come across his name before.* 11. His arm was not in a sling and showed no sign *that it had been injured.* 12. You can improve your knowledge of English *if you read more.*

**4. Make up sentences according to the models:**

1. I don't mind seeing the film again.  
(to take part in the conference; to stay in the country for another week)
2. I can't help smiling.  
(to tell you about it; to laugh when I see him)
3. The book is worth reading.  
(the question – to discuss; the proposal – to consider)
4. It's no use doing it.  
(to talk to them; to help him)
5. Did you enjoy spending your holiday there?  
(to watch the match; to visit the museum)
6. We insisted on his going there.  
(to make the report; to organize a conference)

**5. Translate into Russian, paying attention to the function and the form of the Gerund:**

1. Testing began last Friday.
2. Reading science fiction excited my imagination.
3. His having received a bad mark did not surprise anybody.
4. She doesn't like being praised.
5. I don't mind being criticized when it is fair.
6. I prefer doing this work myself.
7. She is busy translating an article.
8. I don't object to being disturbed.
9. You are responsible for arranging the conference.
10. Don't be afraid of being punished.
11. I don't feel like going to the cinema so late.
12. The boy succeeded in winning the first prize.
13. What's the reason for his being so angry?
14. He has a bad habit of interrupting people.
15. On seeing the approaching bus we ran to the bus stop.
16. You can't become a good specialist without being trained for a long time.

**6. Find the Complex Gerund Construction in the following sentences:**

1. He was proud of his son's having finished his work so well.
2. Nick's being absent was very strange.
3. He is sure of his friend's having taken part in sport competitions.
4. They heard of my going to Minsk.
5. His being sent to Moscow was quite unexpected.
6. Due to the ice-breaker

being equipped with modern navigation devices, it will be able to sail in any weather.

### **7. Translate into English using the Gerund:**

1. Я не смогу перевести этот документ, не посмотрев нескольких слов в словаре. 2. Я запишу номер вашего телефона, так как я боюсь забыть его. 3. Придя домой, я сразу начал работать. 4. Я поблагодарил его за то, что он купил мне такие интересные книги по маркетингу. 5. Он понимает важность изучения иностранных языков. 6. Получив телеграмму, я немедленно позвонил директору.

### **8. Transfer subordinate clauses into the complex Gerund Constructions using the corresponding preposition:**

1. Do you mind if I close the window? 2. The doctor insisted that I should stay at home. 3. Will you object if I smoke here? 4. There is a probability that he will be appointed chief engineer at our plant. 5. There is no chance that they will call on us tonight. 6. There is no possibility that we shall see him this week. 7. There is no hope that you will receive a letter from him soon. 8. We were informed that the ship had arrived at the port. 9. You will excuse me if I ask you again. 10. We insisted that he should come with us. 11. Would you mind if he came to your lecture?

## **VOCABULARY AND GRAMMAR REVIEW**

### **Read and translate the text with the help of the dictionary:**

#### **JOINT VENTURE**

*Introduction.* As Canadian companies develop, many businessmen look to the export market as an area for expanded sales. In so doing, they often face tariff and non-tariff barriers erected by various countries to restrict imports and encourage local industry. It is possible, however, to penetrate these barriers by way of a joint venture in the target country. This paper suggests some considerations to be kept in mind in the development of international joint ventures.

*Market study.* The first step toward a joint-venture investment is a market study. One can narrow down the choice of potential host countries by preliminary studies done right here in Canada. Sources of information are: the Department of Industry, Trade and Commerce, which includes the



very helpful Trade Commissioner Service, the Canadian International Development Agency, Trade Associations, Chambers of Commerce, trade publications, and so on.

*On-site visit.* Having selected a potential foreign market, the next step is to visit the chosen country and do an on-spot market study as carefully as you would do a market study for a new product line or a new plant investment in Canada.

You will want to be assured that your product meets the market need or can be adapted to it in terms of specifications and designs. You will want information on price levels, the transportation and distribution system, the availability of local skills at the factory and administrative level, the extent of local educational and training facilities, the local competitors and their strengths and weaknesses. If you plan to begin the venture by shipping parts from Canada for assembly in the host country, you will want to know the customs regulations, valuations duties and the efficiency of ports of entry.

You may find during this exercise that some countries do not wish to have your particular product or plant. Such countries have concluded that additional plants in your product line will only fragment the market or threaten existing companies.

If you plan to sell to government departments or agencies, do not assume that you will have an equal and fair opportunity to bid on tenders. Very carefully check with the local authorities as to whether or not you have a chance of becoming an authorized supplier. You should also determine if there are any language requirements that could present problems in conducting business.

*Initial representation.* If you decide to test the market by exporting from Canada, you must choose your agent carefully, ensuring that he/she has the marketing skills necessary to represent you. In reaching agreement with your agent, you must keep in mind your longer-term objective of manufacturing your product locally so that the length of your agreement can be established accordingly.

*Further discussions.* In general, governments appreciate that foreign investment can bring substantial benefits to their economics. This is especially true of development nations. However, it is necessary to keep in perspective the objectives and desired benefits which are sought by the host government through such investment. These may include job creation, regional development, the development of technical skills and local technology, and benefits to local suppliers. Discussions with the relevant

local authorities will indicate if your particular project conforms to the social and economic goals of the host country.

In addition to discussions with government officials, you are also advised to discuss the investment climate with local banks. Canadian banks, the Export Development Corporation, are with foreign investors already operating in the country.

*Choice of partners.* When you have decided to establish a manufacturing facility or to invest in resource development in a foreign country, you face the task of choosing a partner. We at Canada Wire believe this to be the most important consideration in the establishment of a joint venture. Since our company has a policy of taking a minority interest in overseas partnerships, you will understand the importance we place in choosing a partner.

Finding an appropriate partner requires a careful identification and selection process. The key to making the right choice is identifying a common interest on both the short and long term. Complementary characteristics and complete mutual trust are also crucial. Our company's experience indicates that a period of one year or understanding or the absence of common interest can be identified during the course of an extensive and extended evaluation process. It may happen, for example, that while partners share common short-term goals, their long-term goals conflict. Differences can either be resolved or be the basis for withdrawal from proposed partnership.

*Local management.* Our company believes that the joint venture should be managed by local people. They are more sensitive to the political, social and economic conditions in which the company must operate and they are better able to represent the company to the customers, the government and the people. While our company may provide short-term expertise in some aspects of the business, reliance is placed on local management. It is therefore important that partners possess first-class management skills.

*Partnership.* No partnership agreement can be drafted by lawyers and accountants and be made to work without a firm commitment from the people involved. There must be a consensus between the partners and they must be able to resolve differences as they arise.

People from different cultures can work together in our Nigerian joint venture; the partners are Nigerians, Hong Kong Chinese and Canadians. The venture works well, one reason being that the partners

continue to need each other. This is a necessary characteristic of all joint ventures.

We expect a partner to be an participant in the business, not merely a businessman interested in investing money alone.

You will, of course, need your own lawyer in the host country and you should ensure that your interests are represented in the company's Board of Directors.

*Financial considerations.* Before making a foreign investment, you ensure that your domestic finances are in order. The foreign investment, particularly in the early years, may require more funds than initially anticipated. The partner should therefore have a strong financial position also.

It is important for you and your partner to agree on the action plan for the early years of operating performance.

You must respect the foreign exchange policy and regulations of the host country and have them in mind when raising a portion of the equity in local currency. Using a portion of local currency reduces your foreign exchange risk. Canadian banks are valuable advisers on the matter of financing.

Attention also should be given to the host country tax laws and regulations. Advice should be sought on corporate tax rates, withholding taxes, sales taxes, the taxing of export income, tax incentives for new business and tax treaties between Canada and the host country so that your return on investment does not suffer from double taxation.

*Legal and other fees.* The host country rules on the treatment of legal and other professional fees should be understood. In general, reasonable remittance of special service fees is permitted though some countries are reluctant to allow the remittance or such fees as those for computer programs.

Some countries resist or delay approval of royalty agreements. Thus a Canadian Company can supply 100 per cent of the technology but can share only the income from the investment portion. Some countries have shown a reluctance to allow the remittance of director's fees.

The dividend policy of the government should be clearly understood. Some countries limit the amount of dividends that may be declared. In other cases, a declared dividend has to be converted into, or initiated as, a stock dividend that in fact locks the funds into local currency. Some countries take one or two years to register a conversion of dividends to stock. This delays subsequent remittance of dividends to Canada of the

increased stock holdings. Remittance can be made only from the date of approval or registration.

*Operations.* You must determine the host country laws on industrial relations and minimum wages and should allow for low rates of productivity during the early stages of development.

During the planning stages, attention must be given to the cost of building the manufacturing or resource development facility in the host country, the government policy on the machinery, and on the entry of specialists both to install the machinery and to train the local staff in the operation of the machinery. Many countries have strict rules on these matters, not all of them realistic.

The partnership must ensure that local skills are available to maintain and repair machinery.

The foreign investor, in general, is bringing technology to the partnership and must be prepared to commit human resources to the design of the plant and equipment and long-term technical support to the venture.

## EXERCISES

### 1. Look through the text to find the English equivalents of the following Russian terms:

совместное предприятие	производственные возможности
зона расширенной продажи	краткосрочная экспертиза
пошлинный барьер	налог с заработной платы
новый ассортимент	прогрессивный налог
удовлетворять потребности	осуществление денежного
таможенные правила	перевода
участие в торгах	задержка платежа
аккредитованное предприятие	утверждение решения

### 2. Find the sentences in the text that correspond to the following statements:

1. Very often many foreign companies search for the export market for enlarged sales.
2. The main task in joint-venture establishment is a market investigation.
3. In the target market it is necessary to make a market investigation for a new assortment.

4. You should know exactly that your product meets the market requirements.
5. Very important thing is to clear out whether you have an opportunity to become an official supplier.
6. In general, the joint ventures make great contribution to the economies of foreign countries.
7. The most important factor in establishment of a joint venture is believed to choose a partner.
8. Any document concerning cooperation should be compiled on the basis of a consent and agreement between the partners.
9. The foreign partner of a joint venture should take into consideration all industrial relations in the host country.

### 3. Answer the questions to the text:

1. When does the need of finding export market arise?
2. What are the sources of information about the market in the target county?
3. What is it necessary to clear up during on-site visit?
4. Why is a new foreign undertaking not always desirable in the host country?
5. Under what condition are you able to become an authorized partner?
6. Who usually manages the joint venture?
7. What is the financial basis if a joint venture?
8. What is it necessary for beginning the manufacturing operations of a joint venture?

### TEST

1. Methods of ... machines are changing.
 

a. designing	c. having designed
b. designed	d. having been designed
2. The way of ... these difficulties is unknown at present.
 

a. having been avoided	c. avoid
b. being avoided	d. avoiding
3. There are unmistakable proofs of his ....
 

a. have been wrong	c. having wrong
b. having been wrong	d. wrong

4. He was surprised at the problem not ...yet.
- |                       |                 |
|-----------------------|-----------------|
| a. having been solved | c. being solved |
| b. solving            | d. have solved  |
5. A new firm cannot enter the market without its goods ... from others by means of an original trademark.
- |                              |                        |
|------------------------------|------------------------|
| a. distinguish               | c. being distinguished |
| b. having been distinguished | d. distinguishes       |
6. They objected to the data ...before all the experiments were completed.
- |                     |               |
|---------------------|---------------|
| a. having published | c. publish    |
| b. being published  | d. publishing |
7. We know this company ...a new competitive market recently.
- |                      |                   |
|----------------------|-------------------|
| a. being entered     | c. entering       |
| b. have been entered | d. having entered |
8. The engineer insisted on ... the device without delay.
- |                  |                 |
|------------------|-----------------|
| a. being checked | c. checked      |
| b. checking      | d. have checked |
9. All of us were sure of the test ....
- |                           |                       |
|---------------------------|-----------------------|
| a. having been successful | c. is successful      |
| b. successful             | d. will be successful |
10. The manager knows of the company ...losses recently.
- |                    |                         |
|--------------------|-------------------------|
| a. having suffered | c. having been suffered |
| b. suffering       | d. will suffer          |

## UNIT V

### MANAGEMENT

**Read and remember the following words and word combinations:**

1. to prompt – подсказывать, приглашать
2. to state – констатировать
3. reasonably – разумно, приемлемо
4. neatly packaged – аккуратно упакован
5. messy – неряшливый
6. prerequisite – предпосылка, необходимое условие
7. particular setting – конкретная постановка
8. truism – банальность
9. profit – прибыль
10. attainment – достижение
11. shareholder – акционер, пайщик
12. target – цель, мишень
13. to weigh – весить
14. benefit-cost criterion – критерий издержек и прибылей
15. means – средства
16. unambiguous – недвусмысленный
17. trade-off – компромисс
18. customary – обычный, традиционный
19. yield – прибыль
20. to be pinned down – быть просчитанным, определенным
21. to predict – предсказывать

**Read and translate the text:**

#### **TEXT A-1      MANAGEMENT: SIX BASIC STEPS IN DECISION MAKING (part I)**

##### *Step 1: Define the Problem*

Decisions do not occur in a vacuum. Many come about as part of the firm's planning process. Others are prompted by new opportunities or new problems. It is natural to ask: What brought about the need for the decision? What is the decision all about? In all kinds of textbooks examples, the decision problem is stated and is reasonably well defined. In

practice, however, managerial decisions do not come so neatly packaged; rather, they are messy and poorly defined. Thus, problem definition is a prerequisite for problem management.

