

**МИНИСТЕРСТВО ВЫСШЕГО И СРЕДНЕГО  
СПЕЦИАЛЬНОГО ОБРАЗОВАНИЯ РЕСПУБЛИКИ  
УЗБЕКИСТАН**

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# **ENGLISH READER ON ECONOMICS**

**(учебное пособие для бакалавров и магистров)**

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## **Introduction**

This exercise-book has been written especially for students of English who wish to improve their understanding and active use of economical terms in their future work. It is suitable for all learners from economical courses either as an exercise-book on economical texts or as a revision and a practice book.

Exercises on economic texts can be used in the classroom for masters students. The contents are based on English articles from magazines and newspapers (New Times, Economics).

The exercise-book comprises 15 different economic texts e. c. with economic terminology and is supplied with various tasks to be presented for study and practice within real economic situations. Some of the texts are supplied with comments not to be difficult for the students to comprehend them. The exercises make use of the students' own knowledge, experience and opinions, promote discussion or present a problem-solving challenge.

## TEXT I

### The World Of Banking And Commercial Banks

#### **Banks act like 'money pumps'**

To put it simply, banks are in business to look after money that one group of people do not want to spend. They then lend that money to another group who do not have enough of their own money to spend. By offering suitable interest rates or other incentives, the banks can attract de-posits of money. This money safely in the banks is temporarily *with-drawn* from circulation. The banks then help to pump or 'inject' that money back into circulation by lending it to those who want extra money to spend.

The basic idea of banking is that a bank attracts deposits of money at one rate of interest and then lends the money at a higher rate of interest. The aim is to do this profitably.

#### **The complicated world of banking**

It is difficult to build up a full picture of the whole banking system because it is so complicated. However, if we concentrate on the idea that banks encourage people to leave their savings with them and then lend the money out again to other people, we can build up a very simple picture of the banking system. You will notice that an extra type of financial institution called a *discount house* is included in this diagram. Discount houses are different from any of the other banks because they never attempt to attract money from the general public. The money used for lending comes from the commercial banks.

The Bank of England and the National Savings Bank, do *not* aim to make a profit from the process of borrowing money and lending it. As government banks, any money they can attract is in effect lent to the government to spend or to save as it wishes.

In this unit, we will examine more closely the work of the three main banks. In addition, we will look at the work of an issuing house (merchant bank) which has a very special job to do in helping to keep money circulating around the economy.

**Task 1. Read the text once without a dictionary. If you find a word the meaning of which you can not guess, underline it and write your definition or translation in the margin (at side of the text). Then look up the word in the dictionary, check your guess and read the text again.**

**Task 2. Translate the text.**

**Task 3. Answer the following questions:**

- a) Where about is one of the major banking centers of the world located ?
- b) What is at the head of banking?
- c) Explain the meaning of the title: "Banks act like money pumps"
- d) What is the basic idea of banking?
- e) Why do banks encourage people to leave their savings with them?
- f) What is the difference between discount houses and any other banks?

**Task 4. Say whether the following statements are true or false according to the information given in the above mentioned text:**

- 1) One of the major banking centers of the world is situated in New York in Lombard Street.
- 2) There are no head offices of many different types of banks and financial institutions in Threadneedle Street in New York
- 3) The job of the banks is to provide a whole range of financial services to government.
- 4) Looking after the banks and lending money is not important job for banking.
- 5) The banks cannot attract large deposits of money.
- 6) The money is safely in the banks.
- 7) The money is temporarily withdrawn from circulation.

**Task 5. a) explain the basic idea of banking: a bank attracts different deposits of money.**

- b) Give the explanation of the meaning of the word: a discount house.
- c) Find non-finite forms of the verbs in the text (Participles, Gerunds and Infinitives).
- d) Explain the difference among Participles, Gerunds and Infinitives.

## TEXT 2

### The Commercial Banks

The commercial banks (sometimes referred to as *joint stock banks*) are the banks you see in the high streets of almost every town in the country. The biggest and the most well known (called the 'big four') are Lloyds, Midland, Barclays and National Westminster banks. These banks have a history which goes back to the mid-eighteenth century, when the banking system consisted of a large number of small banks looking after money, making loans and even issuing their own banknotes. Today, banks like Lloyds are large multinational companies with their shares being bought and sold daily on the stock exchange. The amount of money they lend runs into millions of pounds. In addition to lending money, all the commercial banks have developed a very wide range of services for their customers. The banks make a charge for most of these services, so they earn an in-come from lending money profitably and from providing other services. Out of this income must come the expenses of running the bank and its nationwide chain of branches. This reminds us that commercial banks are in business to make a profit for their shareholders, which means that their income must exceed their expenses. The jobs that a commercial bank will undertake for its customers are called its 'functions'. There are two functions: the traditional *banking functions* and the *professional or special services*.

#### **Banking functions**

##### ***1 Operating current accounts***

An important job for a commercial bank is to make sure that money is transferred swiftly and correctly from one current account to another. The bank's job operating current accounts is vital to the functions of the whole economy. This involves keeping a careful record of the payments a customer makes and the money received. A customer is given full written details of these transactions in a *statement of account*. Statements are normally issued every month, but they can be provided every day if necessary.

Transfers of money from one current account to another usually take place as a result of the instructions contained in a cheque. But this is not always the case banks can provide a service which transfers money from one current account to another, automatically. This system of *standing orders* enables the banks to make regular payments out of a current account to pay for such regular and *fixed* amount payments as rent, life assurance premiums and subscriptions to clubs. For example a subscription to the AA (Automobile Association) could be paid annually by standing order. Although this system

has been useful, it is now being replaced in many cases by the system known as *direct debit*. This is very similar to a standing order, but it enables a person to make regular payments of a *varying* amount. This system has proved to be particularly useful in times of high inflation when, for example, club subscriptions, rent and premiums have all been rising.

**Task 1. Read the text**

**Task 2. Try to translate the text without a dictionary.**

**Task 3.** a) give the definition of the commercial banks.

b) give the characteristics of banks like Lloyds.

**Task 4. Answer the questions:**

a) What are the biggest and the most well-known commercial banks do you know?

b) What have all the commercial banks done in addition to lending money?

c) How do the banks earn an income?

d) How are the jobs undertaken for the customers of a commercial bank called?

e) What are the names of these jobs and how many are they?

f) What is an important job for a commercial bank?

g) What do current accounts mean?

k) How do you understand the sentence the banks make a charge for most of these services?

i) Commercial banks are in business to make a profit for their shareholders. Prove it.

**Task 5. Agree or disagree:**

1. There are three jobs that a commercial bank undertakes for its customers.

2. A commercial bank does not always make sure that money is transferred swiftly and correctly from one current account to another.

3. A customer is given details of the transaction in a short form once a week.

4. Transfers of money from one current account to another usually take place as a result of the instructions contained in a cheque.

5. The system of standing orders although being useful is now being replaced by the system known as direct debit.

**Task 6. Give the explanation of the meanings of the words and word combinations:** *operating current accounts vital, to make loans, to lend money, a wide range of services, profitably, to run the bank, functions, to make sure, standing order, direct debit.*

## TEXT 3

### Looking After Savings

A bank *looks after a person's savings* in a *deposit account*. Money saved in a deposit account earns interest. The bank usually requires a person to tell it in advance when he or she wants to withdraw the money, and normally expects people to keep money in a deposit account for a reasonable length of time. However, banks do not mind if a customer suddenly wants to withdraw his or her savings immediately. But you should remember that the bank will probably reduce the interest it pays - as a sort of penalty!

#### *Distributing banknotes and coins*

Most people do not realize that banks do the job of *distributing banknotes and coins* around the country. The need for this *job* is particularly apparent during the summer period. At this time of year, holidaymakers from the big cities go to the coast with their pockets bulging with notes and coins to spend. Eventually, this cash finds its way into the tills of shops, pubs and hotels and is then *banked*. The local banks find that they have too much for their immediate needs, so they load it into security vans and take it back to the cities. There it is ready to be reissued to the next train load of holidaymakers.

