



Національний університет
водного господарства та природокористування

Міністерство освіти і науки України
Національний університет водного господарства та
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МЕТОДИЧНІ РЕКОМЕНДАЦІЇ
та навчальні завдання

для розвитку усного професійного мовлення
з навчальної дисципліни «Іноземна мова професійного
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ВСТУП

Методичні рекомендації та навчальні завдання мають на меті формування у студентів вмінь та навичок володіння різними видами іншомовної мовленнєвої діяльності на необхідному рівні, що дозволить їм правильно, з дотриманням фонетичних, граматичних та стилістичних норм та на основі засвоєння широкого словникового запасу говорити й писати англійською мовою на теми, пов'язані з професійною діяльністю, розуміти мовлення на слух та перекладати з англійської мови на рідну тексти фахового спрямування.

Поставлена мета передбачає виконання наступних **завдань**:

- збільшення словникового запасу на професійну тематику;
- поглиблення мовної та мовленнєвої компетенції студентів у межах професійного спілкування;
- активізація навичок висловлювання власних думок у монологічному, діалогічному, усному та писемному мовленні фахового спрямування;
- удосконалення вмінь студентів сприймати іноземну мову на слух;
- розвиток навичок різних видів читання та продуктивного письма на матеріалі текстів професійної тематики.



MODULE I. ECONOMICS

UNIT 1. ECONOMIC SYSTEMS

READING PRACTICE

Task 1. Preliminary discussion. Discuss with your group-mates the following questions:

1. What is a system?
2. What is an economic system?
3. What functions does economic order perform?
4. What do economic goals for a nation usually include?

Task 2. Read the text ECONOMIC SYSTEMS

Economic systems are classified into four broad categories. These are traditional, command, market, and mixed economies. Each of these systems works well to some degree at different points in time and for different cultures.

Traditional economy is an economic system using social customs to answer the basic economic questions. Nowadays traditional economies are found primarily in the rural, nonindustrial areas of the world. In such areas, there is no national economy. Instead, there are many small segmented economies, each centred around a family or tribal unit. Each unit produces most of its own goods and consumes what it produces. The basic economic questions of “what”, “how”, and “for whom” to produce are answered directly by the people involved, and the answers are usually based on tradition.

In *command* economies government leaders decide what goods and services will be produced, how they will be produced, and how they will be distributed. Individuals have little control or influence over the way the basic economic questions are answered. They are told what to produce, how to produce it, and what they will receive. Command economies are often called *planned* economies, because the government engages in elaborate, detailed planning an effort to produce and distribute goods and services in a way that is consistent with the wishes of government leaders. Command economies are also characterized by government ownership of the economy’s natural resources and capital goods. While the objective of a command economy is to mobilize economic resources for the public good, the opposite seems to have occurred. In a command economy, state owned enterprises have little incentive to control costs and be efficient.



A *market economy* is the opposite of a command economy. In a market system, private individuals and firms, not the government, own most of the property resources (land and capital). Closely related to private ownership of property is freedom of enterprise and choice. Freedom of enterprise ensures that entrepreneurs and private businesses are free to obtain and use economic resources to produce their choice of goods and services and to sell them in their chosen markets. In a market economy, basic economic questions are answered by individual households and businesses through a system of freely operating markets. In such economies, buyers and sellers have a great deal of economic freedom, and they send signals to one another as they interact through the system. For example, by purchasing more of an item than usual, buyers send a signal to producers to increase production of that item. In the market system, self-interest is the motivating force of all the various economic units as they express their free choices. Markets and prices are key characteristics of the market system. The American economy is predominantly a market economy. Other examples of predominantly market economies include the economies of Canada, Japan, and many of the countries of Western Europe.

In actual practice, there are no real economies in the world that rely solely on freely operating markets or on government decisions as to basic economic questions. All major economies are *mixed* economies in the sense that some decisions are made through a system of freely operating, or free markets, by individual households and businesses, and some are made by the government. In mixed economies, a distinction is usually made between the private sector, in which decisions are made primarily by individual households and businesses, and the public sector, in which decisions are made by the government. Mixed economy is an economic system that relies on a mixture of markets, government commands and tradition. This economic system is used in most countries. The United States are an example of this type of economy. Most decisions there are made by individuals and firms as they exchange goods, services, and resources in private markets. But some decisions are made through the political process of government.

Although several countries own most resources, especially land and large basic enterprises like steel plants, hospitals, and electric power plants, markets are allowed to play a role in certain economic activities, such as dining in restaurants, repairing shoes, etc. Even China, at one



time an extreme example of a command economy, has in recent years taken steps toward allowing some markets to operate.

In the 1990s there appeared a new term *transition economy* to describe the countries of Eastern Europe. Transition economies face the task of moving from a centrally-planned system of resource allocation towards a more market-oriented approach.