A key part of problem definition is identifying the setting and the decision content. Identifying the decision content the decision maker represents a large step toward understanding the process of choice. The particular setting has a direct bearing on both the decision maker's objectives and the available courses of action. The next two steps consider each of these aspects in turn.

*Step 2: Determine the Objective*

When it comes to economic decisions, it is a truism that “you can't always get what you want”. But to make any progress at all in your choice, you have to know what you want. In most private sector decisions, the principal objective of the firm – and barometer of its performance – is profit: the difference between the firm's total revenues and its total costs. Thus, among alternative courses of action, the manager will select the one that will maximize the profit of the firm. Attainment of maximum profit worldwide is the natural objective of the multinational steel company, the drug company, and the management and shareholders of Disney, Canon, Texaco, and Pennzoil. Sometimes the manager focuses on the narrower goal of minimizing cost. For instance, the firm may seek to produce a given level of output at the least cost or to obtain a targeted increase in sales with minimal expenditure on advertising. In a host of settings, measures that reduce costs directly serve to increase profits.

The objective in a public sector decision, whether it be building an airport or regulating a utility, is broader than the private profit standard. In making the choice, the government decision maker should weigh all benefits and costs, not solely those that accrue as revenue or are incurred as expenses. According to this benefit-cost criterion, the airport may be worth building even if it fails to generate a profit for the government authority. The optimal means of regulating the production decisions of the utility depend on a careful comparison of benefits (mainly in the form of energy conservation) and costs (in material and environmental terms).

In practice, profit maximization and benefit-cost analysis are not always unambiguous guides to decision making. One difficulty is posed by the timing of benefits and costs. Should a firm (the drug company, for example) make an investment (sacrifice profits today) for greater profits five or ten years from now? Are the future benefits to air travelers worth the present capital expense of building the airport? Both private and public



investments involve trade-offs between present and future benefits and costs. Thus, in pursuing its profit goal, the firm must establish a comparable measure of value between present and future monetary returns.

Uncertainty poses the second difficulty. In many economic decisions, it is customary to treat the outcomes of various actions as certain. For instance, a fast-food chain may know that it can construct a new outlet in 21 days at a cost of \$90 per square foot. The cost and timing of construction are not entirely certain, but the margin of error is small enough to have no bearing on the company's decisions and thus can be safely ignored. In contrast, the cost and date of completion of a nuclear power plant are highly uncertain (due to unanticipated design changes, cost overruns, schedule delays, and the like).

At best, the utilities that share ownership of the plant may be able to estimate a range of cost outcomes and completion dates and assess probabilities for these possible outcomes. (With the benefit of hindsight, one now wishes that the utilities had recognized the risks and safety problems of nuclear plants 10 and 20 years ago, when construction on many plants was initiated.)

The presence of risk and uncertainty has a direct bearing on the way the decision maker thinks about his or her objective. The drug company seeks to maximize its profit, but there is no simple way to apply the profit criterion to determine its best R&D choice. The company cannot use the simple rule “choose the method that will yield the greater profit”, because the ultimate profit from either method cannot be pinned down ahead of time. In each case, there are no profit guarantees; rather, the drug company faces a choice between two risky options. Similarly, public programs and regulatory policies will generate future benefits and costs that cannot be predicted with certainty.

What is the decision maker's goal? What end is he or she pursuing? How should the decision maker value outcomes with respect to this goal? What if he or she is pursuing multiple, conflicting objectives?

## LANGUAGE PRACTICE

### 1. Answer the following questions to the text:

1. What is the difference between the book examples and practice?
2. What role does the problem of definition play for the problem management?
3. What role does context play for problem definition?

4. What is a “truism”?
5. What is the difference between the objective in a public and private sector decision?
6. What are the difficulties of the decision making?

**2. Read the following statements and find out what is not true:**

- a) Decisions come as a part of the planning process.
- b) Problems are very hard to recognize in practice.
- c) Identifying context is a key part of problem definition.
- d) Profit is the aim of any firm's transaction.
- e) Maximizing profits and minimizing yields is the primary problem of any manager.
- f) Ultimate profit from either method cannot be pinned down ahead of time.

**3. Define the following in English:**

- a) profit;
- b) shareholders;
- c) particular setting;
- d) attainment of maximum profit;
- e) means of regulating the production;
- f) objective.

**4. Read the sentences and translate them into Russian:**

- a) Identifying the decision content the decision maker represents a large step toward understanding the process of choice.
- b) In most private sector decisions, the principal objective of the firm is profit: the difference between the firm's total revenues and its total costs.
- c) The objective in a public sector decision is broader than the private profit standard.
- d) In making the choice, the government decision maker should weigh all benefits and costs.
- e) In many economic decisions, it is customary to treat the outcomes of various actions as certain.

**5. Read the following words and word combinations and find Russian equivalents for them:**

- a) managerial decisions;
- b) poorly defined;

- c) prerequisite;
- d) decision content;
- e) private sector decisions;
- f) public sector decision.

### **6. Questions for the final discussion:**

1. Give an example of a “messy and poorly defined” problem which you had to solve. What was your first step?
2. Do you agree that problems in textbooks are “neatly packaged”? Is it reasonable to use the examples if one cannot use the solutions in practice?
3. Do you agree that the objective of any firm is profit? What about the image and reputation? What is more important for the development of a firm?

### **TEXT B-1**

### **MEETINGS**

**Read the text and be ready to answer the questions that follow it:**

Meeting is an essential part of manager’s work. They are held for three main reasons: 1) to carry out training, 2) to transmit information, 3) to solve a problem.

Read the following recommendations and try to follow them in your life.

Before you call the meeting:

- decide if the meeting is the best method of achieving the objective;
- put the objective in writing;
- collect all the information necessary;
- select specific items for discussion;
- anticipate difficulties, awkward members and prepare documents and courses of action to overcome the difficulties expected;
- prepare the agendas with no more than 5 objectives.

*During the meeting:*

- state the purpose of the meeting;
- outline the objectives it is hoped to achieve;
- do not impose your views on the group;
- direct discussion toward the objectives;
- develop participation by contrasting different viewpoints;

- watch the clock and note reaction of members who appear to be losing interest;
- where opinion is divided a vote is to be taken.

After the meeting:

- the secretary of the meeting prepares "minutes";
- minutes must be an accurate account of the substance of the meeting.

No opinions, no discussions, no irrelevant talk. They should be brief;

- minutes should follow the agenda of the meeting.

Tips for better meeting:

1. Hold them early in the day and don't allow phone calls to interrupt the proceedings.
2. Pay particular attention to meeting; chairs should not be plastic-covered but fabric-covered and firm.
3. If you know you are going to have a difficult person at the meeting, offer a seat on your right or left. If this person is allowed to sit opposite you, the meeting will often be split into two.
4. Get everyone to contribute to the discussion but don't put people on the spot by asking, "What do you think, Jane?"
5. Place your watch on the table in front of you so that people can see you are going to run to time; start on time; finish when you say you will.
6. Avoid letting people know what you think before they have made their views known.

**1. You often take part in different meetings. What are their main drawbacks?**

**2. Are they held in accordance with the recommendations given in the text?**

**3. What points are most often violated?**

The following two texts are devoted to the problem solving.

**1. Read both texts and prepare a recommendation summary on "How to solve a problem".**

**2. Define your own problem (your neighbour's, your friend's, your relative's) and try to find the solution to it using your own recommendations.**

**TEXT B-2**

**CASE ANALYSIS**

If you have some problems the first step to do is to analyze the reports and the cases. Your general approach to case analysis and reports should be as follows:

1. *Define the problem.* The problem is always a blocked managerial objective. What objective (profit, growth, cost control, etc.) is being undermined in the situation?
2. *Analyze the causes.* What factors are causing the problem of blocked achievement of objectives (inadequate communication, poor motivation, indefinite plans, sloppy controls, interpersonal conflicts, fear of change)? This should not be the search for villains, however, because individuals are seldom the sole or fundamental cause of problems.
3. *Develop alternatives.* Evaluate the alternatives. What action might be taken to remove the causes and solve the problem? Remember that these alternatives should deal with causes, not symptoms of the problem.
4. *Evaluate alternatives.* Evaluate the alternatives according to appropriate criteria:
  - How well does the alternative meet the management's objective?
  - How much time and organizational resources are required?
  - What are the costs?
  - Does the alternative conform to personal and organizational values for equitable and responsible behaviour?
  - What is the probability of the success?
5. *Select alternatives.* What are the weak points of the alternative?
6. *Recommend a detailed plan of implementation.* Who should do what? When? How?

Three more points should be taken into account.

- *Past history.* In many cases it is often useful to look at historical data in order to gain some indication of future conditions.
- *Expert opinion.* It is often possible and useful to obtain opinions from individuals considered to be knowledgeable.
- *Manager's own judgment.* In many cases a manager will simply have some 'gut feeling' about possible future conditions. And an analysis of a cross section of opinions may provide you with a good decision.

### **TEXT B-3**

### **PROBLEM SOLVING**

Problems can be located in only two places – in the work situation and in people. Problems in the work situation can be further subdivided into those located in plant, machinery and equipment, and problems

located in procedures, methods and ways of working. Problems with people can be subdivided into those located in individuals and those in groups.

Locating the source of a problem is not a simple task because different people see the same problem caused by different reasons. Nevertheless, your first task in a problem-solving meeting is to agree on the source of the problem.

When the source of the problem has been located, a decision has to be made. Decisions are of two types: quality decisions, and acceptance decisions. Quality decisions are those which may be regarded as good decisions and will solve the problem. However, the word "good" is open to argument here. Decisions can only be judged retrospectively. You cannot say "This is a good decision", only, "That was a good decision". For this reason the word "quality", rather than good, is used to describe a decision which, when implemented will be efficient. Acceptance decisions are those which will be accepted by the people involved in the problem.

The majority of decisions tend to fall in the middle, where quality and acceptance are of equal importance. Who takes the decision then? The majority of problems are being solved during meetings. Here are seven sections to guide you in the conduct of such meetings.

1. *Understand the language.* Problems cannot be solved if the language is not thoroughly understood. And not simply the language of the country, but the language of the particular subject, trade, industry.
2. *Get the facts.* The difficulty in getting all the facts is that, often, we do not know how many facts there are. When we meet to solve problems, we are considering symptoms.
3. *Locate the cause of the problem.* If opinions in the meetings are strongly divided as to the cause, then you must develop possible courses of action for each.
4. *State in objective terms.* This is stating the problem without subjective opinion, without adjectives that indicate what someone thinks, about the statement. Where possible, the problem should be stated in quantitative rather than qualitative terms.
5. *Consider possible solutions.* Possible solutions are not probable solutions; they are possible. Make sure that all possible solutions are recorded for consideration.
6. *Screen solutions.* When a meeting makes a lot of progress, ideas flow, much discussion takes place, and solutions are sometimes tabled more in enthusiasm than in cold, logical deliberation. Screen the possible solutions.

Be very careful of solutions that have been transferred from other situations. This is not a good basis for accepting the solution. What happened in another place, in another time, is unlikely to be the same in the current climate.