#### **Lending**

Commercial banks have another important function: they *lend money* to private individuals and to firms. A bank manager might refer to this as lending to the *private* and the *corporate* sector. For short-term loans, the banks may arrange for its customers to have an overdraft on their current account. For big businesses an overdraft could be for several millions of pounds for private individuals it might be for only a few pounds. With an overdraft the customer can write cheques for more than is in his or her current account - up to a limit of course! The advantage of having a loan in the form of an overdraft is that the bank will charge interest on the *actual sum overdrawn* on a day-to-day basis. In the case of an ordinary loan, the bank will charge interest on the full amount of the money, regardless of whether it is spent or not. This is why borrowing money can work out cheaper if it is arranged as an overdraft.

#### **Bank Base Rates**

Look in at any of the local commercial banks and you will see that there are a number of interest rate notices around. The most important one is called the bank's *base rate*. It is a *guide* to the interest rates that particular bank is offering if you save money with them or if you borrow.



The interest rate offered to savers is usually a little below the base rate. The rate of interest on any overdrafts or loans will always be above the base rate, but how much above will depend on what the bank manager considers the risk to be.

**Task 1. Read the text, copy out the new words.**

**Task 2. Give the synonyms and antonyms of the new words and expressions, their derivatives, if possible.**

**Task 3. Make up 10 questions on the text.**

**Task 4: Translate the following sentences:**

1. Если кто-либо обеспокоен тем, что он или она платит слишком много за налог, они могут обратиться за помощью к налоговой банковской инспекции.

2. Банк имеет департамент, который помогает клиентам написать завещание и оформить условия завещания после смерти клиента.

3. Для более крупных фирм большинство банков организует отдельную консультативную службу.

4. Коммерческие банки выполняют ещё одну важную функцию: они дают займы деньги частным лицам и фирмам.

5. Процентная ставка, предложенная вкладчикам, обычно немного ниже базовой.

**Task 5. Insert a verb from the box into each blank:** *save, look, offered, will see, borrow, depend, will, considers, will be, is offering*

\_\_\_\_\_ in at any of the local commercial banks and you \_\_\_\_\_ that there \_\_\_\_\_ a number of interest rate notices around. The most important one is called the bank's rate. It \_\_\_\_\_ a guide to the interest rates that particular bank \_\_\_\_\_ if you \_\_\_\_\_ money with them or if you \_\_\_\_\_. The interest rate \_\_\_\_\_ to savers \_\_\_\_\_ usually a little below the base rate. The rate of interest on any overdrafts or loans \_\_\_\_\_ always \_\_\_\_\_ above the base rate but how much above \_\_\_\_\_ on what the bank manager \_\_\_\_\_ the risk to be.

## TEXT 4

### Electronic Savings

We're all becoming familiar with electronic cash withdrawals, through Service-tills and the Rapid Cash tills inside branches. But what about electronic savings? Tom Frost, General Manager of Nat West's Business Development Division, makes the point that electronic cash handling is going to make all the difference to the next generation of bank savings schemes, and to the future shape of the major financial institutions themselves. One area in which the use of new technology will have particular effect will be the savings market.

Frost emphasizes the wide range of options which Nat West offers the saver with a lump sum, and the ways in which new technology will increase these options in the future. Using computers and word processors, Nat West is centralizing the administration of savings schemes. And of course, easy access to cash is still a key selling point with any savings scheme. Here Nat West will be using its Automatic Teller Machines network to the full, giving customers the convenience of a 24-hour service rather than restricted opening hours.

Centralization of the administration of savings schemes, and cash transfers that make it cheaper to gather and manage deposits, help the bank and its savers. But do savers know? Tom Frost thinks that they may not. I believe, he says, that some of this weakness stems from an emotional barrier connected with the image of the banks. In the past, the clearing banks have offered a first-class current account service but have failed to sell themselves as an automatic home for savings as far as personal customers are concerned. It's as customers see that electronic banking means scope for a wider and better range of deposit schemes, as well as current account services, that savers will treat their local Nat West as a long – term home for their money.

**Task 1: Read and get acquainted with the text.**

**Task 2: Copy out the new words. Give their synonyms, antonyms and derivatives, if possible.**

**Task 3: Retell in brief the contents of the text.**

**Task 4: Answer the following questions:**

1. In what area will the use of new technology have particular effect?
2. What does Nat West's Business Development Division deal with?

3. Why will automatic Teller Machines network be more convenient than electronic cash withdrawals?
4. Do savers know about this advantage?
5. What does Tom Frost, General Manager of Nat West's Business Development Division, comments on this point.

**Task 5: Clear up the meaning of the sentences.**

1. Nat West is a long term home for customer's money.
2. In the past the banks failed to sell themselves as an automatic home for savings as far as personal customers are concerned.
3. Tom Frost, General Manager of Nat West Emphasises the wide range of options which Net West offers the saver with a lump sum, and ways in which New technology will increase these options in this future.
4. Easy access to cash is still a key selling point with any savings scheme

**Task 6: To sum up the text answer the test-self questions:**

1. What machines are mentioned as being currently used in banks to help customers withdraw-cash from their current accounts?
2. What does the text suggest will be the next type of the machine and what will it enable customers to do?
3. Why might the commercial banks be particularly keen to introduce new machines outside their branches to provide all sorts of banking services which would be available at any time throughout the day or night?
4. Why does Tom Frost believe that few people will think of a commercial bank as a place to put their savings?

## TEXT 5

### A business Letter

No matter how efficient a business firm tries to be mistakes will happen. First of all it concerns spelling. There might be a misunderstanding about the goods to be supplied; sometimes the consignment is dispatched too later or delays are caused in transit; defect is discovered when the equipment is put into operation and so on. Therefore grammar and lexical mistakes are of high importance as well.

**Task 1. Look at the 2 business letters with the complaint expressed. There are three grammar mistakes and two spelling mistakes in each paragraph. Circle the mistakes and correct them.**

**Matthews and Wilson  
Ladies' Clothing  
421 Michigan Avenue  
Chicago, III, 60602**

**November 22, 2006**

**Grant and Arkson  
148 Mortimer Street  
London W1C 37D**

**Gentleman:**

Thank you for your *delivery* of "Swinger" dress which *is* ordered on November 4. However we *wished* to draw your *attention* from two matters. Of the red dresses *supply* one lot *from* 100 (size 12), *includes* clothes of a *ligter* red than the other *saizes*. *Cince* we deliver a *colection* of various sizes *into* each store, it would be obvious to customers that the clothes *were* dissimilar. In addition the red belt supplied *was* not match these address.

We are *return* two from these by *seperate* mail and *will* ask you to replace the whole lot by 100 dresses size 12 in the correct colour.

As far as *you* charges for air *freigh* are concerned we had *agreed* to pay extra costs which you *invoice*. However your costs for packing and insurance must have been lower for air cargo, and we *requested* you to take this fact into consideration and to make an adjustment to the invoice amount.

*Wold* you please send us a *rectifd* invoice, *reduce* accordingly. We look *foward* about your dealing without *delai*.

**Very truly yours  
Wilson.**

**Here are the words to be filled in instead of italicized letters:** *wish, supplied, collection, are, to, sizes, of, since, your, freight, invoiced, delay, reduced, request, agree, separate, lighter, returning, rectified, would, included, forward, delivery, attention to, does, of, to.*

If this kind of letter is sent the customer is understandably annoyed, nevertheless there is no reason to write an angry letter of complaint.

From this letter we see that the results are better for the correspondent to explain his complaint clearly and literately and propose proper ways in which matters can be put right.

Letters that are written in response to claims may adjustments. These letters are among the most difficult to write as they require under all circumstances patience, tact and diplomacy. You will not lose your customer, if you react at his claim promptly.

***Task 2. Look at the adjustment. There are three grammar mistakes and two spelling mistakes in each paragraph. Circle the mistakes and correct.***

Here are the words to be inserted instead of italicized writing: to, by, may, faulty, which, perfectly, this, colour, was, about, still, packing, by, possible, to, by, at, than, were, furthermore, materials, for, is, yet, received, still, is, for...