Task 3. Complete the sentences using information from the text:

1. The objective of a command economy is for _____ to allocate resources for “the good of society”.

- a) entrepreneurs; _____ b) market;
c) government.

2. In a market system _____.

a) *the goods and services that a country produces, the quantity in which they are produced, and the prices at which they are sold are all planned by the government;*

b) *private individuals and firms, not the government, own most of the property resources (land and capital);*

c) *certain sectors of the economy are left to private ownership and free market mechanisms while other sectors have significant state ownership and government planning.*

3. _____ ensures that entrepreneurs and private businesses are free to obtain and use economic resources to produce their choice of goods and services and to sell them in their chosen markets.

- a) *freedom of enterprise;* b) *freedom of choice;*
c) *competition.*

4. In the market system _____ is the motivating force of all the various economic units as they express their free choices.

- a) *profit;* b) *self-interest;* c) *selfishness.*

5. _____ are key characteristics of the market system.

- a) *economic decisions;* b) *markets and prices;*
c) *state-owned enterprises.*

6. Mixed economy is an economic system that relies on _____.

- a) *a mixture of markets, government commands and tradition;*
b) *government decisions;* c) *tradition.*

Task 4. Which of the statements express the main ideas or supporting details?



1. Nowadays traditional economies are found primarily in the rural, nonindustrial areas of the world. In such areas, there is no national economy.

2. In command economies, the basic economic questions are answered by government officials.

3. In a market economy, basic economic questions are answered by individual households and businesses through a system of freely operating markets.

4. The American economy is predominantly a market economy.

5. Mixed economy is an economic system that relies on a mixture of markets, government commands and tradition. This economic system is used in most countries.

Task 5. Are these sentences true or false? Correct the false sentences:

1. Economies operate by tradition, by command, and by businessmen.

2. Changes come very slowly in traditional cultures.

3. A group of central planners have the power to make economic decisions for the whole society in a planned economic system.

4. Most economic decisions are made by the government rather than privately in a market system called capitalism.

5. In the 1990s there appeared a new term “transition economy” to describe the countries of Western Europe.

VOCABULARY FOCUS

Task 1. Give the Ukrainian variants of the following English words and word-combinations:

social customs, nonindustrial areas, small segmented economies, to produce and consume, control and influence, elaborate planning, to produce and distribute, state owned enterprises, little incentive, freedom of enterprise and choice, to interact through the system, individual households and businesses, markets and prices, rely on, to exchange goods and services, resource allocation.

Task 2. Give the English variants of the following Ukrainian words and word-combinations:

економічна система, державна власність, ринкова економіка, приватна власність, свобода підприємництва, свобода вибору,



ринок, ціна, підприємство, приватна особа, ресурси/запаси, виробництво, тип економіки, товари та послуги, ринки і ціни, конкуренція, підприємець, суспільне благо.

Task 3. Match the terms with their definitions:

- | | | |
|--------------------------|----|--|
| 1. Command system | a) | the right of private persons and firms to obtain, own, control, employ, dispose of, and bequeath land, capital, and other property; |
| 2. Market economy | b) | that which each firm, property owner, worker, and consumer believes is best for itself and seeks to obtain; |
| 3. Economic system | c) | the freedom of firms to obtain economic resources, to use those resources to produce products of the firm's own choosing, and to sell their products in the markets of their choice; |
| 4. Private property | d) | an economy in which only the private decisions of consumers, resource suppliers, and firms determine how resources are allocated; |
| 5. Self interest | e) | a method of organizing an economy in which property resources are publicly owned and government uses central economic planning to direct and coordinate economic activities; |
| 6. Freedom of enterprise | f) | a particular set of institutional arrangements and a coordinating mechanism for solving the economizing problem. |
| 7. Mixed economy | g) | restricted |
| 8. Limited | h) | to take something and work with it |
| 9. Produce | i) | a system which contains both nationalised industries and private enterprise |
| 10. Use | j) | to make or manufacture something |

Task 4. Match the Ukrainian word-combinations with their English



equivalents.

A

government ownership
state owned enterprises
have little incentive
freedom of enterprise
the objective of a command economy
choice of goods and services
individual households
interact through the system
to increase production
motivating force
rely on

B

покладатися на
збільшувати виробництво
мотивуюча сила
мета командної економіки
державна власність
державні підприємства
не мати стимулу
приватні господарства
вибір товарів та послуг
взаємодіяти крізь систему
свобода підприємництва

Task 5. Fill in the blanks with appropriate words and word combinations.

1. Nowadays _____ are found primarily in the rural, nonindustrial areas of the world.

2. In command economies _____ decide what goods and services will be produced,

3. In a command economy, state owned enterprises have little _____ to control costs and be efficient.

4. In a market system _____ own most of the property resources (land and capital).

5. The American economy is predominantly a _____ .

6. _____ face the task of moving from a centrally-planned system of resource allocation towards a more market-oriented approach.