7. *Select decisions.* Some solutions are incompatible and therefore mutually exclusive. Some solutions can be combined. Determine the cost of all solutions; establish how practical they are; how many can be combined; the likely outcome of implementing them; the degree of acceptability by those who have to carry them.

## GRAMMAR IN USE

### Инфинитив (The Infinitive)

Инфинитив, являясь неличной формой глагола, имеет свойства как существительного, так и глагола.

В предложении инфинитив может выполнять следующие функции:

<b>Функции</b>	<b>Примеры</b>	<b>Перевод</b>
1. Подлежащее	To <i>read</i> aloud is very useful.	<i>Читать</i> вслух очень полезно.
2. Часть составного глагольного сказуемого	Our aim is <i>to master</i> English.	Наша цель – <i>овладеть</i> английским.
3. Дополнение	He likes <i>to draw</i> .	Он любит <i>рисовать</i> .
4. Определение	Here is the article <i>to be translated</i> .	Вот статья, <i>которую</i> нужно перевести.
5. обстоятельство	I came <i>to help</i> you.	Я пришел, чтобы <i>помочь</i> вам.

#### *Таблица форм инфинитива*

Infinitive	Active	Passive
Indefinite (Simple)	to write	to be written (to be + Participle II)
Continuous	to be writing ( to be + Participle I )	-
Perfect	to have written (to have + Participle II)	to have been written ( to have been + Participle II )
Perfect Continuous	to have been writing	-

	(to have been + Participle I)	
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### Инфинитивные конструкции (The Infinitive Constructions)

Конструкция 1	Пример	Перевод
Объектный инфинитивный оборот (Complex Object) сущ. (общ. п.)	We believe <i>her to be</i> in Gomel now.	Мы полагаем, что <i>она</i> сейчас <i>находится</i> в Гомеле.
+ инф./ мест. (объект.п.)	She wanted <i>me to return</i> soon. We expect <i>him to come</i> here.	Она хотела, чтобы я скорее <i>вернулся</i> . Мы ожидаем, что <i>он</i> <i>придет</i> сюда.

Конструкция «объектный инфинитивный оборот» употребляется после глаголов, выражающих:

1) желание или потребность: to want, to wish, to desire, would like.

I want *you to help* me.

Я хочу, чтобы *вы помогли* мне.

Would you like *me to translate* this text?

Хотели бы вы, чтобы я *перевел* этот текст?

2) предположение, мнение: to suppose, to expect, to consider, to believe.

They consider *him to become* a good manager.

Они считают, что *он станет* хорошим менеджером.

We believe *her to have been sent* to Minsk.

Мы полагаем, что *ее отправили* в Минск.

3) физическое восприятие и ощущение: to watch, to see, to hear, to feel (инфинитив без частицы *to!*).

The students heard *him play* the piano.

Студенты слышали, как *он играл* на пианино.

She felt *somebody look* at her.

Она чувствовала, что *кто-то смотрит* на нее.

4) утверждение, осведомленность, знание, констатацию факта: to know, to find; to declare.

We know *him to have taken part* in the conference.

Мы знаем, что *он принял участие* в работе конференции.

5) а) принуждение, приказ или запрет (без частицы *to*): to cause, to get, to make, to command, to order.

We could not get *him go* there.

Мы не могли заставить *его пойти* туда.



б) просьбу, позволение или разрешение (без частицы *to*): ask, to allow, to permit, to enable.

I allowed *him to come* in.

Я разрешила *ему войти*.

<b>Конструкция 2</b>	<b>Пример</b>	<b>Перевод</b>
Субъектный инфинитивный оборот (Complex Subject) Сущ. (общ. п.) / Мест. (им.п.) +глагол-сказуемое <b>+инфинитив</b>	<i>They are said to have travelled</i> a lot. <i>The data proved to be</i> wrong.	Говорят, что они много путешествовали. Данные оказались неверными.

Конструкция «субъектный инфинитивный оборот» употребляется:

1) с глаголами в страдательном залоге: to hear, to see, to find, to know, to report, to expect, to consider, to believe, to say, to suppose и др.

*The delegation was reported to have already arrived.* Сообщили, что делегация уже приехала.

*The conference is believed to take place in Minsk.* Полагают, что конференция состоится в Минске.

2) с глаголами в действительном залоге: to seem, to appear, to prove, to happen, to turn out – и словосочетаниями: to be unlikely (likely), to be sure (unsure), to be certain (uncertain).

*The dinner seems to be ready.* Кажется, обед готов.

*The weather is not likely to change.* Вероятно, погода не изменится.

*They are sure to come.* Безусловно, они придут.

<b>Конструкция 3</b>	<b>Пример</b>	<b>Перевод</b>
for + сущ./ мест.+ инф.	<i>Everybody waited for the meeting to start.</i> <i>He waited for her to speak.</i>	Все ждали, когда начнется собрание. Он ждал, чтобы она заговорила.

## EXERCISES

1. Express the following using simple sentences with Complex Object.

*Example:* I see how this woman goes to the factory every day.

I see this woman go to the factory every day.

1. I heard that *the director explained* the details of the plan. 2. We heard that *they spoke* about their Institute. 3. I heard that *the workers discussed* the problems they had to solve to increase the output. 4. We saw that *they used* the equipment we sent them last month. 5. I heard that *the engineer explained* the new methods of production.

**2. Fill in the blanks with one of the following verbs in the form of the Infinitive:**

*arrive, cry, do, explain, go, get, hear, know.*

1. Please stay with me, I don't want you .... 2. David's parents didn't want him ... married. 3. She didn't understand the story, so she asked me ... it to her. 4. Talk quietly. I don't want anybody ... us. 5. You have come early. We expected you ... later. 6. It was a very sad film. It made me .... 7. Please don't tell Tom about my plan. I don't want him .... 8. What do you think about my problem? What do you advise me ...?

**3. Translate from English into Russian and underline Complex Object:**

1. Tell me what you would like me to do. 2. Seeing her enter the room he rose to greet her. 3. Hearing the bell ring he went to see who was at the door. 4. Did you feel the bridge shake? 5. I don't like you to say such things. 6. Put on a thicker coat, I don't want you to catch cold. 7. We knew him to be very brave. 8. He asked for a telegram to be sent to his son. 9. We expected the steamer to arrive at New-York yesterday, but as the charterers ordered part of the cargo to be discharged in another port, the steamer will arrive at New-York tomorrow.

**4. Express the following using simple sentences with Complex Subject:**

1. It is known that new economic theory is tested by practice. 2. It seems that this approach ignores the objective conditions. 3. It is said that you know the data very well. 4. It is understood that the seller will help us to choose the necessary goods. 5. It is believed that the wage incentive program will be adopted in May.

**5. Transform the sentences using Complex Subject and the words in brackets:**

*Example:* He has lost weight (to seem).

He seems to lose weight.

1. You know a lot of our customers (to seem). 2. Our product line is getting better (to appear). 3. That car has broken down (to appear). 4. Our executing officer forgets things (to tend). 5. The situation in this warehouse is more difficult than we thought (to seem).

#### **6. Translate into Russian:**

1. With more and better goods and services available everyone's living standard is likely to improve. 2. If producers expect prices to increase in the future, they may increase their production. 3. When a budget has expenses that exactly equal income, it is said to be balanced. 4. When proposed expenses are greater than expected income, the budget is said to have a deficit. 5. The proportional tax seems to be fair because everyone pays the same rate. 6. When dollar values are down, overseas sales are likely to increase. 7. Sellers in each country expect to be paid in their own currency for the goods they sell to other countries. 8. The management of the firm wants them to report about the results of their negotiations. 9. Such times of inflation and deflation are likely to create hardships for many sectors of the economy.

#### **7. Translate sentences using Complex Subject:**

1. Говорят, что он в Минске. 2. Ожидают, что договор будет подписан на этой неделе. 3. Сообщают, что экспедиция выехала 15 мая. 4. Известно, что он придерживается другого мнения по этому вопросу. 5. Говорят, что этот дом был построен около двухсот лет тому назад.

#### **8. Translate from Russian into English using the «for» construction:**

1. Текст был слишком трудный, чтобы он мог перевести его без словаря. 2. Сейчас слишком рано, чтобы докеры начали разгружать судно. 3. Нам очень трудно получить сведения об объемах продаж. 4. Необходимо, чтобы документы и билеты были отосланы сегодня.

### **VOCABULARY AND GRAMMAR REVIEW**

**Read and translate the text with the help of the dictionary:**

#### **MANAGEMENT: SIX BASIC STEPS**

## IN DECISION MAKING (part II)

### *Step 3: Explore the Alternatives*

After addressing the question “What do we want?” it is natural to ask “What are our options?”. The ideal decision maker, if such a person exists, would lay out all the available courses of action and then choose the one that would best achieve his or her objective. Given human limitations, decision makers cannot hope to identify and evaluate all possible options. Still, one would hope that attractive options would not be overlooked or, if discovered, not mistakenly dismissed. No analysis can begin with all the available options in hand. However, a sound decision framework should be able to uncover options in the course of the analysis.

Most managerial decisions involve more than a once-and-for-all choice from among a set of options. Typically, the manager faces a sequence of decisions from among alternatives.

At the outset, management at Time Inc. had to decide whether or not to develop Picture Week for market testing. The whole point of the development and testing program was to provide information on which management could base its main decision: whether or not to undertake a full-fledged, nationwide launch of the magazine. Notice that the company could have launched the magazine without extensive market testing. However, it rejected this risky strategy in favor of a contingent plan of action: to undertake the testing program and then launch the magazine if and only if the test results and economic forecasts were both favorable.

Sequential decision making also lies at the heart of the negotiation dilemma which many firms face. Each side must formulate its current negotiation stance (how aggressive or conciliatory an offer to make) in light of current court results and the offers (both its own and its opponent's) made to date. Thus, a commonly acknowledged fact about negotiation is that the main purpose of an opening offer is not to have the offer accepted (if it were, the offer probably was far too generous); rather, the offer should direct the course of the offers to follow.

### *Step 4: Predict the Consequences*

Depending on the situation, the task of predicting the consequences may be straightforward or formidable. Sometimes elementary arithmetic suffices. For instance, the simplest profit calculation requires only subtracting costs from revenues. Or suppose the choice between two safety programs is made according to which saves the greater number of lives per

dollar expended. Here the use of arithmetic division is the key to identifying the preferred alternative.

In more complicated situations, however, the decision maker often must rely on a model to describe how options translate into outcomes. A model is a simplified description of a process, relationship, or other phenomenon. By deliberate intent, a model focuses on a few key features of a problem to examine carefully how they work while ignoring other complicating and less important factors. Of course, the main purposes of models are to explain and to predict – to account for past outcomes and to forecast future ones.

The kinds of predictive models are as varied as the decision problems to which they are applied. Many models rest on economic relationships.

Suppose the multinational steel company predicts that a 10 percent price cut will increase unit sales by 15 percent in the foreign market. The basis for this prediction is the most fundamental relationship in economics: the demand curve.

Other models rest on engineering, statistical, legal, and scientific relationships.

So far as prediction is concerned, a key distinction can be drawn between deterministic and probabilistic models. A deterministic model is one in which the outcome is certain (or close enough to a sure thing that it can be taken as certain).

For instance, a soft-drink manufacturer may wish to predict the numbers of individuals in the 10-to-25 age group over the next ten years. There are ample demographic statistics with which to make this prediction. Obviously, the numbers in this age group five years from now will consist of those who today are between ages 5 and 20, minus a predictable small number of deaths. Thus, a simple deterministic model suffices for the prediction. However, the forecast becomes much less certain when it comes to estimating the total consumption of soft drinks by this age group or the market share of a given product. Obviously, the market share of a particular drink – say, one with ten percent or more real juice – will depend on many unpredictable factors, including the advertising, promotion, and price decisions of the firm and its competitors, as well as consumer tastes. As the term suggests, a probabilistic model accounts for a range of possible future outcomes, each with a probability attached. For instance, the five-year market-share forecast for the natural-juice soft drink might take the following form: a 30 percent chance of less than a 3 percent share, a 25

percent chance of a 3 to 6 percent share, a 30 percent chance of a 6 to 8 percent share, and a 15 percent chance of an 8 to 15 percent share.