**Grant and Clarkson  
148 Mortimer Street  
London W1C 37D**

**Matthews and Wilson  
Ladies' Clothing  
421 Michigan Avenue  
Chicago. Ill.60602**

**2<sup>nd</sup> December, 2006**

**Dear Sirs:**

The *color* of the dresses about *wich* you complain \_\_\_ indeed lighter \_\_\_ if should be. Apparently this \_\_\_ overlooked by controller responsible. Please accept our apologies for the oversight.

We are sending you a new lot by air *that* week, and *wold* ask you to return *falty* clothes *in* your convenience, carriage forward. Alternatively you *should* keep this lot for sale as seconds at a reduced price of £ 1.120.

You are *pefectly* correct *about* saying that *paking* and insurance costs are normally less for cargo sent *with* air. May we remind you, however, in this case your request \_\_\_ send the goods by air was made at very short notice.

It was not *possible* for us to use the lighter air freight packing *materials*, as most of the dresses *are* ready for shipment *at* sea freight (please see our letter of 9<sup>th</sup> November).

*Furthermore*, our *insurance* was on an open policy at a flat rate and depends *at* the value of the goods, not the method in transport. *At* this reasons our invoice №14596 dated 15<sup>th</sup> November 2006 *was yet* valid and we look *foward* to *recieving* your remittance when due.

**Yours faithfully**  
**Burke**

The suppliers show their understanding of situation and express their willingness to adjust it. They say exactly what steps they are going to take, because a disappointed customer cannot be put off with mere apologies – he is entitled to know how the mistake will be remedied. The suppliers convince their partners that they are really interested in maintaining good will. They try to avoid negative statements, and what even worse, accusations they never forget that it is their customer who keeps them in business. Even when they write their customers about rejecting their claim on air freight, they try to give logical reasons for the refusal.

The conclusion that therefore suggests itself is that writing of business letters is highly complicated science. It is not enough for a good business letter writing to know logics and grammar, but you should comprehend the whole range of such things as: occasions on which the particular letter is written, the style of letter, useful expressions, and accepted idioms.

There are certain rules which not everybody could learn since they have to be felt by correspondents. Letter writing requires long practice and experience. Those who write letters should always remember that what makes the letter attractive and therefore promotes one's business is not always the message of the letter. But it is the manner and style in which the message is written. The "golden rule" that must be followed by every business correspondent is that the official letter should be formal, courteous, tactful, concise, expressive, and to the point.

***Task 3: Answer the following questions on the letters:***

1. What kind of letter is the first one?
2. What are complaints about?
3. What goods were ordered?
4. What is the cause of the complaint of the customer?
5. How did the seller and the customer agree to arrange the matter?

6. Whose fault was overlooking the colour of dresses?
7. What did the seller propose to do with the whole lot by 100 dresses size 12?
8. Did the letter apologize for the oversight?

**Task 4. Answer the following questions on the text.**

1. What is the name of the letters, written in response to claims?
2. What is the supplier entitled to know?
3. Why is it important for the partners to avoid negative statements?
4. What is required for good business letter writing?
5. What is the “golden rule” that must be followed by every business correspondent?

**Task 5: Find the Passive Voice in the text.**

***Point out Non-finite forms of the verbs: Participles, Gerunds and Infinitives.***

***Fill in each blank with the Infinitives, Gerunds or Participles. Put in words from the box: to return, sent, made, packing, keep, reduced, sending, to return, sating, to sent, to use.***

We are \_\_\_\_\_ you a new lot by air this week, and would ask you & \_\_\_\_\_ the faulty clothes at your convenience, carriage forward. Alternatively you may \_\_\_\_\_ this lot for sale as seconds at a \_\_\_\_\_ price. You are perfectly correct in \_\_\_\_\_ that \_\_\_\_\_ and insurance costs are normally less for cargo \_\_\_\_\_ by air was \_\_\_\_\_ at very short notice. It was not possible for us \_\_\_\_\_ the lighter air freight \_\_\_\_\_ materials, as most of the dresses were ready for shipment by sea freight (please see our letter of 9<sup>th</sup> November).

**Task 6. Find synonyms and antonyms to the following words:**

To pull off, mere, entitled, remedy, to reject, reasons, remittance, to receive, apparently, convenience, in response, to require, circumstances, promptly, concise, courteous, expressive.

## TEXT 6

### Prices

The ultimate source of the level of all prices is the value judgments of the consumers. Each person is buying or not buying, selling or not selling, contributes to the formation of market prices. The larger the market, the smaller the weight of each individual's contribution. Thus the vast array of market prices appears to the individual as a structure over which he has no influence. In reality, what we call a price is a relationship that expresses the composite effect of human activity in the market. So prices are not fixed, but extremely flexible in the free market in response to consumer action. That is the reason the market has constant offerings of goods and services at lower prices or what is known as a "sale". These are necessary to discover the current price that consumers will pay.

Money prices are exchange ratios which make buying and selling transactions rapid and simple to calculate. The subjective valuations that determine a definite money price are different in the minds of the buyer and seller. Each party attaches a higher value to the item he receives than to what he gives in exchange. So the money price is not the result of equality of valuation but rather the product of a difference in subjective valuation between the parties involved in the transaction.

The fundamental feature of the market price is that it works to constantly equalize supply and demand. Any deviations in market prices from the amount needed to equalize supply and demand are self liquidating. That is buyers and sellers will adjust their valuations so that goods and services will trade at a mutually agreeable price. This feature of the free market prevents any surpluses or shortages of goods at free market prices.

At times governments have exerted power to fix maximum prices and at other times minimum prices. But if the government fixes prices at a level different from the unhampered market price, then the equilibrium of demand and supply is disturbed. With a maximum price set, potential buyers will not be able to buy even though able and willing to pay the maximum or even at higher price. This is because the demand will exceed supply and a shortage will appear. If a minimum price is set, potential sellers, able and willing, cannot sell at the minimum or even at lower price. This is because supply will exceed demand and a surplus will appear. For example, suppose the free market price of gasoline is \$2 per gallon, but the government fixes the price, at a maximum of \$1 per gallon. Consumers will quickly line up to buy the 'cheap' gasoline and rapidly deplete supplies. Producers must curtail



production since the low price will not cover the costs to produce the gasoline and allow any profit. Shortages will result and the government will probably resort to rationing the dwindling gasoline supplies.

Suppose on the other hand the market price is \$2 per gallon and the government sets a minimum price of \$3 per gallon. Suppliers will quickly produce more gasoline to sell at the price of \$3. But consumers are un-willing to pay more than \$2 per gallon. Thus a surplus of gasoline quickly develops and the government must either destroy or find storage for the gasoline. Free market prices alone can prevent such chaos and disorganization in the economy.

The concept of prices based on cost is unrealizable. Costs do not determine selling prices but the exact opposite occurs. That is, market selling prices determine all costs of production. The reason for this is that the entrepreneur will not produce a product if the anticipated selling price will not cover all costs and leave a hope for profit. He calculates backwards from the selling price. It is this fact that guides all investments in the free market and thus allocates all resources to the best use as determined by the consumer's demands.

**Task 1. Read the text. Translate it give the summary of it.**

**Task 2. Copy out unknown words and give their synonyms and antonyms.**

**Task 3. Be ready to answer the questions on the text:**

- a) What is the ultimate source of the level of all prices?
- b) Who contributes to the formation of market prices?
- c) Why are prices so flexible?
- d) What role do money prices play in the market?
- e) What is the market price?
- f) What is the essential feature of the market price?
- g) What is the result of government market interference in price fixing?
- h) Will you give an example or two examples to show how free market prices can prevent disorganization in the economy?

**Task 4. Say whether the following statements are true or false according to the information given in the above mentioned text:**

- 1. Prices are fixed.
- 2. The market has constant offerings of goods and services at lower prices.
- 3. Money prices are not exchange ratios.

4. Each consumer attaches a higher value to the item he receives than to what he gives in exchange.

5. Any deviations in market prices from the amount needed to equalize supply and demand are not self liquidating.

6. At times governments have exerted power to fix just minimum prices.

7. The concept of prices based on cost is unrealizable.

8. Costs do not determine selling prices. Prove the answer.

**Task 5. Find the synonyms to the following word and the word expressions:** the ultimate source of, the value judgement, to contribute, the vast array, to be flexible, constant offerings, the current price, the subjective valuations, to attach a value, to equalize something, surplus of goods, shortage, to cover the costs, to deplete, probably, to fix, to dwindle, to destroy, to curtail, supplies, to allocate, to curtail.