7. In _____ a distinction is usually made between the private sector, in which decisions are made primarily by individual households and businesses, and the public sector, in which decisions are made by the government.

8. Transition economies face the task of moving from a centrally-planned system of resource allocation towards a more _____ .

Words and word-combinations: *market-oriented approach, private individuals and firms, incentive, traditional economies, transition economies, government leaders, market economy, mixed economies.*

Task 6. Complete the following text with the basic economic



concepts using the following words and phrases. Use the term once.

Translate the text into Ukrainian:

<u>market economy</u>	competitors	demand	market
entrepreneurs	inefficient	prices	rise
ownership	privately-owned		

MARKET ECONOMY

In a pure (1) market economy, all productive activities are (2) _____, as opposed to being owned by the state. The goods and services that a country produces, and the quantity in which they are produced, are not planned by anyone. Rather, production is determined by the interaction of supply and (3) _____ and signaled to producers through the price system. If demand for a product exceeds supply, prices will (4) _____, signaling producers to produce more. If supply exceeds demand, prices will fall signaling producers to produce less. In this system consumers are sovereign. For a market to work in this manner there must be no restrictions on supply. A restriction on supply occurs when a (5) _____ is monopolized by a single firm. In such circumstances a monopolist might restrict output and let prices rise. This allows the monopolist to take a greater profit margin on each unit it sells. Although this is good for the monopolist, it is bad for the consumer, who has to pay higher (6) _____. It also is probably bad for the welfare of society. Since a monopolist has no (7) _____, it has no incentive to search for ways to lower production costs. Rather, it can simply pass on cost increases to consumers in the form of higher prices. The net result is that the monopolist is likely to become increasingly (8) _____, producing high-priced, low quality goods, while society suffers as a consequence. Given the dangers inherent in monopoly, the role of government in a market economy is to encourage vigorous competition between private producers. Governments do this by outlawing monopolies and restrictive business practices designed to monopolize a market. Private (9) _____ also encourages vigorous competition and economic efficiency. Private ownership ensures that (10) _____ have a right to the profits generated by their own efforts. This gives entrepreneurs an incentive to search for better ways of serving consumer needs.

SPEECH PRACTICE

Task 1. Find in the text *Economic Systems* the definitions of:

- market economy;
- command economy;
- mixed economy.

Task 2. Discuss with your group-mates the following questions:

1. In what parts of the world today are you most likely to find a traditional economic system?
2. How are basic economic questions answered in a command economy?
3. Explain why a command economy also can be called a planned economy.
4. Can some elements of a command economy exist in a democracy?
5. Can any economy in the world be purely market determined? Why?
6. What economy is generally considered to be a free market system?

Task 3. Be ready to speak on Economic Systems. Use the following prompts as a plan.

1. The definition of an economic system. Its interaction with a political system.
2. Three basic economic questions.
3. Basic kinds of economic systems.
4. The responsibilities of the state in managing the society.
5. The main task of transition economies.
6. The type of the economic systems Great Britain / the USA / Ukraine belong to.

Task 4. Critical Thinking. In groups discuss the following:

1. Why is private property, and the protection of property rights, so critical to the success of the market system?

UNIT II. MONEY

READING

Task 1. Preliminary discussion. Discuss with your group-mates the following questions:

1. What do you know from the history of money?
2. Can you give any examples of things that were used as money in



the previous societies?

3. Do you see any advantages of a barter system?
4. What functions does money serve in modern societies?

Task 2. Read the text MONEY AND ITS FUNCTIONS

Historically, many commodities, ranging from precious metals to cigarettes, have been used as money. In prisoner-of-war camps, cigarettes served as money. In the nineteenth century money was mainly gold and silver coins. These are examples of *commodity* money, ordinary goods with industrial uses (gold) and consumption uses (cigarettes) which also serve as a medium of exchange. In most modern societies, however, commodities are rarely used as money because they are expensive. Instead, they use commodity money that is mainly paper currency issued by governments and deposits in checking accounts that are accepted as a means of payments for goods and services. Fiat money is sometimes called *token* money. By agreeing to use fiat money, society economizes on the scarce resources required to produce money as a medium of exchange. The essential condition for the survival of fiat money is the restriction of the right to supply it. Private production is illegal.

Society enforces the use of fiat money by making it legal tender. The law says it must be accepted as a means of payment.

In modern economies, fiat money is supplemented by IOU (I owe you) money. IOU money is a medium of exchange based on the debt of a private firm or individual. A bank deposit is IOU money because it is a debt of the bank. When you have a bank deposit the bank owes you money. Bank deposits are a medium of exchange because they are generally accepted as payment.