## EXERCISES

**1. Look through the text to find the English equivalents of the following terms and give the sentences with them:**

благоразумное решение

пределы человеческих

окончательный выбор

возможностей

позиция на переговорах

последовательное принятие

вероятностная модель

решений

детерминированная модель

совокупное потребление

**2. Find the sentences in the text that correspond to the following statements:**

1. Decision makers cannot evaluate all possible options, but at least they try not to overlook or mistakenly dismiss any attractive options.

2. Most managerial decisions are made out of a sequence of decisions from among alternatives.

3. Sequential decision making assumes that each side formulates its current negotiation stance in light of current court results and the offers made to date.

4. Sometimes the task of predicting the consequences may use elementary arithmetic, for instance, in case of the simplest profit calculation.

5. A model is a simplified description of any phenomenon; it only focuses on a few key features of a problem.

**3. Answer the following questions:**

1. What would an ideal decision maker do?

2. What is a sequential decision making?

3. What fact about negotiations is commonly acknowledged?

4. When does elementary arithmetic's suffice?

5. When should decision maker rely on models?

6. What is a general definition for the model?

7. What types of predictive models are mentioned in the text?

## TEST

1. They expected us ... the answer to the question.  

a. have found	c. find
b. to have found	d. finding
2. High unemployment benefits appear ... more unemployment.  

a. cause	c. being caused
b. causing	d. to have caused
3. Their proposal is unlikely ....  

a. to reject	c. to have rejected
b. to be rejected	d. rejecting
4. There are two ways for companies ... a profit.  

a. make	c. to make
b. having made	d. have been made
5. We see the prices for consumer goods ... recently.  

a. have been raised	c. to have been raised
b. being raised	d. are raising
6. We assume man ... on the Earth more than a million years ago, but we still do not know exactly where.  

a. appear	c. appearing
b. to have appeared	d. having appeared
7. I want the translation ... tomorrow.  

a. to have been finished	c. to be finished
b. to finish	d. to have finished
8. This phenomenon does not appear ... yet.  

a. to have been studied	c. study
b. to have studied	d. being studied
9. He is a wonderful teacher and I have never seen him ... his temper.  

a. to lose	c. to have lost
b. lose	d. had lost
10. Here is one more important point for the speaker ....

a. explaining

b. to explain

c. have explained

d. have been explained



## UNIT VI

### MARKETING

**Read and remember the following words and word combinations:**

1. managerial – управленческий
2. to assess – оценивать
3. promotional activities – действия по продвижению товара
4. price discounting – ценовые скидки
5. placement – размещение
6. couponing – использование купонов
7. enhancement – увеличение, улучшение
8. survey data – данные осмотра, оценки
9. audit – проверка
10. advent – появление
11. coincidence – совпадение
12. sophisticated – изощренный
13. prevalent – преобладающий, превалирующий
14. competitor – конкурент
15. extent – зд. масштаб
16. source – источник
17. market share – доля рынка
18. temporary price reduction – временное снижение цен
19. effectiveness – эффективность
20. long-term price elasticities – долгосрочная эластичность цен
21. success – успех
22. failure – провал
23. to cancel – отменять
24. comparison – сравнение

**Read and translate the text:**

#### TEXT A

#### MARKETING RESEARCH

Philip Kotler defines marketing as «a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others». Marketing research is used to assess the market's response to the firm's marketing

inputs which include promotional activities such as price discounting, placement of in-store displays, multimedia advertising, and couponing; expanding distribution; and product development and enhancement. The goal of marketing research is to assist the firm in determining the most effective, i.e. most profitable, mix of marketing inputs given knowledge of the marketplace.

As a formal scientific discipline marketing research began in the early twentieth century with most analyses being based on survey data. In the 1930s, the A. C. Nielsen Company began collecting in-store data using manual audits. Today, with the advent of scanning technology, the amount of timely data available from stores and household panels has grown exponentially. Coincident with this data explosion, the data delivery systems and the techniques used to analyze the data have become increasingly sophisticated. Marketing research is an integral part of organizations in both the consumer durable and nondurable goods sectors, and in recent years the use of marketing principles has become increasing prevalent among nonprofit and government sectors.

Marketing research is interdisciplinary requiring the knowledge of economists, operations researchers, psychologists, and statisticians. For the economist, the economic theory of consumer behavior and the theory of the firm provide basic building blocks. Marketing research can be viewed as an operational or tactical activity and as a strategic activity. Although both activities require knowledge of the workings of the marketplace at both the macroeconomic and microeconomic levels, tactical analyses focus on monitoring a product's performance and testing the effectiveness of marketing programs relative to competitors. Strategic research involves selecting and optimizing marketing opportunities.

In order to understand the marketplace, the researcher must define the market in terms of both the geographic unit and the product class and collect data. Data on consumer purchases permit an analyst to determine what was sold and how particular brands performed relative to each other. In addition to sales and price information, causal data assist the analyst in understanding the reason that sales took place. Examples of causal data are newspaper advertising which indicates the extent of retailer advertising support, display activity, and coupon ads. Another important source of information for understanding the source of sales is television advertising. Measuring the effects of television advertising is relatively difficult owing to the dynamic effects such advertising has on consumer behavior, however.

Once the data are collected, the analyst may choose to evaluate the information by simply looking at the raw series together over time or compute straightforward measures such as market share in order to arrive at a qualitative assessment of market activity. Statistical models might be estimated in order to address issues such as temporary price reduction, effectiveness, the extent of cannibalization due to promotional activity, i.e. the extent to which sales of one specific product decline as a result of promoting another similar product produced by the same manufacturer, the competitive effects of promotions, differences between markets, competitive pricing points, and long-term price elasticities.

Forecasting is an activity likely to be undertaken by a business economist working in a marketing research department. Conventionally, business economists have been responsible for producing forecasts for the macroeconomic environment or for activity within industry groups. More recently, forecasting movements in mature product categories, in segments within categories, and in brands has increased in importance.

Forecasting the success or failure of new product introductions is also important. New product introductions require a considerable amount of a firm's resources, and failure to read the marketplace correctly and early in the development process can lead to costly errors. The development of a new brand begins with the identification of new market opportunities. Consumer survey research directed at identifying the market response to the brand concept and elements of the marketing mix, e.g., pricing, is typically conducted. On the basis of the survey a firm may decide to continue with the development plans for the brand, revise current plans in response to the survey results and retest, or cancel development plans completely. Comparisons may also be made between attitudes toward the new concepts and existing products.

## LANGUAGE PRACTICE

### 1. Answer the following questions to the text:

1. How does Philip Kotler define marketing?
2. What is marketing research used for?
3. What is the goal of marketing research?
4. When did marketing research begin as a «formal scientific discipline»?
5. What knowledge does marketing research require?
6. What are the basic steps of marketing research?
7. According to the text, how can marketing research be viewed?

8. What are the sources of information of a marketing research manager?

**2. Read the following statements and find out what is not true about marketing research:**

- a) Marketing as a formal scientific discipline has its roots in Greece and Rome.
- b) Philip Kotler, a prominent economist, defined marketing research as «a social and managerial process».
- c) Marketing research began in the early twentieth century.
- d) Marketing research requires the knowledge of economists, operation researchers, psychologists and statisticians.
- e) The research must understand the location and product class of a certain market in order to understand it.
- f) A person working in a marketing research department is a good forecaster.

**3. Read the following words and word combinations and give definitions:**

- a) marketing;
- b) promotional activities;
- c) couponing;
- d) tactical activity;
- e) strategic activity;
- f) statistical models;
- g) business economist.

**4. Read these sentences and translate them into Russian:**

- a) Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others.
- b) Marketing research is used to assess the market's response to the firm's marketing inputs.
- c) Coincident with this data explosion, the data delivery systems and the techniques used to analyze the data have become increasingly sophisticated.
- d) Marketing research can be viewed as an operational or tactical activity and as a strategic activity
- e) Forecasting the success or failure of new product introductions is very important.

**5. Read the following words and word combinations and find Russian equivalents for them:**

- a) managerial process;
- b) promotional;
- c) activities;
- d) placement of in-store displays;
- e) multimedia advertising;
- f) durable and nondurable goods sectors.

**6. Questions for the final discussion:**

- 1) Is it reasonable to use independent marketing research in small business?
- 2) What skills are the most useful for specialists in marketing?
- 3) How can marketing research be made less expensive?

**TEXT B-1**

**MARKETING STRATEGY**

**1. Learn the following English terms and their Russian equivalents:**

- 1. market research – исследование рынка
- 2. to accomplish objectives – достигать целей
- 3. to provide opportunities – предоставлять возможности
- 4. market segment – сектор рынка, сегмент рынка
- 5. market mix – маркетинговый комплекс
- 6. differential marketing – дифференцированный маркетинг
- 7. concentrated market – концентрированный рынок
- 8. supporting market – поддерживающий рынок
- 9. counteracting market – противодействующий рынок
- 10. synchromarketing – синхромаркетинг.

**2. Read the following verbs and verbal phrases and pay attention to the prepositions used after them:**

to depend on ...

to take into account ...

to provide for ...

to be intended for ...

to consist of ...

to refer to ...

to divide into ...

**Read the text and divide it into some meaningful parts, giving the proper title to each of them:**

The market development situation presents an interesting strategic challenge. Management can influence the direction of market development, but it faces the risk of creating a future competitive disadvantage. Marketing advantages can be achieved in various ways, the finding of which is not easy.

A good marketing strategy is a combination of penetrating analyses, sound judgment, and an intuitive sense of what is appropriate for the situation. Strategy selection is facilitated if one divides the task into two parts. First, the strategic fit of the options under consideration is determined; second, important selection criteria are used to identify alternatives that appear the most promising.

The marketing strategy selected by each corporation is matched to the strategic factors that are important in its competitive area.

Marketing strategy helps to determine whether a business can survive and grow in to-day's highly competitive business environment. A marketing advantage is essential for all firms. Customer satisfaction is the responsibility of everyone on the corporate team, not just those assigned to marketing positions.

**Write a short summary of the text.**

You may use the phrases like:

- a) It is well-known, that ....
- b) A large number of ....
- c) It is believed that ....
- d) As the practice shows ....
- e) The latest studies say, that ....

**TEXT B-2**

**Read the text. What is it about? Give the title to the text.**

Marketing is closely related to economics, the social science concerned with the production, distribution, and consumption of useful goods and services. In traditional economic thought economic activity creates *utilities* of form, place, time, and possession. To *marketers* the form

created is the product; place and time refer to having the product available where and when it is needed; and possession relates to ownership or transfer of title. Marketing is a part of the broad field of economics and helps to create these four all-important utilities.

Marketing is also related to other social sciences. It draws freely from sociology, the scientific analysis of social institutions as a functioning whole and as they relate to the rest of society. Marketing studies people in a social context, as members of different groups. Advertisers, for example, aim their appeals at particular market segments, such as the youth market, the urban market, the black market, or the farm market. Sociology helps us understand the differences not only between our society and those of other nations but also between various subcultures within our own country.

Psychology is the study of the mental, attitudinal, motivational, or behavioral characteristics of an individual or a group of individuals. Marketing practitioners find knowledge of psychology helpful in formulating advertising and sales campaigns. How do people think? What motivates them to buy? How can we change their buying habits? What price will have the strongest appeal? Psychological research has become a major tool of marketing analysts.

**How does the study of marketing relate to economics? Sociology? Psychology?**

### **TEXT B-3          CONSUMERS ARE SO DIFFERENT**

**Read the text. Define the key sentence(s) of each paragraph and resume it:**

Consumer's self-orientation determines the types of goals and behaviours that individuals will pursue. Marketers differentiate the following groups of consumers.

*Actualizers* are successful, sophisticated, active, "take-charge" people with high self-esteem and abundant resources. They are interested in growth and seek to develop, explore, and express themselves in a variety of ways – sometimes guided by principle, and sometimes by a desire to have an effect, to make a change. Image is important to actualizers, not as evidence of status or power, but as an expression of their taste, independence, and character.

*Fulfillers* are mature, satisfied, comfortable, reflective people who value order, knowledge, and responsibility. Most are well educated, and in (or recently retired from) professional occupations. They are well-informed about world and national events and are alert to opportunities to broaden their knowledge. Content with their careers, families, and station in life, their leisure activities tend to center around the home. Fulfillers have a moderate respect for the status quo institutions of authority and social decorum, but are open-minded about new ideas and social change. Fulfillers tend to base their decisions on strongly held principles and consequently appear calm and self-assured. Fulfillers are conservative, practical consumers; they look for functionality, value, and durability in the products they buy.