**Task 6. Translate the following sentences:**

1. Относительные оценки, определяющие цену в денежном выражении, по-разному понимаются покупателем и продавцом.

2. Существенной чертой рыночной цены является то, что она работает для того, чтобы уровнять спрос и предложение.

3. Продажные рыночные цены предопределяют все расходы, затраченные на постановление продукции.

4. Именно продажная цена играет руководящую роль во всех инвестициях на свободном рынке и таким образом выделяет все ресурсы к использованию лучшим образом, чтобы удовлетворить потребности потребителей.

## TEXT 7

### How to buy an antique

MAKE friends with a dealer. Don't pretend you know more than you do and don't be afraid to tell them how much you want to spend. It may be only £10 a month, but that doesn't matter. I made friends with a London print dealer called Finbar MacDonnell, and whenever I have a few pounds to spare, I spend an afternoon with him and come home with, half a dozen pictures.

I never buy anything in a shop with signs saying Don't Touch. How can you read a hallmark on silver, or identify a piece of porcelain without picking it up?

There are very few bargains, especially through dealers. That's why you should never buy an antique because you think you will make a profit by selling it on. Buy an antique because you want it and you like it: nothing else makes sense.

**Task 1. Match the proverbs and sayings on the left with their meanings on the right.**

*Take care of the pence and the pounds will take care of themselves*  
*Penny wise, pound foolish*

Do only what you can afford with the money you have.

*Love of money is the root of all evil*

If you save small sums of money, you'll soon have a lot.

*Cut your coat according to your cloth*

Greed is responsible for a great deal of crime and dishonesty.

*In for a penny, in for a pound*

If you decide to do something, don't stop halfway; do it properly.

Careful about small sums, careless about spending large ones.

**Task 2. Make up situations in which someone could use these proverbs.**

**Task 3. Think of equivalents for these in your first language.**

**Task 4. Translate the article "How to... buy an antique" in groups of three. Make sure that you discuss the various possibilities and that you take into account each other's ideas. Compare the translation of your group with that of the others. Choose the best one.**

**Task 5.** The article *How to... buy an antique* mentions a print dealer. A print dealer is someone who deals in prints, who buys and sells prints. How would you call someone who deals:

in antiques?

in second-hand furniture?

in cattle?

in shares?

in second-hand cars?

in cars?

**Task 6. Copy out the new words and expressions. Translate them:**

a few pounds to spare half a dozen...

an antique

a hallmark porcelain

a print dealer

to identify

Penny wise, pound foolish greed

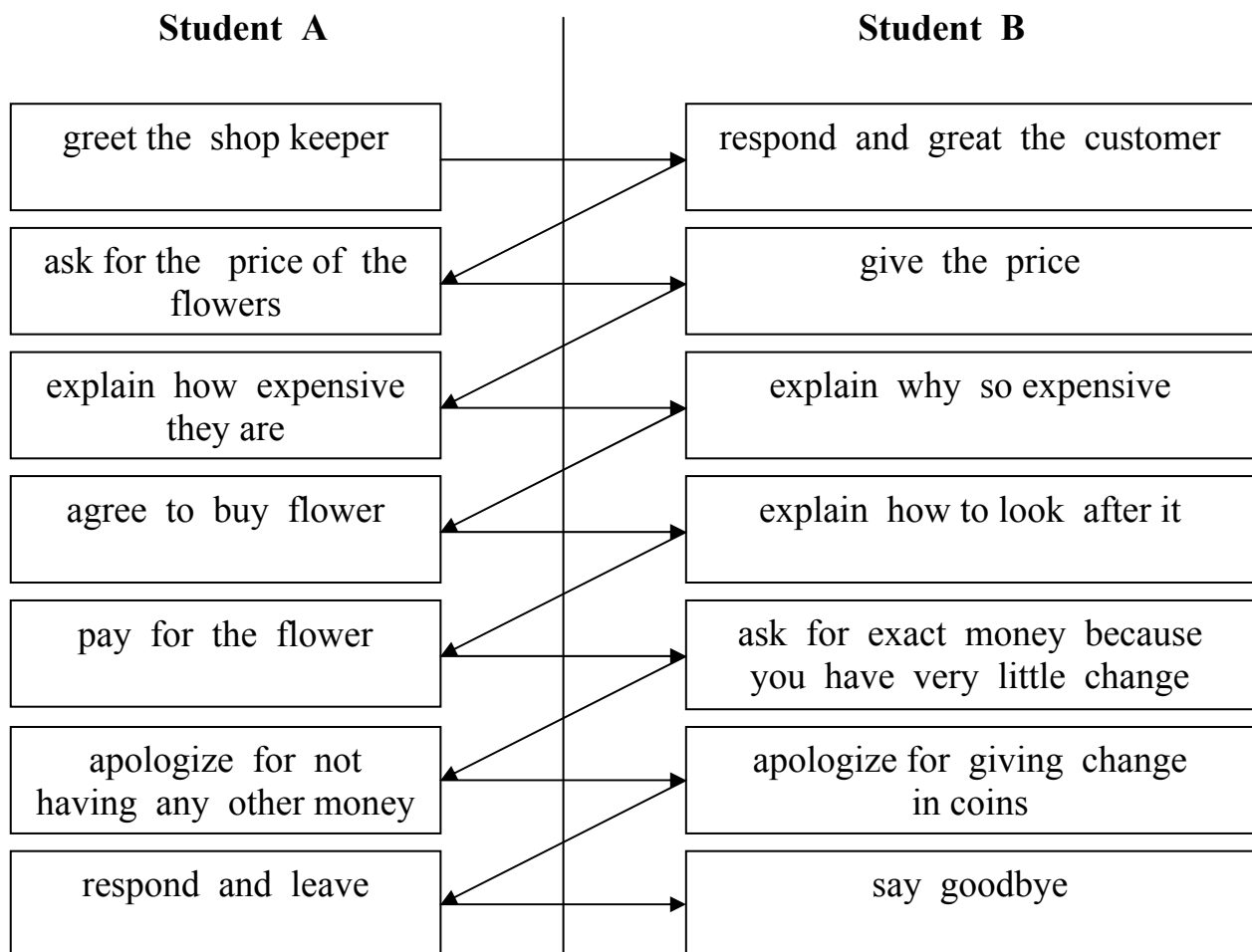
a car dealer

In for a penny, in for a pound

Love of money is the root of all evil

Take care of the pence and the pounds will take care of themselves

**Task 7: Role play the conversation below between an assistant and a client as the florist's. Use the expressions from Task 1.**



**Task 8: When you have acted out the dialogues, switch roles and act out the role play again.**

**Here are the following words and expressions to be used in the dialogue:**

exact money  
prices go up  
down to my last penny  
to buy something for a  
song  
to be out of pocket  
to be able to afford  
customer  
a florist

to be in the red,  
to have a very small amount of money  
prices go down  
cheap at the price  
daylight robbery  
money is no object  
a £10 note  
change  
shop- assistant

## TEXT 8

### Bargains

Let us take the orthodox definition of the word bargain. It is something offered at a low and advantageous price. It is an opportunity to buy.

Something at a lower price than it is really worth. A more recent definition is: a bargain is a dirty trick to extort money from the rockets of silly and innocent people. I have never attended a large company's board meeting in my life, but I feel certain that the discussion often takes the following lines. The cost of producing a new - for example- toothpaste would make 80p decent price for it, so we will market it at £1.20. It is not bad, and as people like to try new things it will sell well to start with, but the attraction of novelty soon fades, so sales will fall. When that starts to happen we will reduce the price to £1.15. And we will turn it into a bargain by printing 5p. OFF all over it, whereupon people will rush to buy it even though it still costs about forty three percent more than its fair price.