Although the crucial feature of money is its acceptance as the means of payment or *medium of exchange*, money has three other functions. It serves as *a unit of account*, as *a store of value*, and as *a standard of deferred payment*. We discuss each of the four functions of money in turn.

Money, *the medium of exchange*, is used in one-half of almost all exchanges. Workers exchange labour services for money. People buy or sell goods in exchange for money. Money is the medium through which people exchange goods and services.

To see that society benefits from a medium of exchange, imagine a



barter economy. A barter economy has no medium of exchange. Goods are traded directly or swapped for other goods. In a barter economy, the seller and the buyer each must want something the other has to offer. Each person is simultaneously a seller and a buyer. There has to be a double coincidence of wants.

Trading is very expensive in a barter economy. People must spend a lot of time and effort finding others with whom they can make mutually satisfactory swaps. The use of money – any commodity generally accepted in payment for goods, services, and debts – makes the trading process simpler and more efficient.

The unit of account is the unit in which prices are quoted and accounts are kept. In Britain prices are quoted in pounds sterling; in America in dollars. It is usually convenient to use the units in which the medium of exchange is measured as the unit of account as well. However there are exceptions. During the rapid German inflation of 1922-23 when prices in marks were changing very quickly, German shopkeepers found it more convenient to use dollars as the unit of account. Prices were quoted in dollars even though payment was made in marks, the German medium of exchange.

Money is *a store of value* because it can be used to make purchases in the future. To be accepted in exchange, money has to be a store of value. Nobody would accept money as payment for goods supplied today if the money was going to be worthless when they tried to buy goods with it tomorrow. But money is neither the only nor necessarily the best store of value. Houses, stamp collections, and interest-bearing bank accounts all serve as stores of value. Since money pays no interest and its real purchasing power is eroded by inflation, there are almost certainly better ways to store value.

Finally, money serves as *a standard of deferred payment* or a unit of account over time.

Task 3. Complete the sentences using information from the text:

1. Commodity money is _____.
2. Fiat money is _____.
3. In modern economies fiat money is supplemented by _____.
4. Money is the medium through which _____.
5. The unit of account is the unit in which _____.
6. Money is a store of value because _____.



7. A standard of deferred payment or a unit of account _____.

8. In a barter economy, the seller and the buyer each must want something _____.

Task 4. Say whether the following is true or false. Correct the false sentences:

1. Historically, many commodities, ranging from precious metals to cigarettes, have been used as money.

2. Private production of fiat money is legal.

3. Money eliminates the need for barter.

4. Any item can successfully serve as money.

5. Money is said to be liquid because it is immediately available to be spent on goods.

6. During the rapid German inflation of 1922-23 prices were quoted in marks.

VOCABULARY FOCUS

Task 1. Give the Ukrainian variants of the following English words and word-combinations:

industrial uses, consumption uses, commodity money, fiat money, essential condition, private production, legal tender, a unit of account, a store of value, a standard of deferred payment, a double coincidence of wants, mutually satisfactory swaps, interest-bearing bank accounts, eroded by inflation.

Task 2. Give the English variants of the following Ukrainian words and word-combinations:

товари, срібні та золоті монети, сучасні суспільства, обмеження, рахункова одиниця, засіб розрахунку, засіб нагромадження вартості, засіб обігу, борг, обмінюватися товарами і послугами, продавець і покупець, торгівля, виняток, робити покупки, швидка інфляція, купівельна спроможність, рахунок у банку з виплатою відсотків.

Task 3. Match the words from A with their synonyms from B.

A

1. illegal
2. restriction

B

- a) to postpone
- b) limitation



- | | |
|---------------|----------------|
| 3. crucial | c) against law |
| 4. to consume | d) rare |
| 5. to benefit | e) to profit |
| 6. wasteful | f) barter |
| 7. exchange | g) to use up |
| 8. to defer | h) vital |
| 9. scarce | i) costly |

Task 4. Match up the verbs and nouns below to make common collocations.

- | A | B |
|-------------|------------------------|
| 1. consume | a) prices |
| 2. exchange | b) interest |
| 3. quote | c) money |
| 4. keep | d) goods and services |
| 5. bear | e) payment |
| 6. deferred | f) accounts |
| 7. serve | g) as a store of value |

Task 5. Match the Ukrainian word-combinations with their English equivalents.

- | A | B |
|-------------------------------------|-----------------------------------|
| 1. рахункова одиниця | a) to be eroded by inflation |
| 2. обопільний збіг потреб | b) a standard of deferred payment |
| 3. засіб нагромадження | c) a medium of exchange |
| 4. засіб обігу | d) a double coincidence of want |
| 5. одиниця відтермінованого платежу | e) legal tender |
| 6. обмінювати на інші товари | f) a unit of account |
| 7. зменшуватися внаслідок інфляції | g) a store of value |
| 8. взаємовигідний обмін | h) to swap for other goods |
| 9. законний засіб платежу | i) a mutually satisfactory swap |

Task 6. Replace the words in italics by synonyms:



the *vital* feature of money, the purchasing power is *worn away*, the money is *without value*, it is *always* convenient, commodities are *not often* used, private production of money is *against the law*.