*Believers* are conservative, conventional people with concrete beliefs based on traditional, established codes: family, church, community, and nation. Many Believers express moral codes that are deeply rooted and literally interpreted. They follow established routines, organized in large part around their homes, families, and social or religious organizations to which they belong. As consumers, they are conservative and predictable, favoring native products and established brands.

*Achievers* are successful career- and work-oriented people who like to, and generally do, feel in control of their lives. They value consensus, predictability, and stability over risk, intimacy, and self-discovery. They are deeply committed to work and family. Work provides them with a sense of duty, material rewards, and prestige. Their social lives reflect this focus and are structured around family, church, and career. Achievers live conventional lives, are politically conservative, and respect authority and the status quo. Image is important to them; they favor established, prestige products and services that demonstrate success to their peers.

*Strivers* seek motivation, self-definition, and approval from the world around them. They are striving to find a secure place in life. Unsure of themselves and low on economic, social, and psychological resources, Strivers are concerned about the opinion and approval of others. Money defines success for Strivers, who don't have enough of it and often feel that life has given them a raw deal. Strivers are easily bored and impulsive. Many of them seek to be stylish. They emulate those who own more impressive possessions, but what they wish to obtain is generally beyond their reach.

*Experiencers* are young, vital, enthusiastic, impulsive, and rebellious. They seek variety and excitement, savoring the new, the offbeat, and the



risky. Still in the process of formulating life values and patterns of behavior, they quickly become enthusiastic about new possibilities but are equally quick to cool. At this stage of their lives, they are politically uncommitted, uninformed, and highly ambivalent about what they believe. Experiencers combine an abstract disdain for conformity with an outsider's awe of others' wealth, prestige, and power. Their energy finds an outlet in exercise, sports, outdoor recreation, and social activities. Experiencers are avid consumers and spend much of their income on clothing, fast food, music, movies, and video.

*Makers* are practical people who have constructive skills and value self-sufficiency. They live within a traditional context of family, practical work, and physical recreation and have little interest in what lies outside that context. Makers experience the world by working on it – building a house, raising children, fixing a car, or canning vegetables – and have sufficient skill, income, and energy to carry out their projects successfully. Makers are politically conservative, suspicious of new ideas, respectful of government intrusion on individual rights. They are unimpressed by material possessions other than those with a practical or functional purpose (e.g., tools, pick-up trucks, or fishing equipment).

*Strugglers'* lives are constricted. Chronically poor, ill-educated, low-skilled, without strong social bonds, elderly and concerned about their health, they are often resigned and passive. Because they are limited by the need to meet the urgent needs of the present moment, they do not show a strong self-orientation. Their chief concerns are for security and safety. Strugglers are cautious consumers. They represent a very modest market for most products and services, but are loyal to favorite brands.

## GRAMMAR IN USE

### Типы предложений (Types of Sentences)

По структуре предложения можно разделить на простые, сложносочиненные, сложноподчиненные.

Простое предложение (**the Simple Sentence**), как правило, состоит из главных членов предложения – подлежащего и сказуемого и употребляется независимо.

Сложносочиненное предложение (**the Compound Sentence**) состоит из двух или более равноправных предложений.

Сложноподчиненное предложение (**the Complex Sentence**) состоит из главного предложения и одного или более подчиненных придаточных предложений.

### **Придаточные предложения (Subordinate Clauses)**

Сложноподчиненное предложение состоит из главного предложения (The Principal Clause) и одного или нескольких придаточных (The Subordinate Clause), поясняющих главное предложение.

Придаточные предложения выполняют в сложном предложении роль различных членов предложения: подлежащего, сказуемого, дополнения, определения, обстоятельства – и подразделяются соответственно на придаточные подлежащие, сказуемые, дополнительные, определительные, обстоятельственные. Тип придаточного предложения определяется по его месту в предложении.

Придаточное подлежащее предложение находится в начале сложноподчиненного предложения перед сказуемым главного предложения; придаточное сказуемое – после глагола-связки «to be»; придаточное дополнительное – после сказуемого главного предложения; придаточное определительное – после существительного; придаточное обстоятельственное – в начале предложения (перед подлежащим главного предложения) или в конце предложения (после подлежащего и сказуемого главного предложения).

Союзы и союзные слова являются «сигналами» союзных придаточных предложений, они многозначны и для их правильного перевода следует вначале определить тип придаточного предложения.

### **Типы придаточных предложений и союзы (союзные слова), с помощью которых они вводятся**

Тип предложения	Союз или союзное слово	Пример
Придаточное подлежащее	that, if, whether, who, what, which, when,	<u>What we need</u> is a better marketing strategy.
Придаточное		The question is <u>if</u>

сказуемое	where, how, why	<u>(whether) these products will be in demand.</u>
Придаточное дополнительное		He does not really know <u>what he wants in his career.</u>
Придаточное определительное	who(m), whose, which, that, when, where, how, why	Food <u>which is sold in supermarkets</u> needs a relatively long shelf-life.
Придаточное обстоятельственное:		
времени	when, while, before, after, till (until), as, as long as, as soon as, since	<u>When some good is in short supply,</u> its price rises.
места	where, wherever	<u>Where the temple once stood</u> there is now a multi-storey car park.
причины	because, since, as, for	<u>As the demand for money changes,</u> so does the supply.
цели	that, in order that, so that, lest	She must hurry <u>lest she (should) be late for the conference.</u>
условия	if, unless, provided/ providing (that), suppose/supposing (that), in case, on condition (that)	<u>If sales increase,</u> the company will make higher profit.
уступительное	(al)though	<u>Though he was very young,</u> he was a good manager.

### **Бессоюзные придаточные предложения (Asyndetic Subordinate Clauses)**

Бессоюзные придаточные предложения бывают трех типов: *дополнительные, определительные и обстоятельственные условные.*

Это значит, что союзы перед ними могут опускаться, но на русский язык такие предложения переводятся с соответствующими союзами.

1. Придаточное дополнительное (стоит после сказуемого).

I think (that) I have made a mistake.

2. Придаточное определительное (стоит после существительного).

The facts (that) the scientist had observed led him to important conclusions.

3. Придаточное обстоятельственное условное (стоит в начале или в конце предложения).

Were the computer in order, we should use it for making calculations.

We should use the computer for making calculations were it in order.

## EXERCISES

### 1. Define the subordinate clauses in the following sentences.

**Translate the sentences:**

1. Who is the best student in the group will be shown at examinations.
2. When we buy things or use services, we are consumers.
3. Corn and wheat are two crops that farmers grow in their fields.
4. Although we can buy meat in the shops, some people still like to hunt animals as a hobby.
5. Everyone who was at the meeting will receive a copy of the minutes.
6. When there is a demand, one raises prices, but prices are reduced when one wants to sell something quickly.
7. When we speak about absolute poverty, we mean the people who live below the poverty line.
8. As prices for fuel and electricity have risen, we expect an increase in all prices.
9. The chief advantage of the Metric System over the English one is that all metric units are divided into 10 and 100 parts.
10. When demand for goods and services is steadily growing, companies have to take on more employees, and customers' confidence rises as their incomes also go up.

### 2. Analyze the subordinate clauses paying attention to the conjunction «that». Translate the sentences:

1. It is necessary to note that the study of economics is of great use even to those students who have no wish to become professional economists.
2. Many words that we use in our everyday speech acquire a more precise and often restricted meaning in the language of science.
3. The new line that we introduced last year is aimed at the youth market.
4. Inputs are the factors of production that are put into a business to produce goods and services.
5. That Smith's vision of economy should ever have been

considered original might seem strange to modern minds. 6. It is known that there are a lot of factors in agriculture that must be assumed as risks by the farmers. 7. The two main trade unions say that the reforms are the direct attack on workers' rights.

**3. Translate the sentences paying attention to asyndetic subordinate clauses:**

1. The population is the number of people a country has. 2. The facts the newspaper refers to were published only yesterday. 3. He said he had been studying English for 5 years. 4. People on a low income spend all the money they have on daily necessities; they cannot save. 5. The method we are applying results in high efficiency. 6. Real income is the amount of the goods and services a consumer can buy with his money income. 7. Production costs are the amount of money companies spend to make product. 8. Many experts think the growing use of fertilizers and other chemicals presents a danger for the environment.

**4. Combine two parts of the sentences so that they make sense:**

- |   |   |
|---|---|
| 1. Many African countries suffer from regular droughts      | a) when they want to attract more customers.  |
| 2. Perhaps time and further study will reveal               | b) when it imports and exports goods and services.  |
| 3. Mathematics is one of the most important subjects        | c) where people come to buy fruit and vegetables.   |
| 4. In the modern world an economy is considered open        | d) the economy continues to grow but at slower rates.   |
| 5. The consumer has to decide                               | e) when no rain falls for months.   |
| 6. Every Saturday this road becomes the local street market | f) whether the classical or the Keynesian conception of economic life accords more closely with experience. |
| 7. When the slump ( <i>экономический кризис</i> ) comes     | g) for it is applied in all branches of science.  |
| 8. A country has a trade deficit                            | h) by how much the good A is preferred to the good B.   |
| 9. Businesses advertise their products in the media         | i) if imports exceed exports.   |

**5. Define the type of the subordinate clause. Translate the following sentences:**

1. A consumer is a person who consumes the products and services he buys. 2. The market where employers buy workers' service for wages is called labor market. 3. The Great Depression was a devastating collapse for the American economy with the effects that were felt almost in every country of the world. 4. Firms do not grow only in order to become more efficient, they know that the size also gives greater control over the market. 5. What I like best about my job is the contact with people. 6. The people who are making the real decisions are all at the Head Office.

## **VOCABULARY AND GRAMMAR REVIEW**

**Read and translate the text with the help of the dictionary:**

### **MARKETING**

Marketing concept began to develop from 1930 when great emphasis was placed on selling. In order to sell successfully and earn the profit it is necessary to identify the needs of potential customers. For gaining the goal all resources of the enterprise should be directed to realize its goods or services. To realize that task the proper market should be determined. To evaluate the market in which the business exists it is necessary to analyze the attitude of the customers and competition. The attitude of the customers depends on the composition of the population. The profitable business should take into account and analyze the following characteristics of the population: education, income, employment, ethnic composition, average family size, age groups.

In order to accomplish its objectives, the business should develop marketing policies providing opportunities for satisfaction of customers' needs and getting profit. To make effective marketing policy, it is necessary to develop the marketing strategy of the enterprise. This strategy includes two elements: the market segment and the marketing. The market segment is the part of the market where your business can develop surely and profitably, resisting competition and getting goodwill of the customers. In other words the market segment may be called target market. The market mix is intended for achieving the customers' satisfaction and profitability. It consists of four elements referred to as the four P's: the product, the place, the price and the promotion. Otherwise, in the market it is necessary to have the right product, at the right time, in the right place and to call attention to it by means of advertizing. All those actions

constitute the process of marketing. The task of marketing is to find customers and find out what they need. Thus, it is possible to say that marketing is such business activity that directs the flow of goods and services from producer to consumers. One should not forget that such activity includes product transportation, storage, pricing, advertising and selling with maximal satisfaction of customers' needs and earning profit.

There are various types of marketing: macro, micro, differential, non-differential, conversional, concentrated, mass, supporting, counteracting synchromarketing.

All that is indispensable part of economy, which, in its turn, is typically divided into two parts: macroeconomics and microeconomics. The former studies the aggregate economic behavior of the economy as a whole, the latter – the individual behavior in the economy.

The distinction between macro- and microeconomics is also reflected in discussions of business investment. In macroeconomics we want to know what determines the aggregate rate of business investment and how those expenditures influence the nation's total output, employment, and prices. In microeconomics we focus on the decisions of individual businesses regarding the rate of production, the choice of factors of production, and the pricing of specific goods.

## EXERCISES

**1. Look through the text to find the English equivalents of the following terms and give the sentences with them:**

делать упор на что-либо  
определять потребности  
достигать целей  
оценить возможности рынка

состав населения  
сегмент рынка  
комплекс маркетинга  
целевой рынок

**2. Find the sentences in the text that correspond to the following statements:**

1. Marketing ideas were raised when great attention was devoted to selling.
2. For achieving its purposes, the profitable business should meet the requirements of perspective buyers.
3. To realize effective marketing program, it is necessary to work out the marketing strategy of the organization.