Sometimes it is not 5p. OFF but 1p. OFF

What breathtaking impertinence to advertise 1p. OFF your soap or washing powder or dog the poorest old-age pension ought to regard this as an insult, but he doesn't a bargain must not be missed. To be offered a "gift" of one penny is like being invited to dinner and offered one single pea (tastily cooked), and nothing else. Even if it represented a real reduction it would be an insult.

Still, people say one has to have washing powder (or whatever) and one might as well buy it a penny cheaper. When was a boy in Hungary a man was accused of murdering someone for the sake of one pengo, the equivalent of a shilling, and pleaded guilty. The judge was outraged: "To kill a man for a shilling!.. What can you say in your defense?" The murder replied: "A shilling here... a penny there..."

And that's what today's shopper says, too- «A penny here.. a penny there».

The real danger starts when utterly unnecessary things become "bargains". There is a huge number of people who just can not resist bargains and sales. Provided they think they are getting a bargain they will buy clothes, they will never wear furniture they have no space for.

Old ladies will buy pipe - cleaners. And I once heard of a man who bought an electric circular. Saw as a bargain and cut off two of his fingers the next day. But he ha no regrets: the saw had been truly clean. Quite a few people actually believe that they make money on such bargains. A lady I

know, otherwise a charming and seemingly sane girl, sometimes tells me stories such as this: "I've had a lucky day today, I bought a dress for £120, reduced from £400; I bought a suit - case for £40. reduced from £120 and I bought a beautiful Persian carpet for £600, reduced from £900. Perhaps she may add vaguely that she has been a trifle extravagant, but it will never occur to her that she has actually waited £760. She feels as though she has made £660. She also shopping, she could make a living out of it "

Some people buy in bulk because it is cheaper. At certain moments New Zealand lamb chops may be 3p cheaper if you buy half a ton of them, so people rush to buy a freezer just to find out later that it is too small to hold half a ton of New Zealand lamb. I once knew a couple who could not resist buying sugar in bulk, They thought it a tremendous bargain, not to be missed, so they bought enough sugar for their lifetime and the lifetime of their children and grandchildren. When the sugar arrived they didn't know where to store it - until they realized that their loo was a very spacious one. So that was where they piled up their sugar. Not only did their guests feel rather strange whenever they were offered sugar to put into their coffee, but the loo became extremely sticky.

To offer bargains is a commercial trick to make the poor poorer. When greedy fools fall for this trick, it serves them right. All the same, if bargain were prohibited by law our standard of living would immediately rise by 7.39 per cent.

**Task 1. The title of this unit is Bargains. Here are some possible definitions of the word. Which ones do you agree with?**

1. a good will gesture made by shopkeepers to their customers.
2. a selling technique
3. something sold at an unusually low price
4. an opportunity not to be missed
5. a trick to make you buy something that you do not really want.

**Task 2. Read the rest of the passage and decide which paragraphs are about:**

- A) how a new product is sold
- B) buying in a large quantities
- C) defining what a bargain is
- D) how the writer feels about-people who waste money on bargains
- E) an unusual way of "making money
- F) things people buy just because the first ones are bargains
- G) how people react to small price reductions

**Task 3. Answer the questions about these words and expressions**

1. the attraction of novelty soon fades: Are (a) more or (b) fewer people likely to buy the product?
2. breathtaking impertinence: Is this (a) unbelievable rudeness, (b) a waste of time, or (c) a clever sales technique
3. in bulk: Does buying in bulk mean (a) buying in a large quantities, (b) buying as much as you can, or (c) buying too much?
4. it serves them right: Is the writer (a) sympathetic, or (b) unsympathetic towards people who are tricked into buying bargains?

**Task 4. Look at the following general statements. Can you find examples in the passage which illustrate these statements?**

1. Bargains are often a way of making expensive products look cheap.
2. Very small price reduction are an insult to the customer.
3. People often buy things they don't want because they are bargains.
4. Some people seem to believe that they make money when they buy a bargain.
5. Buying in bulk is often thought to be a cheap way of buying.
6. People like to try new products.
7. People react in the same way to small price reductions as they do to big ones.

**Task 5.**

The writer creates a humorous effect by the use of exaggeration. For example: «Old ladies will buy roller-skates...»

Can you find any more examples of amusing exaggeration in the passage?

**Task 6. Answer the following questions:**

Do you look around the shops for bargains? Have you ever bought anything that you didn't need just because you thought it was a bargains? What was the best bargain you have found?

**Task 7. Bargaining also means negotiating to bring the price down. In what circumstances can you bargain in your country?**



## TEXT 9

### Gold

Mankind's fascination with gold is as old as civilization itself. The ancient Egyptians esteemed gold, which had religious significance to them, and King Tutankhamun was buried in a solid-gold coffin 3300 years ago. The wandering Israelites worshipped a golden calf, and the legendary King Midas asked that everything he touched be turned into gold. Not only is gold beautiful, but it virtually indestructible. It will not rust or corrode; gold coins and products fabricated from the metal have survived undamaged for centuries. Gold is extremely easy to work with; one ounce, which is about the size of a cube of sugar, can be beaten into a sheet nearly 100 square feet in size and becomes so thin that light passes through it.

An ounce of gold can also be stretched into a wire 50 miles long. Gold conducts electricity better than any other substance except copper and silver, and it is particularly important in the modern electronics industry. People have always longed to possess gold. Unfortunately, this longing has also brought out the worst, in the human character. The Spanish conquistadors robbed palaces, temples, and graves, and killed thousands of Indians in their ruthless search for gold. Often the only rule in California during the days of the gold rush was exercised by the mob with a rope. Even today, the economic running of South Africa's gold mines depends largely on the employment of black laborers who are paid about £ 40 a month ,plus room and board, and who must work in conditions that can only be described as cruel. About four hundred (400) miners are killed in mine accidents in South Africa each year, or one for every two tons of gold produced.

Much of gold's value lies in its scarcity. Only about 80000 tons have been mined in the history of the world. All of it could be stored, in a vault 60 feet square, or a super tank. Great Britain was the first country to adopt the gold standard, when the Master of the Mint, Sir Isaac Newton, established a fixed price for gold in 1717. But until the big discoveries of gold in the last half of the nineteenth century- starting in California in 1848 and later in Australia and South Africa-there simply wasn't enough gold around for all the trading nations to link their currencies to the precious metal. An out - of - work prospector named George Harrison launched South Africa into the gold age in 1886 when he discovered the metal on a farm near what is now Johannesburg. Harrison was given a £12 reward by the farmer. He then disappeared and reportedly was eaten by a Hon.

One of the big gold - mining areas in Russia is the Kolyma River Region, once infamous for its prison camp. The camp has gone, but in a way has changed. Many ex-prisoners have stayed on to work at the mines and are supervised by ex-guards.

Despite the current rush to buy gold, 75 percent of the metal goes into jewelry. Italy is the biggest user of gold for this purpose, and many Italian jewelers even tear up their wooden floors and burn them to recover the tiny flecks of gold. Historically, the desire to board gold at home has been primarily an occupation of the working and peasant classes, who have no faith in paper money. George Bernard Shaw defended their instincts eloquently: «You have to choose between trusting to the natural stability of the honesty and intelligence of the members of the government», he said, «and with due respect to these gentlemen, I advise you ... to vote for gold».

(From an article in news week).

**Task 1. Write the reproduction on the text.**

**Task 2: Read the text and make up 10 sentences with the following words:** *to worship, to value, to destruct, to esteem, with due to, flecks, faith, to be supervised, primarily, jewelers.*

**Task 3. Answer the following questions:**

1. Why is gold valuable?
2. What did the legendary King Midas do?
3. Where is gold used?
4. What countries are rich in gold?
5. Where is the one of the big gold- mining areas in Russia? What about Uzbekistan?