Task 7. Join the suitable parts of the sentences.

1. In the Monopoly game_____
2. A country can encourage_____
3. Less money usually leads to_____
4. The money supply can _____
5. Increasing the money supply usually results _____
 - a. economic growth by increasing its money supply.
 - b. an economic slowdown.
 - c. players are provided with Monopoly money.
 - d. in rapid growth and inflated prices.
 - e. also be increased to stimulate economic activity.

Task 8. Choose the correct answer:

1. A direct exchange of fish for corn is an example of:
 - a) *storing value*;
 - b) *a modern exchange method*;
 - c) *barter*;
 - d) *a non-coincidence of wants*.
2. Which of the following is a store of value?
 - a) *money market mutual fund share*;
 - b) *repurchase agreement*;
 - c) *all of the above are a store of value*.
 - d) *none of the above are a store of value*.
3. Anything can be money if it acts as a:
 - a) *unit of account*;
 - b) *store of value*;
 - c) *medium of exchange*;
 - d) *all of the above*.

Task 9. Complete the following text with the basic economic concepts using the following words and phrases. Use the term once.

Translate the text into Ukrainian:

inflation	laments	pressures	wages	low
costs	reduces	injustice	hyperinflation	redistribute

COSTS OF INFLATION



Inflation has costs, but not the costs that noneconomists often associate with it. Specifically, (1) inflation doesn't make the nation poorer. True, whenever prices go up somebody (the person paying the higher price) is worse off, but the person to whom the higher price is paid is better off. The two offset each other. So inflation does not make society on average any poorer. Inflation does, however, (2) _____ income from people who cannot or do not raise their prices to people who can and do raise their prices. This often creates feelings of (3) _____ about the economic system. Thus, inflation can have significant distributional or equity effects.

A second cost of inflation is its effect on the information prices convey to people. Consider an individual who (4) _____ the high cost of housing, pointing out that it has doubled in 10 years. But if inflation averaged 7 percent a year over the past 10 years, a doubling of housing prices should be expected. In fact, with 7 percent inflation, on average, all prices double every 10 years. That means the individual's (5) _____ have probably also doubled, so he or she is no better off and no worse off than 10 years ago. The price of housing relative to other goods, which is the relevant price for making decisions, hasn't changed. When there's inflation it's hard for people to know what is and what isn't a relative price. People's minds aren't computers, so inflation (6) _____ the amount of information that prices can convey and causes people to make choices that do not reflect relative prices.

Despite these (7) _____, inflation is usually accepted by governments as long as it stays at a (8) _____ rate. What scares economists is inflationary (9) _____ above and beyond expectations of inflation. In that case, expectations of higher inflation can cause inflation to build up and compound itself. A 3 percent inflation becomes a 6 percent inflation, which in turn becomes a 12 percent inflation. Once inflation hits 5 percent or 6 percent, it's definitely no longer a little thing. Inflation of 10 percent or more is significant. While there is no precise definition, we may reasonably say that inflation has become (10) _____ when inflation hits triple digits – 100 percent or more per year.

SPEECH PRACTICE

Task 1. Find in the text *Money and Its Functions* the definitions of the following terms:

commodity money;



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fiat money;
IOU money;
barter economy;
the unit of account.

Task 2. Answer the questions about the text:

1. What examples of commodity money are given in the text?
2. What is fiat money?
3. What is fiat money supplemented by in modern economies?
4. In what way does society enforce the use of fiat money?
5. Why can a bank deposit serve as an example of IOU money?
6. How are goods exchanged in a barter economy?
7. Why is trading expensive in a barter economy?
8. What else can be used instead of money as a store of value?
9. What are the four functions of money? What do they imply?

Task 3. Work in groups and discuss the perspectives of paper currency and e-money in future.

Task 4. Critical Thinking. In groups discuss the following:

What are the three basic functions of money? Describe how rapid inflation can undermine money's ability to perform each of the three functions.

UNIT III. BANKING

READING

Task 1. Preliminary discussion. Discuss with your group-mates the following questions:

1. Have you ever been to the bank? What did you go there for?
2. What different kinds of services do banks offer to the public?
3. What banking facilities do you use?
4. What changes have there been in personal banking recently?

Task 2. Read the text BANKING:

1. The central bank fulfils a number of key roles in the economy, being responsible for monetary creation, and having overall responsibility for monetary policy. The central bank can use control of interest rates, open market operations and required reserves to influence



the monetary base and overall interest rates in the economy. In recent years, the interest rate has been a prime instrument. By influencing the amount of real money in the economy, the central bank is able to influence aggregate demand, which in turn will influence prices. Thus the central bank has to balance the need to restrain inflation with the desire to allow economic growth.