4. The market mix is aimed to meeting the customer's needs and getting profit.
5. The market segment is the niche where you can cope with the competition and make marketing more effective taking into account the interests of your customers.

**3. Answer the following questions:**

1. What is the aim of marketing?
2. How are the purposes of marketing realized?
3. What elements does the marketing strategy consist of?
4. What does the market segment refer to?
5. What is the market mix intended for?
6. What are the ways of goods promotion?
7. What types of marketing do you know?
8. What is the difference between macroeconomics and microeconomics?

**TEST**

1. ... people consume goods and services, they provide a basis for further production.
 

a. that	c. why
b. when	d. where
  
2. A controlled economy is the one ... a government decides what can be bought and sold and/or how it is done.
 

a. where	c. when
b. how	d. since
  
3. ... the experimental data do not correspond to this formula is not clear.
 

a. since	c. what
b. as	d. why
  
4. ... you don't understand is ... the professor will never approve this experiment.
 

a. if...since	c. what...why
b. that...how	d. what...then
  
5. ... the price for petrol rises, the demand for cars reduces.



- |         |          |
|---------|----------|
| a. as   | c. why   |
| b. what | d. as if |
6. The usual procedure is ... information storage is followed by information analysis.
- |       |          |
|-------|----------|
| a. if | c. that  |
| b. as | d. which |
7. ... is worth doing is worth doing well.
- |         |          |
|---------|----------|
| a. that | c. since |
| b. who  | d. what  |
8. ... you are not good at figures, it is pointless to apply for a job in a bank.
- |          |           |
|----------|-----------|
| a. where | c. unless |
| b. if    | d. how    |
9. The question is ... he has signed the contract.
- |        |            |
|--------|------------|
| a. as  | c. whether |
| b. who | d. what    |
10. The model ... was launched last year is selling very well.
- |          |        |
|----------|--------|
| a. which | c. who |
| b. when  | d. how |

## UNIT VII

### MONEY AND BANKING

**Read and remember the following words and word combinations:**

1. arrangement – устройство
2. article – изделие, товар
3. coincidence – совпадение
4. cumbersome – громоздкий; обременительный
5. deferred payment – отсроченный платёж
6. delivery – доставка
7. deteriorate – портиться
8. exchange rate – обменный курс
9. hire purchase – покупка в рассрочку
10. insure – гарантировать, страховать
11. laborious – затруднённый
12. medium – средство, способ
13. merely – только, просто
14. payment – платёж
15. rely upon – полагаться на
16. remove – удалять
17. spread – распределять, распространять
18. stock – запас
19. store – хранить, запасать
20. surplus – избыток
21. trade – торговать
22. extenuation – истощение

**Read and translate the text.**

#### TEXT A

#### MONEY AND ITS FUNCTIONS

Money is one of man's greatest inventions and the fact that all but the least developed of human societies use money indicates that it is an essential tool of civilization. In the absence of some form of money, exchange may take the form of barter which is the direct exchange of goods and services for goods and services. Barter will serve man's requirements quite adequately when he provides most of his needs directly

and relies upon market exchanges for very few of the things he wants. As the extent of specialization increases, the barter system proves very inefficient and frustrating. In the simplest societies each family will provide by its own efforts most of its needs and perhaps some small surpluses. A farmer will exchange any small surplus of food, wool or hides for the surpluses of other producers. But this system of exchange becomes very cumbersome as economic activities become more specialized. A specialist metal worker must seek out a large number of other specialists in order to obtain, by barter, the variety of goods he needs to satisfy his daily wants.

The great disadvantage of barter is the fact that it depends upon a “double coincidence of wants”. A hunter who wants to exchange his skins for corn must find, not merely a person who wants skins, but someone who wants skin and has a surplus of corn for disposal. The alternative is to exchange his skins for some other article and then carry out a series of similar exchanges until he finally gets his corn. Time and energy which could be devoted to production is spent on a laborious system of exchange. Quite early in his history man discovered a much more convenient arrangement. The use of some commodity as a medium of exchange makes exchange triangular and removes the major difficulty of the barter system. If a commodity is generally acceptable in exchange for goods and services, it is money. A producer now exchanges his goods for money and the money can be exchanged for whatever goods and services he requires.

### ***The functions of money***

#### ***1. A medium of exchange***

As we have already explained, the use of money as a medium of exchange makes possible a great extenuation of the principle of specialization. In an advanced society the use of money allows us to exchange hours of labour for an amazing variety of goods and services. We can exchange, for example, two weeks' labour for a holiday abroad just as easily as we can exchange it for a piece of furniture or a year's rent on a television set. Such exchanges are taken for granted yet they would be inconvenient without the use of money.

#### ***2. A measure of value***

The first step in the use of money was probably the adoption of some commodity as a unit of account or measure of value. Money, most likely, came into use within the barter system as a means whereby the values of different goods could be compared. The direct exchange of goods for goods would raise all sorts of problems regarding valuation. For example

'How many bushels of corn are equal in value to one sheep, if twenty sheep exchange for three cows and one cow exchanges for ten bushels of corn?' The problem of exchange rates is easily solved when all other commodities are valued in terms of a single commodity which then acts as a standard of value. Money now serves as such a standard and when all economic goods are given money values (i.e. prices), we know, immediately, the value of one commodity in terms of any other commodity.

### *3. A store of value*

Once a commodity becomes universally acceptable in exchange for goods and services, it is possible to store wealth by holding a stock of this commodity. It is a great convenience to hold wealth in the form of money. Consider the problems of holding wealth in the form of some other commodity, say wheat. It may deteriorate, it is costly to store, may be insured, and there will be significant handling costs in accumulating and distributing it. In addition, its money value may fall when it is being stored. The great disadvantage of holding wealth in the form of money has become very apparent in recent years – during periods of inflation its exchange value falls.

### *4. A means of making deferred payments*

An important function of money in the modern world, where so much business is conducted on the basis of credit, is to serve as a means of deferred payment. When goods are supplied on credit, the buyer has immediate use of them but does not have to make an immediate payment. The goods can be paid for three, or perhaps six, months after delivery. In the case of hire purchase contracts, the buyer takes immediate delivery but pays by means of installments spread over one, two, or three years.

A complex trading organization based upon a system of credit can only operate in a monetary economy. Sellers would be most unlikely to accept promises to pay in the future which were expressed in terms of commodities other than money. They would have no idea how much of the commodities they would need in the future, and if they do not want them, they face the trouble and risks involved in selling them. Sellers will accept promises to pay expressed in terms of money because, whatever the pattern of their future wants, they can be satisfied by using money.

## **LANGUAGE PRACTICE**

### **1. Answer the following questions to the text:**

1. What is barter?

2. When may exchange take the form of barter?
3. When is barter inefficient and frustrating?
4. What are the main functions of money?
5. Why has it become unprofitable to hold wealth in the form of money in recent years?
6. Why is money a perfect means of deferred payments?
7. How does a complex trading organization operate in a monetary economy?

**2. Read the following statements and find out what is not true about money and its functions:**

- a) The barter system becomes very efficient as the extent of specialization increases.
- b) Barter proves to be quite useful when people provide most of their needs directly.
- c) The great disadvantage of barter is that it depends upon a “double coincidence of wants”.
- d) The use of some commodity as a medium of exchange raises all sorts of problems regarding valuation.
- e) It is very convenient to hold wealth in the form of money because during periods of inflation its exchange value falls.
- f) When goods are supplied on credit, the buyer has immediate use of them but does not have to make an immediate payment.

**3. Read the following words and word combinations and give definitions:**

- a) money;
- b) the barter system;
- c) exchange rates;
- d) deferred payment;
- e) hire purchase;
- f) surplus;
- g) monetary economy.

**4. Read the sentences and translate them into Russian:**

- a) In the absence of some form of money exchange may take the form of barter.
- b) A specialist metal worker must seek out a large number of other specialists in order to obtain, by barter, the variety of goods he needs.

- c) The use of money allows us to exchange hours of labour for an amazing variety of goods and services.
- d) The direct exchange of goods for goods would raise all sorts of problems regarding valuation.
- e) The problem of exchange rates is easily solved when all other commodities are valued in terms of a single commodity.
- f) It is a great convenience to hold wealth in the form of money.

**5. Read the following words and word combinations and find Russian equivalents for them:**

- a) an essential tool of civilization;
- b) the direct exchange of goods and services;
- c) the great disadvantage of barter;
- d) a laborious system of exchange;
- e) an amazing variety of goods and services;
- f) the value of one commodity;
- g) a means of making deferred payments.

**6. Questions for the final discussion:**

- 1. Why do people accept money?
- 2. What are the functions of money?
- 3. What kinds of money do you know?

**TEXT B-1 THE ROLE OF BANKS IN THEORY**

**1. Learn the following English terms and their Russian equivalents:**

- 1. financial intermediary – финансовый посредник
- 2. credit union – кредитный кооператив
- 3. deficit spending – дефицитное расходование, превышение расходов над доходами
- 4. surplus spending – превышение доходов над расходами
- 5. lender – кредитор
- 6. borrower – заемщик
- 7. marketable securities – рыночные ценные бумаги
- 8. pertinent – уместный, имеющий отношение, применимый

**Read the text. Define the questions discussed in the text. In each paragraph, find the sentences supporting the main idea of the text. What paragraph contains the most important information?**

Banks are financial intermediaries, similar to credit unions, savings and loan associations, and other institutions selling financial services. The term *financial intermediary* simply means a business that interacts with two types of *individuals or institutions* in the economy: (1) *deficit-spending individuals or institutions* whose current expenditures for consumption and investment exceed their current receipts of income and who, therefore, need to raise funds externally by negotiating loans with and issuing securities to other units; and (2) *surplus-spending individuals or institutions*, whose current receipts of income exceed their current expenditures on goods and services so they have surplus funds to save and invest. Banks perform the indispensable task of intermediating between these two groups, offering convenient financial services to surplus-spending individuals and institutions in order to raise funds and then loaning those funds to deficit-spending individuals and institutions.

There is an ongoing debate in the theory of finance and economics about why banks exist. What essential services do banks provide that other businesses and individuals couldn't provide for themselves?

This may at first appear to be an easy question, but it has proved to be extremely difficult to answer. Why? Because research evidence has accumulated over many years showing that our financial system and financial markets are extremely efficient. Funds and information flow readily to both lenders and borrowers, and the prices of loans and securities seem to be determined in highly competitive markets. In a perfectly efficient financial system, in which pertinent information is readily available to all at negligible cost, in which the cost of carrying out financial transactions is negligible, and all loans and securities are available in denominations anyone can afford, why are banks needed at all?

Most current theories explain the existence of banks by pointing to imperfections in our financial system. For example, all loans and securities are *not* perfectly divisible into small denominations that everyone can afford. To take one well-known example, U.S. Treasury bills – probably the most popular short-term marketable security in the world – have a minimum denomination of \$10,000, which is clearly beyond the reach of most small savers. Banks provide a valuable service in dividing up such instruments into smaller securities, in the form of deposits, that are readily

affordable for millions of people. In this instance a less-than-perfect financial system creates a role for banks in serving small savers and depositors.

Another contribution banks make is their willingness to accept risky loans from borrowers, while issuing low-risk securities to their depositors. In effect, banks engage in risky borrowing and lending activity across the financial markets by taking on risky financial claims from borrowers, while simultaneously issuing almost riskless claims to depositors.

Banks also satisfy the strong need of many customers for *liquidity*. Financial instruments are liquid if they can be sold quickly in a ready market with little risk of loss to the seller. Many households and businesses, for example, demand large precautionary balances of liquid funds to cover expected future cash needs and to meet emergencies. Banks satisfy this need by offering high liquidity in the deposits they sell.

Still another reason banks have grown and prospered is their superior ability to evaluate information. Pertinent data on financial investments is both limited and costly. Some borrowers and lenders know more than others, and some individuals and institutions possess inside information that allows them to choose exceptionally profitable investments while avoiding the poorest ones. Banks have the expertise and experience to evaluate financial instruments and choose those with the most desirable risk-return features.