**Task 4: Read the passage carefully, then answer the following questions. Choose the response which best reflect the meaning of the text:**

1. One of the disadvantages of gold is that
  - a) it loses its shape too easily
  - b) it is easy to destroy
  - c) it is expensive to mine
  - d) it is of no use in industry
2. Gold has always been considered a precious metal because
  - a) money is made of it
  - b) it is rare

- c) a small quantity goes a long way
- d) it has religious significance

3. During the days of the gold-rush in California

- a) people had to mark out their gold claims with rope.
- b) People carried rope instead of gins
- c) Hanging was a common form of punishment
- d) Rope was the symbol of law and order

4. After the big gold discoveries in the late nineteenth century.

- a) most nations adopted the gold standard
- b) the trading nations were unable to get enough gold
- c) gold coins were used by most nations
- d) gold ceased to be an important metal

5. The gold standard is

- a) the average price of gold on the world market
- b) a basis for determining the value of currency
- c) the amount of gold required by a nation before its currency can be made convertible
- d) a means of determining the quality of gold

6. George Bernard Shaw thought that

- a) the members of the government were honest and intelligent
- b) the value of gold was likely to change unexpectedly
- c) one could place more faith in gold than in politicians
- d) gold was more valuable than paper money

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

1. Gold was of no use to the Egyptians
2. It is extremely difficult to destroy gold
3. Gold is a poor conductor of electricity
4. Gold mining is a dangerous
5. Before the big gold discoveries in the nineteenth century nobody was interested in gold
6. Harrison made a fortune from his discovery of gold
7. Most gold today is used for jewelry
8. Italy is the greatest consumer of gold in the world
9. Peasants and workers used to keep gold at home because they did not trust paper money
10. Bernard Shaw thinks it is better to rely on politicians than on gold

### **Task 6. Vocabulary in context**

**Choose the definition which best fits these words or phrases as they are used in the text:**

1. esteemed
  - a) valued
  - b) worshipped
  - c) produced
  - d) needed
  
2. not only in gold beautiful
  - a) gold is not beautiful
  - b) gold is both beautiful and ...
  - c) gold is only beautiful and not ...
  - d) gold is beautiful, but ...
  
3. virtually indestructible
  - a) has the virtue of being easy to destroy
  - b) is almost impossible to destroy
  - c) can be easily extracted
  - d) is extremely difficult to break
  
4. corrode
  - a) be eaten away
  - b) melt
  - c) change colour
  - d) lose shape
  
5. ruthless
  - a) hopeless
  - b) needless
  - c) heartless
  - d) useless

## **TEXT 10**

### **The tax system of Uzbekistan**

#### **Automatization of activity carried out by the tax authority**

With the development of market relationships and further liberalizations of entrepreneurial activity, the number of taxpayers, both legal and natural entities, increases. Hence an increase in the volume of daily information to be processed and analyzed by the tax bodies. Each day tax inspectors receive thousands of documents, with the figure tending to augment significantly in the periods under review. That's why, preparation for automatization of the tax authority's functions has started since its inception.

The Board of registration and information provision of computerization and communication dates its history from the end of 1992-the beginning of 1993. In August 1993, the Cabinet of Ministers of the Republic of Uzbekistan has issued Resolution No 388, «On the establishment of a unified data processing computer system in the tax bodies of the Republic of Uzbekistan», It can be asserted that it was the first government document bearing on automatization of data processing signed in independent Uzbekistan. This Resolution stipulated the organization of a computerization administration and regional computer centers. It marked the beginning of a tax registration system functioning on the basis of modern electronic computers. Moreover, it enabled to computerize registration of tax-payers (using their digital identification numbers) and their tax obligations and automatize control over the timely discharge to the budget of taxes, duties and other obligatory payments.

In September 1995, the Cabinet of Ministers of the Republic of Uzbekistan has issued Resolution No 359, «On the strengthening of the material and technical base and the improvement of social protection of tax officers of the Republic of Uzbekistan». To execute this document, a self-financing scientific and information center for new technologies has been set up, whose main objective was to ensure the elaboration of special software programs needed to process tax information.

The December 1997 Resolution of the Cabinet of Ministers, «On the establishment of the State Tax Committee of the Republic of Uzbekistan» (No 580) has facilitated the development of computerization in the Republic's tax bodies. In accordance with this document, a corporate telecommunications system of information interchange has been created to make sure that all subdivisions of the tax service can exchange information on the basis of satellite communication technology.

As the development of automatized tax information processing systems proceeded, the STC sub-divisions were outfitted with the latest computers and information interchange facilities. Local information and computing networks have been established in all tax inspections and regional tax administrations throughout the Republic, with modern means of telecommunications being exploited.

**Task 1. Read and translate the text.**

**Task 2. Give synonyms and derivatives to the following words:**  
*market, relationships, activity, increases, receive, tending, augment, significantly, has started, inception, establishment, accepted, marked, modern, obligations, control, discharge, to execute, objective, outfitted.*

**Task 3. Give a short summary of the text.**

**Task 4. Retell the text in the Past, making necessary changes.**

**Task 5. Answer the following questions:**

1. What do tax inspectors do each day?
2. When was the Board of registration and information provision of computerization and communication established?
3. What was the first government document bearing on automatization of data processing signed in independent Uzbekistan?
4. What role did the resolution play in Uzbekistan?
5. In connection with what has a self-financing scientific and information center for new technologies been set up?
6. Which resolution has facilitated the development of computerization in the Republic's tax bodies?
7. What has the result been in accordance with this document?
8. Due what have local information and computing networks been established in all tax inspections and regional tax administrations throughout the Republic, with modern means of telecommunications being exploited?

**Task 6. Find the sentences with the verbs in Passive Voice. Make necessary changes to transform them into Active Voice.**

## TEXT 11

### **EBRD Director looks to mortgage reforms to improve prospects for housing sector**

Despite the lack of understanding and doubts over whether the proposed mortgage systems which are to be introduced can be effectively implemented in the region, Peter Bod, a director of the European Bank for Reconstruction and Development and a former Hungarian Trade and Industry minister and head of the central bank, expressed some optimism last month regarding the viability of such a law in Hungary, Poland and the Czech Republic.

Once the ownership problems are solved, and in Hungary they are practically settled now, when technical bottlenecks are removed from the ownership registration system, and the countries enter into a growth period after a very tough 2 or 3 years, the whole process will accelerate.

Financial institutions such as banks, insurance companies and investment funds, which are already present in these economies, are just waiting for the removal of the quasi-monopolistic position of the major financial institution in each country and are ready to jump into the market," he argues.

He further stressed the necessity of a learning process between bankers, regulators and customers once the legal and economic barriers are removed so that a true market can be established.

The situation remains, nevertheless, that in spite of growing economies in the region, real wages have not risen significantly for some years and it would take 10 years of a person's full income to build a house. However, it is felt that these costs are inflated, because of the monopolistic position of only one real actor in the mortgage loan market in the countries of the region, the depressed wage levels and an unreliable employment market.

The problem of obtaining loans does not affect the approximately 10% highest stratum of wage earners who because of their high income can afford to pay out large amounts.

What the governments are hoping, is that with the establishment of a loan system, some of this wealth will be spread over a larger segment of society and not confined to the richer areas of the country, thereby creating a middle class.

Because of the deteriorating condition of much of the older housing stock throughout the region, it is argued that an upturn could be created in the property market through renovation rather than simply land purchase and property construction.

Therefore in major towns the question is not of buying land and building new homes but of modernizing and upgrading the existing stock. In this situation the picture is not so bad as it has been painted, as people can gain loans for renovations as opposed the more expensive option of buying land and constructing houses from their income

The creation of a mortgage system is described as "the missing element" in the transformation of the economies in the central European region. This affects both the creation of a system of mortgage bonds issued by mortgage institutions, meeting the demand for house construction and renovation, and to aid the agricultural sector as land prices increase with the planned move towards joining the European Union.

The institutional and legal problems are serious but the governments realize this and as with other areas such as industrialization, the process will take several years, but people are able to learn very fast.

## COMMENTS

EBRD, European Bank for Reconstruction and Development – Европейский банк реконструкции и развития.

Hungarian Trade and Industry minister – министр торговли и промышленности Венгрии.

Quasi-monopolistic position – квазимонопольная позиция Quasi, от лат. quasi употребляется как наречие и в грамматическом значении прилагательного, что соответствует *русск.* "примерно, как бы, как будто, якобы, почти, а также прилагательным "кажущийся, видимый, ложный". Как компонент сложных слов может переводится как квази-полу-, а также словосочетаниями, как правило, включающими выше-приведенные вокабулы.