2. Commercial or retail banks are businesses that receive and hold deposits, pay money according to customers' instructions, lend money, offer investment advice, exchange foreign currencies, and so on. They make a profit from the difference (known as a spread or a margin) between the interest rates they pay to lenders or depositors and those they charge to borrowers. Banks also create credit, because the money they lend, from their deposits is generally spent (either on goods or services, or to settle debts), and in this way transferred to another bank account – often by way of a bank transfer or a cheque (check) rather than the use of notes or coins – from where it can be lent to another borrower, and so on. When lending money, bankers have to find a balance between yield and risk, and between liquidity and different maturities.

3. Investment banks, often called merchant banks in Britain, raise funds for industry on the various financial markets, finance international trade, issue and underwrite securities, deal with takeovers and mergers, and issue government bonds. They also generally offer stock broking and portfolio management services to reach corporate and individual clients. Investment banks in the USA are similar, but they can only act as intermediaries offering advisory services, and do not offer loans themselves. Investment banks make their profits from the fees and commissions they charge for their services.

4. In the USA, the Glass-Steagall Act of 1934 enforced a strict separation between commercial banks and investment banks or stock broking firms. Yet the distinction between commercial and investment banking has become less clear in recent years. Deregulation in the USA and Britain is leading to the creation of “financial supermarkets”: conglomerates combining the services previously offered by banks, stockbrokers, insurance companies, and so on. In some European countries (notably Germany, Austria and Switzerland) there have always been universal banks combining deposit and loan banking with share and bond dealing and investment services.

5. A country's minimum interest rate is usually fixed by the central

bank. This is the discount rate, at which the central bank makes secured loans to commercial banks. Banks lend to a blue chip borrowers (very safe large companies) at the base rate or the prime rate; all other borrowers pay more, depending on their credit standing (or credit rating, or creditworthiness): the lender's estimation of their present and future solvency. Borrowers can usually get a lower interest rate if the loan is secured or guaranteed by some kind of asset, known as collateral.

6. In most financial centers, there are also branches of lots of foreign banks, largely doing Eurocurrency business. A Eurocurrency is any currency held outside its country of origin. The first significant Eurocurrency market was for US dollars in Europe, but the name is now used for foreign currencies held anywhere in the world (e.g. yen in the US, euros in Japan). Since the US\$ is the world's most important trading currency – and because the US for many years had a huge trade deficit – there is a market of many billions of Eurodollars, including the oil exporting countries' 'petrodollars.' Although a central bank can determine the minimum lending rate for its national currency it has no control over foreign currencies. Furthermore, banks are not obliged to deposit any of their Eurocurrency assets at 0% interest with the central bank, which means that they can usually offer better rates to borrowers and depositors than in the home country.

Task 3. Choose the heading for each paragraph.

- A. Investment Banking
- B. Interest Rates
- C. Commercial Banking
- D. Universal Banking
- E. Central Banking
- F. Eurocurrency.

Task 4. Complete the sentence using information from the texts:

1. The central bank fulfils a number of key roles in the economy _____ .
2. The central bank can use control of _____ .
3. Commercial or banks are businesses that _____ .
4. When lending money, bankers have to _____ .
5. Investment banks make their profits from _____ .
6. Investment banks in the USA they can only act as _____ .



7. A country's minimum interest rate is _____.
8. A Eurocurrency is _____.

Task 5. Are these sentences true or false? Correct the false sentences:

1. In recent years, the interest rate has been a prime instrument.
2. By influencing the amount of real money in the economy, the central bank is able to influence inflation.
3. Commercial banks make a profit from trading.
4. When lending money, bankers have to find a balance between yield and risk.
5. Investment banks in the USA can offer loans themselves.
6. Banks lend to a blue chip borrowers at the common rate.
7. A Eurocurrency is any currency held outside its country of origin.
8. The first significant Eurocurrency market was for US dollars in China.

VOCABULARY FOCUS

Task 1. Give the Ukrainian variants of the following English words and word-combinations:

monetary creation, interest rates, aggregate demand, offer investment advice, to settle debts, yield and risk, underwrite securities, stock broking and portfolio management services, fees and commissions, discount rate, collateral, foreign currencies, borrowers and depositors.

Task 2. Give the English variants of the following Ukrainian words and word-combinations:

відсоткова ставка; обов'язковий резерв; стримувати інфляцію; загальний попит; забезпечувати економічне зростання; позичати гроші; обмінювати іноземну валюту; перевести на інший банківський рахунок; поглинання; об'єднання (підприємств); позика; перепродаж акцій; управління портфелем цінних паперів; страхові компанії; кредит під заставу; кредитоспроможність, платоспроможність (3); застава майна; іноземна валюта; євровалюта; торговий дефіцит; позичальник і вкладник.