Moreover, the ability of banks to gather and analyze financial information has given rise to another view of why banks exist in modern society – the delegated monitoring theory. Most borrowers and depositors prefer to keep their financial records confidential, shielded especially from competitors and neighbors. Banks are able to attract borrowing customers, this theory suggests, because they pledge confidentiality. Even a bank's own depositors are not privileged to review the financial reports of its borrowing customers. Instead, the depositors hire a bank as delegated monitor to analyze the financial condition of prospective borrowers and to monitor those customers who do receive loans in order to ensure that the depositors will recover their funds. In return for bank monitoring services, depositors pay a fee that is probably less than the cost they would have incurred if they monitored the borrowers themselves.

By making a large volume of loans, banks as delegated monitors can diversify and reduce their risk exposure, resulting in increased deposit safety. Moreover, when a borrowing customer has received the bank's stamp of approval, it is easier and less costly for that customer to raise



funds elsewhere. In addition, when a bank uses some of its owners' money as well as deposits to fund a loan, this signals the financial marketplace that the borrower is trustworthy and has a reasonable chance to be successful and repay its loans.

- 1. What does the term “financial intermediary” mean?**
- 2. Explain the meaning of the terms “deficit-spending individuals” and “surplus-spending individuals”.**
- 3. What task do banks perform?**
- 4. Why do banks exist?**

## **TEXT B-2                      INTERNATIONAL BANKING**

**Read the text and answer the following questions:**

- 1. Where were the first banks located?**
- 2. What forces is international bank fund-raising being affected by?**
- 3. What do many international banks see their future success in?**

Banks have been heavily involved in selling their services across national borders from the industry's very beginning. The first banks were located principally in global trading centers around the Mediterranean Sea, including Athens, Cairo, Jerusalem, and Rome, aiding merchants in financing shipments of raw materials and goods for sale and exchanging one nation's currency and coin for that of another to assist travelers as well as local merchants.

Nowadays international bankers face unprecedented challenges in both raising and allocating funds. E. Gerald Corrigan, president of the Federal Reserve Bank of New York, perhaps has best captured the essence of today's global bank management problems: “Financial markets and institutions are caught up in an unprecedented wave of change and innovation which makes it very difficult to distinguish ends from means, causes from effects, and actions from reactions”.

As the bankers themselves admit, international bank fund-raising increasingly is being affected by three forces:

1. Financial markets are broadening rapidly into worldwide institutions, and many of these markets (such as the markets for Eurocurrency deposits, commercial paper, foreign exchange, and government securities) are becoming 24-hour markets linking Europe, North America, the Far East, and the Middle East in a chain of continuous trading. Not far behind are

the stock and *futures markets*, with overseas exchanges expanding to accommodate *multiple listings* of companies and financial instruments (as evidenced, for example, by the recent expansion of the Tokyo Stock Exchange and LIFFE and SIMEX in London and Singapore). Moreover, the developing nations, confronted with huge capital needs and the decline of these traditional funding sources, are seeking to tap the surplus liquidity of industrialized countries and *recycle* global savings.

2. Old kinds of debt and borrowing methods are being transformed into new kinds of financial instruments and new *fund-raising techniques*. Among the most notable developments here are securitized loans, currency options and dual-currency bonds, and global mutual funds. In recent years, international banks have found it increasingly difficult to bring in *low-cost deposits* and must reach farther afield for funds, encouraging financial innovation but also bringing international banks into competitive conflict over sources of funds with thousands of other financial institutions. At the same time, scores of desirable loan customers have found innovative ways to raise their own funds (such as through direct sales of short-term notes to investors) without the banker's help.

3. The barriers between securities dealers and international banks are falling in many countries, aided by London's "Big Bang" and *deregulation* in leading countries. This erosion of traditional roles is making it harder for the public to see real differences between financial institutions. While banks were the first to internationalize their operations, securities dealers have followed in the 1970s and 1980s, capturing many former customers that traded almost exclusively with international banks.

Many international banks and other financial firms see their future success closely linked to their ability to establish a firm beachhead in all major global markets and to offer a complete line of financial services, centered around securities trading and underwriting, investment planning and saving, credit insurance, and risk management. This is particularly important in fund-raising by international banks because of the necessity in today's intensely competitive environment for each bank to find the cheapest funds sources, whenever they may be found, around the globe.

**Sum up the text in 10-12 sentences and present your summary in class.**

## GRAMMAR IN USE

### Согласование времен (The Sequence of Tenses)

В английском языке существует правило согласования времен в сложноподчиненных предложениях с придаточными дополнительными. Оно заключается в том, что употребление времени глагола-сказуемого в придаточном дополнительном предложении зависит от времени глагола-сказуемого главного предложения. В русском языке согласования времен нет.

1. Если глагол-сказуемое главного предложения стоит в одной из форм настоящего или будущего времени, то глагол-сказуемое придаточного дополнительного предложения может стоять в любом времени, которое требуется по смыслу. В этом случае правило согласования времен не действует.

	<i>одновременное действие</i>	<b>he works.</b> <b>he is working</b> (работает).
He says	<i>предшествующее действие</i>	<b>he worked.</b> <b>he was working</b> (работал).
	<i>будущее действие</i>	<b>he will work.</b> <b>he will be working</b> (будет работать).

2. Если глагол-сказуемое главного предложения стоит в одной из форм прошедшего времени, то и глагол-сказуемое придаточного дополнительного предложения должен стоять в одном из прошедших времен.

	<i>одновременное действие –</i> Past Indefinite / Past Continuous	<b>he worked.</b> <b>he was working</b> (работает).
He said	<i>предшествующее действие –</i> Past Perfect / Past Perfect Continuous	<b>he had worked.</b> <b>he had been working</b> (работал).
	<i>будущее действие –</i> Future-in-the-Past	<b>he would work.</b> <b>he would be working</b> (будет работать).

3. Правило согласования времен не соблюдается:

а) Если дополнительное придаточное предложение выражает общеизвестное положение, факт, суждение и т.п.

Galileo <b>proved</b> that the Earth <b>moves</b> round the Sun.	Галилей доказал, что Земля вращается вокруг Солнца.
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б) В придаточных предложениях определительных, образа действия, причины и следствия, где могут быть использованы любые временные формы, требующиеся по смыслу:

It <b>was not</b> so cold yesterday as it <b>is</b> now.	Вчера было не так холодно, как сейчас.
--	--

My brother <b>told</b> me about the book you <b>are writing</b> .	Мой брат рассказал мне о книге, которую вы сейчас пишете.
---	---

4. Указательные местоимения и наречия места и времени также претерпевают изменения: *this – that, these – those, here – there, now – then, yesterday – the day before, today – that day, tomorrow – the next (following) day, ago – before, last week / year – the previous week / year, next week / year – the following week / year.*

### Прямая и косвенная речь (Direct and Indirect Speech)

**Прямая речь** – это речь какого-нибудь лица, передаваемая без изменений, непосредственно так, как она была произнесена.

**Косвенная речь** передает слова говорящего лишь по содержанию, в виде дополнительного придаточного предложения. При этом в структуре предложения происходят некоторые изменения.

#### Перевод прямой речи в косвенную.

В случаях замены прямой речи на косвенную соблюдается правило согласования времен. При этом:

1. Запятая, стоящая после слов, вводящих прямую речь, а также кавычки, в которые заключена прямая речь, опускаются. Косвенная речь вводится союзом **that что**, который, однако, часто опускается.

2. Если в словах, вводящих прямую речь, употреблен глагол **to say** без дополнения, указывающего на лицо, к которому обращаются с речью, то **to say** сохраняется. Если же после **to say** имеется дополнение (обязательно с предлогом **to**, например – **said to me**), то **to say** заменяется глаголом **to tell** (далее дополнение без предлога **to**).

3. Личные и притяжательные местоимения прямой речи заменяются по смыслу, как и в русском языке.

4. Если в прямой речи есть модальные глаголы, то те из них, которые имеют формы прошедшего времени, изменяются в косвенной речи: **can** на **could**, **may** на **might**, **have (to)** на **had (to)**. Остальные при переходе в косвенную речь не меняются: **must**, **ought to** и др.

5. *Специальные вопросы* при обращении в косвенную речь становятся дополнительными придаточными предложениями, присоединяемыми к главному с помощью тех вопросительных слов, которые были использованы в самом вопросе. Типичными вопросительными словами в этих вопросах являются: **who**, **when**, **where**, **why**, **which**, **whose** и т.п.

6. *Общие вопросы* заменяются придаточным предложением, которое присоединяется к главному при помощи союзов **if/whether**, имеющих значение частицы *ли*. Запятая не ставится.

7. Косвенные приказания и просьбы вводятся глаголами, выражающими просьбу: **to ask**, **to beg** – или команду, приказание: **to tell**, **to order**, **to allow**, **to warn** и др. Действие, выраженное в прямой речи повелительным наклонением (инфинитивом без **to**), заменяется в косвенной речи инфинитивом с частицей **to**. Отрицательная форма глагола в повелительном наклонении заменяется инфинитивом с предшествующей частицей **not**.

## EXERCISES

**1. Translate the following sentences paying attention to the tense forms in the principal and subordinate clauses:**

1. Economists said that lower demand led to lower equilibrium price and the lower quantity of demanded goods. 2. The Prime Minister said that the monthly pension would grow two times by the end of the year. 3. It was written in the book that some forms of money had been used by man from early times. 4. The slide showed that the two curves were going in parallel to each other. 5. Adam Smith, “the father of modern economics”, considered that a nation’s wealth depended on its ability to produce goods. 6. The visitors were told that the secretary had just gone out and would come back in half an hour.

**2. Convert into reported speech paying special attention to the adverbial modifiers of time and place:**

1. "I posted your letter yesterday," said Pearl to her. 2. "I'll have another talk with him tomorrow," said Agnes. 3. "You have a beautiful place here," said Pete. 4. "Jessica arrived last night and she wanted to see you," said Anny. 5. "I have not seen him this morning," said Luke. 6. "He'll meet Betsy here today," she said. 7. "I saw Jack at the University today," she said. 8. "Tonight I shall stay at home and read what the editor has given to me," said Nelly. 9. "Tomorrow I shall do it myself," said mother. 10. "Now everything has changed here, you won't recognize a thing in this company," said the chief executive.

**3. Choose the proper adverb or the adverbial phrase:**

1. Mr. Brown said the manager would be back in London (tomorrow, the following day). 2. He says he enjoyed the film (yesterday, the previous day). 3. The secretary told Mr. Black that Mr. Brown had called him up (two hours ago, two hours before). 4. The secretary said Mr. Brown was having an appointment (now, then). 5. Mary says she will book tickets for the cinema (tomorrow, the next day).

**4. Change sentences with modal verbs and their equivalents into indirect speech:**

1. "If what you have said is true I must go to the police," he said. 2. "You don't need to come in tomorrow," said my employer. "You may take a day off." 3. The official said, "This passport photo isn't like you at all. You must have another one taken." 5. "I needn't get up till nine tomorrow," I said. 6. "I must go to the dentist tomorrow," she said to me. "I have an appointment." 7. "I will go to bed. I had to get up very early today," he said. 8. "I couldn't meet her, I was working," he said. 9. "Something was wrong with the receiver, I could not hear you well yesterday," she said.

**5. Find one sentence in which there is no mistake. Correct the other sentences:**

1. Mike told the policeman that he lost his identity card. 2. Jane said to Dick that Julia doesn't live next to her. 3. She told the detective that she sees the thief in the house. 4. He said that he ate nothing since morning. 5. My girlfriend told me that she felt very bad, and she had a headache. 6. Tom's boss said to him that he hasn't done the work properly. 7. Anna

said that she doesn't want to wear her old dress. 8. Her brother told her that they will have plenty of time to do their work.

### **6. Translate into Russian:**

1. Час назад он сказал, что придет сюда вечером. 2. Она напомнила мне, что вечером будет собрание. 3. Она воскликнула, что он лжет. 4. Она сказала, что больше никогда не будет так счастлива. 5. Он сказал, что эти книги продаются во всех магазинах.

### **7. Change the questions into indirect speech beginning them with the words in brackets:**

*Example:* Is he coming back today? (She asked me...) – She asked me if he was coming back that day.

When will he come back? (She asked them...) – She asked them when he would come back.