Wage earner – лицо, работающее по найму, кормилец *юр.*

### Task 1. Find the following words in the Vocabulary.

Mortgage; mortgage system; mortgage	Upturn
loan market, mortgage bond	Market; loan market;
property market	Stock; housing stock
Viability	Demand; to meet the demand
Loan; loan market; loan system	Legal; legal problems
Stratum	Income

### Task 2. Answer the questions

- 1) What does this article deal with?
- 2) What is the current situation in Hungary?



- 3) Why is the mortgage system described as a "missing element"?
- 4) What kinds of markets and systems are mentioned in the article?
- 5) What kind of financial institutions do you know?

**Task 3. What is the difference between loan and credit?**

**Task 4. Precise the difference between *to solve* and *to settle*, *ownership* and *property*, *modernizing*, *upgrading* and *renovating*.**

**Task 5. Translate into English**

1) Несмотря на недостаточное понимание преимуществ ипотечной системы кредитования, она тем не менее будет введена в стране, как заявил директор Европейского банка реконструкции и развития.

2) Проблема кредитования (получения кредитов) не затрагивает примерно одной десятой части наиболее высоко оплачиваемого населения.

3) В связи с ухудшением состояния части жилищного фонда необходимы решительные изменения (поворот) на рынке собственности, в большей степени в направлении обновления фонда, чем приобретения земельных участков для последующего строительства.

4) Ипотечная система кредитования — это важнейший и по сути отсутствующий элемент в экономике ряда стран центрального европейского региона. Необходимо создать такую систему ипотечных облигаций, которая отвечала бы требованиям жилищного строительства и обновления жилого фонда и вместе с тем помогала бы сельскохозяйственному сектору в условиях неуклонного роста цен на землю.

## TEXT 12

### Bishkek set to issue USD 200-300 mln Eurobond

Reports from the Russian news agency Novecon on June 5 say that Kyrgyzstan intends to place between USD 200 and USD 300 million worth of Eurobonds on Western stock exchanges towards the beginning of next year. The announcement by Kyrgyz President said that coupon payments on the bonds are to be set at 11.75 percent annually and the maturity date will be on June 10, 2003. A manager for the project will be selected after the government holds consultations with international financial institutions, the agency reported. In preparation for the Eurobond issue, the country has privatized 10,000 companies and is successfully restructuring some of its industries. Industrial production growth in Kyrgyzstan has been the highest to date among all CIS countries. Last year, production nearly doubled from the previous year. Kyrgyz President announced that the country will soon receive USD 600 million in new loans for 40 years at 0.75 percent-1.5 percent interest. Another USD 400 million will be provided to Kumtor, a Canadian-Kyrgyz gold-mining company. Last year, Kumtor's miners produced 17 tons of gold and are planning to raise production to between 18 and 20 tons this year. Therefore, the president does not anticipate any hitches in the payment of interest on loans.

### COMMENTS

CIS = Commonwealth of Independent States

СНГ = Содружество независимых государств.

#### Task 1. Find the following words in the Vocabulary

one dollar worth

Stock exchange

be v. set

maturity date

Hold v. consultations

Report v.

industrial production growth

Gold-mining company

Hitch

#### Task 2. Answer the questions.

- 1) What did the agency Novecon report?
- 2) What did the announcement by Kyrgyz President deal with?
- 3) What was the procedure for selecting a manager for the project?
- 4) How many companies are to be privatized before the Eurobond issue?
- 5) What can you say about the industrial situation in Kyrgyzstan?
- 6) What is the condition of the Kumtor gold-mining company?

**Task 3. What CIS member countries do you know? How was the Commonwealth of Independent States founded? Do you have relatives living in a CIS country?**

**Task 4. Translate into English**

1) Согласно сообщению президента Киргизии, ежегодные выплаты по купонам облигаций установлены в размере 11%.

2) Срок выплаты определен на 10 июня 2003 г. Рост промышленного производства в Киргизстане был до последнего времени самым высоким среди других стран СНГ. За последний год он почти удвоился по сравнению с показателями предыдущего года.

## TEXT 13

### Germany plans DEM 900 mln loan for coal sector

Germany plans to provide Russia with a DEM 900 million loan designed to finance purchases of specialized equipment for the technological retooling of Russian coal mines and open-cast pits, the Russian news agency RIA-Novosti reported. The loan is to be repaid with reliance on Russian deliveries of coal to Germany, the agency said. According to the Russian president's press secretary, a framework agreement has been drafted between Russia's Fuel and Power Ministry and the government of the federal republic of Northern Rhine-Westphalia, which is expected to be signed in the course of the forthcoming country leaders meetings. Under the draft loan agreement, the first tranche of DEM 170 million is to be provided to Kuzbass coal-mining enterprises. Further, similar loans will be granted the coal mines and pits of the Komi Republic, Sakha (Yakutia), and the Rostov region, the agency says

### COMMENTS

Russia's Fuel and Power Ministry – Министерство топлива и энергетики Российской Федерации.

North(ern) Rhine-Westphalia – Северная Рейн-Вестфалия. State in western West Germany, in the lower Rhine basin. The region is known as the Ruhr district being the most highly concentrated industrial complex in Western Europe. The capital is Dusseldorf.

#### Task 1. Find the following words in the Vocabulary:

Design, to be designed	Course, in the course
technological retooling	Forthcoming
open-cast pit	country leaders
Repay v <i>cp</i> to pay out	tranche
Reliance	grant v <i>smb</i> , <i>smth</i> .
Delivery	coal mine, coal-mining industry
Agreement; framework agreement;	
Agreement; under the draft agreement	
gold-mines, gold-mining company	

#### Task 2. Answer the questions.

- 1) What are the Germany plans with regard to the Russian coal-mining industry?
- 2) What are the terms of the loan repayment agreement?

- 3) What did the Russian president press secretary report?
- 4) When and where is the first tranche to be delivered?

**Task 3. What coal-mining business do you know? In Uzbekistan? In Russia? In CIS countries? In other countries in the world?**

**Task 4. Translate into English:**

1) Германия намерена предоставить России заем в размере 900 ДМ для финансирования закупок специализированного оборудования, необходимого для модернизации оборудования (retooling, т.е. технического переоснащения) угольных шахт и открытых разрезов в России.

2) Заем будет оплачиваться за счет поставок русского угля в Германию.

## TEXT 14

### Teams And The New Workplace

One of the most important developments in the modern company is the use of work teams. A **work team** is a group that works together to produce a much higher quality output than people who are working alone. Especially when a job requires judgment and several different skills, work teams do much better than individual workers. The change to teamwork requires different personal skills than working alone.

It means that employees need a higher level of cooperation, that they must share information, that they place the needs of the group over their personal needs. Some cultures are naturally more group-oriented—for example Japan and Mexico. They are more used to working together. Other countries—the US and England, for example—are individual. In such countries, much more training is needed to develop successful teams. We can think of this individual-group concept in the following way. As we move from left to right, the cultures become more group-oriented:

<u>Individual</u>	<u>Group</u>	<u>USA</u>	<u>England</u>	<u>France</u>	<u>Germany</u>	<u>Arab</u>
<u>Slavic</u>	<u>Latin</u>	<u>East Asian</u>				

Another major concept in modern management is **Total Quality Management** (TQM). TQM is a program for constantly improving processes (such as design, inventory control, manufacturing) in a company.

One of the keys to TQM is involving the employees. In other words, encouraging workers to share ideas and put those ideas into practice. Studies show that the best way to do this is through work teams.

The Ford Motor Company began its TQM program in the early 1980s and used work teams as the principle way to develop the program. One example of work teams is the American company John Deere, that manufactures farm equipment. Some assembly-line workers at Deere are also part of the sales team that calls on customers.

#### Types Of Teams

There are four basic types of teams in the workplace: (1) problem-solving teams, (2) self-managing teams, (3) cross-functional teams, and (4) management teams.