Task 3. Match up the verbs and nouns below to make common collocations. Give their Ukrainian equivalents.



A

1. influence
2. restrain
3. exchange
4. issue
5. make
6. offer
7. pay
8. raise
9. receive
10. underwrite
11. charge
12. do

- a) advice
- b) bonds
- c) business
- d) currencies
- e) deposits
- f) funds
- g) interest
- h) loans
- i) profits
- j) security issues
- k) monetary base
- l) inflation

B

Task 4. Match the definitions with the words.

1. buying and selling government bonds on the open market
 2. the currency supplied by the Central bank both to the commercial banks and to private circulation
 3. to place money in a bank; or money placed in a bank
 4. the money used in countries other than ones own
 5. how much money a loan pays, expressed as a percentage
 6. available cash, and how easily other assets can be turned into cash
 7. the date when a loan becomes repayable
 8. to guarantee to buy all the new shares that a company issues, if they cannot be sold to the public
 9. when a company combines with another one
 10. taking care of all a client's investments
 11. the ending or relaxing of legal restrictions
- a) collateral
 - b) to restrain
 - c) deposit
 - d) foreign currencies
 - e) blue chip
 - f) conglomerate
 - g) liquidity
 - h) open market operations
 - i) maturity
 - j) monetary base
 - k) to underwrite



12. a group of companies, operating in different fields, that have joined together l) merge
13. a company considered to be without risk m) takeover
14. ability to pay liabilities when they become due n) stock broking
15. anything that acts as a security or a guarantee for a loan o) deregulation
16. any currency held outside its country of origin p) solvency
17. when a company buys or acquires another one q) yield
18. to hold smth back r) Eurocurrency
19. buying and selling stocks or shares for clients s) portfolio management

Task 5. Fill in the blanks with appropriate words and word-combinations.

1. The _____ can use control of interest rates, open market operations and required reserves to influence the monetary base and overall interest rates in the economy.

2. The central bank has to balance the need to _____ with the desire to allow economic growth.

3. When lending money, bankers have to find a balance between _____.

4. Investment banks _____ on the various financial markets.

5. A country's _____ is usually fixed by the central bank.

6. Banks lend to _____ at the base rate or the prime rate.

7. Borrowers can usually get a lower interest rate if the loan is secured or guaranteed by some kind of asset, known as _____.

The first significant _____ was for US dollars in Europe

Words and word-combinations: *a blue chip borrowers, restrain inflation, raise funds for industry, collateral, central bank, Eurocurrency market, yield and risk, minimum interest rate.*

Task 6. Complete the following text with the basic economic concepts using the following words and phrases. Use the term once. Translate the text into Ukrainian:

<i>responsibilities</i>	authority	stable	confirmed
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monetary policy	entitles	maintaining public
depository institutions	interest rates	general

FEDERAL RESERVE SYSTEM

The Federal Reserve System (also known as the Federal Reserve, and informally as the Fed) is the central banking system of the United States. It was created on December 23, 1913, largely in response to a series of financial panics, particularly a severe panic in 1907. Over time, the roles and (1) responsibilities of the Federal Reserve System have expanded and its structure has evolved. Events such as the Great Depression were major factors leading to changes in the system. The US Congress established three key objectives for (2) _____ in the Federal Reserve Act: maximum employment, (3) _____ prices, and moderate long-term (4) _____. Its duties have expanded over the years, and today, according to official Federal Reserve documentation, include conducting the nation's monetary policy, supervising and regulating banking institutions, (5) _____ the stability of the financial system and providing financial services to (6) _____, the U.S. government, and foreign official institutions. The Federal Reserve System has both private and public components, and was designed to serve the interests of both the (7) _____ and private bankers. The result is a structure that is considered unique among central banks.

The (8) _____ of the Federal Reserve System is derived from statutes enacted by the U.S. Congress and the System is subject to congressional oversight. The members of the Board of Governors, including its chairman and vice-chairman, are chosen by the President and (9) _____ by the Senate. The government also exercises some control over the Federal Reserve by appointing and setting the salaries of the system's highest-level employees. Nationally chartered commercial banks are required to hold stock in the Federal Reserve Bank of their region; this (10) _____ them to elect some of the members of the board of the regional Federal Reserve Bank.

SPEECH PRACTICE

Task 1. Find in the text *Banking* the definitions of the following terms:

- central bank;
- commercial or retail banks;



Task 2. Discuss with your partners the following questions:

1. How do you understand the role of the central bank 'to act as a bankers' bank'?
2. For what purposes may the central bank regulate interest rates?
3. How do the commercial banks earn money?
4. What sort of balance do bankers have to find when lending money?
5. What are the main functions of merchant banks in England?
6. How do investment banks in America differ from merchant banks in England?
7. What is the difference between an interest rate and a discount rate?
8. How are interest rates determined?
9. Why are there so many dollars deposited outside the USA?
10. Why did American legislation separate commercial and investment banking?