1. Have you found the book? (She asked me...) 2. Are there any more books here? (The man asked...) 3. Did she go shopping yesterday (I wanted to know...) 4. Has she bought the dictionary? (He did not ask her...) 5. Does she know the name of the man? (I doubted...) 6. Did Boris see the man this morning? (I asked...) 7. Have they sold the picture? (I did not know...) 8. Do they know anything about it? (I wondered...) 9. Has Jack given you his telephone number? (She asked me...) 10. Where is he going? (He didn't tell anybody...) 11. Where has he gone? (I wondered...) 12. Where is he? (The woman asked...)

### **8. Translate into English:**

1. Я спроси Мэри, ходит ли она в магазин. 2. Я его спросил, ходит ли он на прогулку каждый вечер. 3. Смит спросил, отправил ли я его письмо. 4. Я спросил отца, вернул ли сосед книгу. 5. Он меня спросил, поеду ли я на следующей неделе в Бостон.

### **9. Change commands, requests, recommendations into indirect speech:**

*Example:* "Close the door," she asked me. — She asked me to close the door.

1. "Open the safe!" the raiders ordered the bank clerk. 2. "Please do as I say," he begged me. 3. "Help your mother, Peter," Mr. Pitt said. 4. "Don't make too much noise, children," he said. 5. "Do whatever you like," she said to us. 6. "Don't miss your train," she warned them. 7. "Read the

document before you sign it," the lawyer said to his client. 8. "Fill in the blank again," he said. 9. "Buy a new car," I advised him. 10. "Don't drive too fast," she begged him.

## VOCABULARY AND GRAMMAR REVIEW

**Read and translate the text with the help of the dictionary:**

### THE COMMERCIAL BANKS

The banks handling the major part of the domestic banking business in the United Kingdom are limited liability companies which, in the main, are subject to the ordinary law relating to such companies.

Some of the main features of the United Kingdom commercial banks are:

1. A relatively small number of banks control a large number of branches, United Kingdom members of the British Bankers' Association include 11 London dealing banks, 5 banks in Scotland and 3 in Northern Ireland; they control some 13,000 branches and had total net deposits of over 9,230 million.
2. The volume of cheques handled is very large and, in spite of a stamp duty of 2 on each cheque, many payments – and even relatively small payments – are made by cheque. The average monthly value of cheques, drafts, bills and bankers effects cleared through the London and Provincial Clearing Houses was 29,889 million; and many cheques do not, for various reasons, pass through clearing houses. In addition, a growing volume of payments is effected through the credit transfer scheme: the average monthly value of the credit clearing through the London Clearing House is 657 million.
3. It is the practice of the London clearing banks to maintain a ratio of about 8 per cent between cash reserves and total deposits (of which rather more than a half are repayable on demand, the remainder being mainly deposits at interest and subject to notice).

The banks make advances to customers partly in the form of overdrafts and partly in the form of loans (with or without collateral security); in either case, the advance is normally for a short term only unless renewed.

The ratio of London clearing bank advances to total deposits declined from about 43 per cent in 1938 to about 17 per cent at the end of



the war, but gradually climbed back to settle down to a level of 26 to 30 per cent for a number of years from 1951. After the withdrawal in 1958 of official requests to the banks to restrict the level of their advances, the percentage again moved up, and by July 1961, when the banks were again asked to restrain their lending, was over 47 per cent. In May 1965 the ratio of advances to total deposits was 535 per cent, well above the 1938 level. The analysis shows the relative size of bank advances outstanding in recent years to different sectors of the economy.

The increase in the volume has been accompanied by innovations in bank lending practice, including the introduction of schemes for personal loans repayable by fixed monthly installments over periods up to two years, and facilities for limited service accounts at low cost. Another development was the acquisition by many banks of share capital in hire-purchase finance companies.

4. Certain banks in Scotland and Northern Ireland have retained limited right to issue notes; these issues, apart from an amount specified by legislation for each bank, must be fully covered by Bank of England notes and by coin.

## EXERCISES

**1. Look through the text to find English equivalents of the following terms and give the sentences with them:**

компания с ограниченной  
ответственностью

ограничить предоставление займа  
(кредита)

проводить вексель или чек через  
банк

приобретение акционерного  
капитала

осуществлять платежи по системе  
перевода кредита

предоставленная ссуда

обеспечение имуществом,  
ценными бумагами

вклад до востребования

вклад под проценты

**2. Find the sentences in the text that correspond to the statements:**

1. The banks which are the limited liability companies supervise the most part of the national banking business in the UK.
2. Mostly all cheques, drafts and bills are passed through the Clearing Bank.
3. A great amount of payments is realized through the credit transfer scheme.
4. After the recall of governmental demands to limit the amount of the loans and later when the banks were asked to restrict loaning, the percentage raised.
5. The raise of advances has been the result of the novelty in bank loaning system.
6. It is convenient for the loan borrower to pay it off by regular partial contribution.
7. One of innovations was the receiving by banks of common stock in hire-purchase finance companies.
8. Some banks have held the restricted right to emit bills.

**3. Answer the questions to the text:**

1. What is a limited liability company?
2. What types of payments are cleared through commercial banks?
3. What financial services are rendered to the customers by banks?
4. What was the reason of increasing in the volume of financial operations?

**TEST**

1. Katherine's told me she ... for a better job at the moment.
 

a. was looking	c. looked
b. looks	d. is looking
  
2. Last year's financial statement indicated that it ... a very profitable year for the company.
 

a. is	c. has been
b. was	d. had been
  
3. The financial adviser convinced the CEO that the new project ... a success.
 

a. will be	c. would be
b. is going to be	d. was

4. The suppliers said that they... already ... us the duplicate invoice.
- |              |                 |
|--------------|-----------------|
| a. had sent  | c. would send   |
| b. have sent | d. were sending |
5. The correspondent asked the Returning Officer ... on the election results.
- |                  |                  |
|------------------|------------------|
| a. to comment    | c. commented     |
| b. don't comment | d. would comment |
6. The Managing Director said at the meeting that he ... a joint venture ... the best way to break into the foreign market.
- |                  |                   |
|------------------|-------------------|
| a. thinks... was | c. thought... is  |
| b. thinks... is  | d. thought... was |
7. The secretary asked her boss what time he ...for the airport.
- |                |             |
|----------------|-------------|
| a. will leave  | c. leaves   |
| b. was leaving | d. has left |
8. He wondered what he... to set the situation right.
- |             |             |
|-------------|-------------|
| a. has done | b. does     |
| c. will do  | d. would do |
9. The company's executive director informed the staffers that they... a few days off.
- |                   |         |
|-------------------|---------|
| a. would give     | c. give |
| b. would be given | d. gave |
10. Mr. Martin denied that he ... any money from the company.
- |               |              |
|---------------|--------------|
| a. took       | c. had taken |
| b. would take | d. takes     |

## APPENDIX

### MY HIGHER DEGREE COURSE

**Read and remember the following words and word combinations:**

1. postgraduate student – аспирант
2. undergraduate student – магистрант
3. trainee probationer – стажер
4. doctoral candidate – соискатель
5. doctor of Philosophy (PhD) – кандидат наук
6. principal lecturer/associate professor – доцент
7. senior lecturer/reader – старший преподаватель
8. supervisor / adviser – руководитель
9. assistant lecturer – младший преподаватель
10. master thesis – магистерская диссертация
11. academic / teaching staff – преподавательский состав
12. vice chancellor / Pro-rector – проректор
13. pro-rector for academic affairs – проректор по учебной работе
14. pro-rector for research – проректор по научной работе
15. to prepare / write a thesis – написать диссертацию  
*I'm planning to finish writing the thesis by the end of the next year.*
16. to defend/prove/maintain a thesis – защитить диссертацию  
*If a thesis meets necessary requirements it will be proved at Academic Council.*
17. to do smth with a high level of technical skill – делать что-либо профессионально  
*The research will be conducted with a high level of technical skill.*
18. to employ the most suitable techniques – использовать соответствующие методы  
*They employ the most suitable techniques and procedures of investigation.*
19. to take qualifying exams – сдавать кандидатские экзамены
20. core subjects of the field – основные предметы данной области знаний  
*The postgraduate students will take qualifying exams in the core subjects.*
21. to prepare research publications (articles and papers) – готовить научные публикации

22. written reports – письменные доклады  
*Do you prepare research publications and written reports on the work carried out?*
23. to prepare articles and papers on matters relevant to the investigation – готовить статьи и доклады по теме диссертации
24. to select a promising topic – выбрать перспективную тему  
*The supervisor helps them to select a promising topic.*
25. to meet smb. at regular intervals – регулярно встречаться с кем-либо
26. to discuss the progress of work – обсуждать ход работы  
*You'll meet your supervisor at regular intervals to discuss the progress of your work.*
27. to produce significant results – дать значительные результаты  
*Will you produce significant results in the appointed period of time?*
28. to review the major sections of the thesis – просматривать (читать) основные разделы диссертации
29. to make critical comments – делать критические замечания.  
*The supervisor will review the major sections of your thesis and make critical comments on each draft of the thesis.*

**Read and translate the text:**

I am an undergraduate student of the Gomel State Technical University named after P. Sukhoi. I don't only study but also work as a teacher at the Economics and Humanities Department of our University. I do not have many working hours, but I get great experience. I combine practical work with my scientific research. My master course will last three years. Within this period I am to carry out an investigation and prepare a thesis on it. My master thesis is to show that my research is being conducted with a high level of technical skill. I am to employ the most suitable techniques. The procedures are to be of a high academic standard. I hope my work to be an original contribution to knowledge and its results to be capable of practical application.

Now I am attending seminars and colloquiums. At the end of the year I'm going to take qualifying exams in the core subjects of my field, philosophy and the foreign language. My core subject is Economics and industrial management. I'm doing research in the field of economics. It's a great science. People have been interested in it since earliest times. Economics is the social science concerned with the analysis of commercial

activities and the ways of producing goods and services. Every nation must organize the production and distribution of goods and services wanted by its citizens. To do this a nation's economic system must solve four basic problems:

1. What shall be produced?
2. How shall goods and services be produced?
3. Who shall get goods and services?
4. How fast shall the economy grow?

Economists use scientific methods to study economic problems. Even a mathematical statement was worked out by Leon Wolras to show how each part of economy was related to all the other parts.

Nowadays research generally centers on understanding the relationship between various parts of the economy. Economists base their findings on observation, on case studies. Many economists emphasize the use of mathematics and statistics in testing economic theories. Their method is known as econometrics. The methods of economic analysis have been applied to many problems like education, family life, the organization of government. This method may be useful when resources available to achieve an objective are limited.

My work is primarily of practical importance. I work in close cooperation with my colleagues. We also collaborate with the researchers of other universities of our Republic and some universities of the CIS. I work under the supervision of my adviser, Ph.D. associate professor Petrov P.P. I meet him at regular intervals to discuss the progress of my work and the obtained data and get his advice in solving problems. I consult him when I encounter difficulties in my research. He helped me to select a promising topic to produce significant results in the appointed period of time. I hope he will review the major sections of my thesis when it is written.

Now I'm through with the introduction and some theoretical parts of my thesis. It's with my supervisor's assistance that I prepare articles and papers. I prepare research publications and written reports on the work carried out and publish my articles in economic journals. I take part in various scientific conferences and willingly participate in scientific discussions and debates. I'm planning to be through with my thesis by the end of the following year and prove it in the Scientific Council. I hope to get my master degree.

**Answer the following questions:**

1. What are you?
2. Where do you work?
3. What is your special subject?
4. What field of knowledge are you doing research in?
5. Have you been working at the problem long?
6. Are you a theoretician or experimentalist?
7. Who do you collaborate with?
8. Who is the team you work in headed by?
9. Who is your personal supervisor?
10. When do you consult your scientific adviser?
11. What are the methods used in your work?
12. What do you investigate?
13. How many scientific papers have you published?
14. Do you take part in the work of scientific conferences?
15. Where and when are you going to get your higher degree?

## NOTES

*staff member*: one of those working in an establishment, institution, organization;

*to hold a senior doctorate*: to hold a scientific degree which corresponds to the degree of Doctor of Science;

*technical skill*: practical knowledge and ability to conduct an investigation;  
*the most suitable techniques*: methods which are the best for some particular investigation;

*procedure*: scientifically tested order of doing things while carrying out an experiment;

*to conduct research*: to investigate something systematically in order to discover and interpret new knowledge;

*written report*: a written account of one's achievements;

*to prepare a paper*: to prepare a scientific contribution to be read to a learned society or to be published.

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**Вержбовская Марина Владимировна**

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