Problem-solving teams. Problem-solving teams are groups of 5-10 people from the same department, who meet together for a few hours each week, share ideas or make suggestions on how to improve a process. However, they

seldom have the power to carry out their suggestions. Problem-solving teams are usually temporary. They are often given a problem to solve. Once they recommend a solution to the problem, they may break up.

One of the more popular kinds of problem-solving teams is quality circles (QCs), which began in the 1980s and have become very popular in organizations throughout the world. A quality circle is a small group (8-10 people) that meets regularly (for example, one or two hours, once a week). Its purpose is to discuss problems with the quality of a product, examine causes of the problem, and recommend solutions. To be successful, a QC needs training for its members and the leader.

**Self-Managing Teams.** Self-managing teams are small (10-15 people) long-term (or permanent) groups that have the freedom to manage themselves on a daily basis. This may involve various decisions, such as: scheduling work, assigning tasks, training in job skills, evaluating performance, selecting and firing team members, and controlling the quality of work. These things are made easier by multiskilling (developing members' abilities to do more than one job).

Self-managing teams are probably not right for all companies, situations, and people. For one thing, they must fit in with the culture of the organization. They also require a change in the way managers' roles and attitudes.

**Cross-Functional Teams.** Cross-functional teams include employees at about the same level but from different work areas. They are formed as a team in order to accomplish a task. Such teams are often used for complex projects. In fact since the late 1980s, all the major car manufacturers have used cross-functional teams for designing new cars.

**Management Teams.** We can think of management teams as teams that run things. This may include the upper managers of various departments or divisions, plus vice-presidents for different functions.

**Task 1. Read the text. Translate it. Give the summary of it.**

**Task 2. Copy out unknown words and give their synonyms and antonyms.**

**Task 3. Answer the questions:**

- 1) What is a work team? What does the change to teamwork require?
- 2) What countries are group-oriented and what are individual ones?
- 3) Where would you place your country on the line? Why? What are some examples of individual or group-oriented behavior in your country?
- 4) What are some possible benefits of including assembly-line workers on the Sales team?

5) What are some other combinations of people that could improve the performance of a work team?

6) What are some kinds of projects that would benefit from using cross-functional teams?

7) What kinds of functions (skills, fields, back-grounds) would you include in the project?

**Task 4. What's the difference? Explain the difference between: a) self-managing work teams; b) cross-functioning teams and c) problem-solving teams.**

**Task 5. Which kind of team would be suitable for each activity. Why? Use PS for problem-solving, QC for quality circle. SM for self-managing, and CF for cross-functional. You may sometimes want more than one kind.**

1. Designing a new commercial jet airliner \_\_\_\_\_

2. Managing different functions in a manufacturing plant. \_\_\_\_\_

3. Reorganizing a zoo into different biological-climate zones.

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4. Developing a new computer. \_\_\_\_\_

5. Discovering the reasons for a high rejection rate of a product. \_\_\_\_\_

6. Finding a reason for a drop in sales of a product. \_\_\_\_\_

7. Developing a satellites system for international communication.

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8. A railroad that has to deal with increased competition from other kinds of carriers. \_\_\_\_\_

9. A newspaper facing increasing competition from other advertising sources (TV, cable, radio, e.g.) \_\_\_\_\_



## TEXT 15

### Innovation & Change

#### Kinds Of Change

Things change much faster today than they did a hundred years ago. Or 25 years ago. A company that is not aware of the changes that affect it may not be in business very long. We can think of change in a firm as radical change or incremental change. Radical change results in major changes in a company: in its organization, in the way it produces things, in its relation to its customers.

Radical change may result from a new president, a merger, a new technology, new powerful competition, a dramatic loss of profit. Incremental change is gradual. Incremental change builds on existing processes and may modify them slowly in order to improve operations.

Change Agents. People who are responsible for the change process are called change agents. They can be managers, team leaders, or outside consultants.

Planned and Unplanned Change. Change can also be planned or unplanned. Unplanned change happens by chance. And it can have positive or negative effects. Planned change results from specific decisions and policies on the part of change agents.

#### Strategies For Change

There are various ways to bring about change in an organization. Basically, they involve one of three strategies: (1) force-coercion, (2) rational persuasion, or (3) shared-power. Force-coercion uses rewards or punishments as a way of bringing about change. People respond to this strategy for one of two reasons. Either they are afraid of being punished if they don't follow the instructions. Or they want to get the rewards if they do. People's behavior is usually temporary: it lasts as long as the change agent is present, or as long as the rewards remain.

Rational persuasion is based on the belief that rational people will make intelligent choices. If you explain the reasons for a change, they will decide if it is good for them or not. If it is successful, this strategy will result in a more long-lasting change than force-coercion. A shared-power strategy involves the people who will be affected by the change. These people contribute to the planning and decision-making. Since the affected people are involved, the results are usually longer-lasting and people believe more strongly in those changes.

## **Reasons For Resisting Change**

There are many reasons why people resist change. For one thing, (1) people are afraid of the unknown. In addition, (2) they may dislike the change agent. Furthermore, (3) people may feel they don't have the resources that are needed for the change. Or (4) they may feel that change may bring a loss of security. People may also (5) lack good information about the change. They may also feel (6) that they have no good reason to change. And finally, (7) they may be afraid that they are going to lose some of their power.

## **Innovation**

Innovation is the process of creating new ideas and putting them into practice. There are two basic types of innovation: product innovation and process innovation. Product innovation involves creating a new or improved product or service that will better meet the customer's needs. Process innovation results in introducing processes that will improve operations. These processes can be in any branch of the organization: manufacturing, marketing, accounting, information management, or any other improved process for the company.

The Innovation Process. The innovation process involves four steps: (a) creating ideas, (b) doing initial experiments, (c) doing feasibility studies, and (d) using the idea in the company. Innovative organizations have structures that support innovation. These include: teams, cross-functional integration, decentralization and empowerment (for large organizations), and toleration of mistakes. A feasibility study is a research report that examines a course of action and tries to see how well it might work and what problems it might cause.

## **Creative Strategy**

There are many ways to develop new products and processes. In addition to new products, it is important for companies to change or modify the products they already have. How do they do that? Here are several strategies for changing products and developing new ones. Think of products, materials, or services that could be changed, in order to develop new features, new uses, and new markets:

1. Modification. What changes can I make to improve the product, the process, or the service? How about changing the color, the shape, the sound, the form? What are some examples?

2. New Uses. The life of some products or materials depends on finding new uses for them. Ask yourself: "What new things could the product be used for?" "What other functions could it perform?"

3. Subtracting or Minifying. What if the product were smaller? Thinner? Shorter? Lighter? Miniature (very small)?

4. Adding or Magnifying. What can you add? Should it be stronger? Bigger? Longer? Thicker? What extra features? How can you add extra value?

5. Combination. This is the most important way of developing new ideas. It is the basis for *synthesis*, which is considered the most important part of creativity. Ask yourself questions like: "What *ideas* can be combined?" <sup>1J</sup> "What *materials* can be combined?" "What kind of *units* can be combined?" "What kind of functions can be combined?"

6. Substitution. Ask yourself: "What can I use *instead*?" "What other part can I use instead of this?" "What other material can I use instead?" "What other kind of power?"

**Task 1. Read the text and translate it.**

**Task 2. Copy out the words and expressions and translate them.**

Radical change

A merger

Force-coercion strategy

Innovation

Empowerment

Modify the products

Incremental change

Change agents

Rational persuasion strategy

Feasibility studies

Toleration of mistakes

**Task 3. Make up sentences using the following terms:**

New powerful competition

Change agents

Long-lasting change

To support innovation

Feasibility study

To make intelligent choice

To put into practice a new idea

Decentralization and empowerment

**Task 4. Give a short summary of the text.**

**Task 5. Answer the following questions:**

1. What does radical change result in?
2. What does incremental change build on?
3. What are the three strategies to bring about change in an organization?
4. What is rational persuasion based on?
5. Who(m) does a shared-power strategy involve?
6. What are the reasons for resisting change?
7. What kind a process is innovation?
8. What does product innovation involve?
9. What are the four steps of innovation process?
10. What is a feasibility study?

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# **ENGLISH READER ON ECONOMICS**

**(учебное пособие для бакалавров и магистров)**

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