Task 3. Critical Thinking. In groups discuss the following:

What is meant when economists say that the Federal Reserve Banks are central banks, quasi-public banks, and bankers' banks? What are the seven basic functions?

**MODULE II. BUSINESS
UNIT 4. MANAGEMENT**

READING

Task 1. Preliminary discussion. Discuss with your group-mates the following questions:

1. What functions should a manager perform in day-to-day operations?
2. Which of the managerial skills do you consider to be the most important?
3. How do the roles at different managerial levels distinguish from each other?
4. Compare top, middle and line managers' duties.
5. What is management? Is it an art or a science? An instinct or a set of skills and techniques that can be taught?



Task 2. Read the text.

Management is a set of activities designed to achieve an organization's objectives by using its resources effectively and efficiently in a changing environment. Effectively means having intended results; efficiently means accomplishing the objectives with a minimum of resources.

Managers work in an organization. An organization is a managed system designed and operated to achieve a specific set of objectives. A system is a set of interdependent parts that processes inputs (such as raw materials) into outputs (products). Business inputs are usually called resources. Most businesses use a variety of human, financial, physical, and informational resources. Managers function to transform these resources into the outputs of the business, i.e. goods and services.

Organizational members are divided into two categories: operatives and managers. Operatives are people who work directly on a job or task and have no responsibility for overseeing the work of the others. Managers are individuals who initiate and oversee new projects, make decisions about the use of the organization's resources, and are concerned with planning, organizing, leading, and controlling the organization's activities so as to reach its objectives. A manager's job is to achieve high performance relative to the organization's objectives.

Almost everything a manager does involves decision. In decision-making there is always some uncertainty and risk. Successful managers are given the opportunity to manage more resources and asked to make decisions that have even more impact on the organization.

	Resources	Functions	Objectives
1.	Human (employees)	Planning	Quantity
2.	Physical (equipment)	Organizing	Quality
3.	Financial (funds)	Leading	Attitudes of employees
4.	Informational (data)	Controlling	Customer satisfaction

The above-cited objectives are characteristic of both profit-making and nonprofit organizations. As to the former their ultimate goal is profit-making.

Changing environment. Another thing that makes management difficult is that the work situation constantly changes. The factors that define a specific work situation fall into two categories: external remote



environment and external task environment. The former includes such factors as economic, technological, political/legal, social/cultural, and ecological. The latter comprises the following: customers, creditors, suppliers, competitors, employees, shareholders. To make a good manager, some basic skills are essential. Alongside with decision-making, these involve technical, conceptual, analytical, people (interpersonal, communication), and computer skills.

Level of management. Managers may be classified according to their level or position within the organization. We commonly categorize managers as being in lower, middle, or upper levels of management. Upper managers spend most of their time planning and leading because they make decisions about the overall performance and direction of the organization. Therefore, they are usually involved in the development of goals and strategies to achieve those goals. Conceptual and interpersonal skills are especially important. Chief executive officer (CEO), chief financial officer (CFO), chairman, president, and executive vice president are common titles at this level. Middle managers are those managers who receive broad statements of strategy and policy from upper-level managers and develop specific objectives and plans. They spend a large portion of their time in planning and organizing activities. Conceptual and technical skills underlie these activities. Examples of the titles of middle managers are product manager, department head, plant manager, and quality control manager. Lower or first-line managers are those concerned with the direct production of items or delivery of services. These actions require leading and controlling. Because first-line managers train and monitor the performance of their subordinates, technical skills are especially important. Common titles are supervisor, sales manager, loan officer, and store manager. Middle- and upper-level managers coordinate the activities of specialized, lower-level managers.

Task 3. Complete the sentences using information from the text:

1. Business inputs are usually called _____.
2. Another thing that makes management _____ is that the work situation _____.
3. To make a _____ manager, some basic _____ are essential.
4. Organizational members are divided into two categories: _____.
5. Almost everything a manager does involves _____.
6. Managers may be classified according to their _____ within



the organization.

7. Middle managers are those managers who receive broad statements of _____ from upper-level managers and develop _____ .
8. A manager's job is _____ .
9. Upper managers spend most of their time _____ .
10. Lower or first-line managers are those _____ .

Task 4. Are these sentences true or false? Correct the false sentences:

1. An organization is a managed system designed and operated to achieve a specific set of objectives.
2. Business inputs are usually called contributions.
3. Operatives are people who work directly on a job or task and have no responsibility for overseeing the work of the others.
4. In decision-making there is always some profit.
5. Another thing that makes management difficult is that the work situation constantly changes.
6. Conceptual and interpersonal skills are especially important for first-line managers.
7. Middle managers spend a large portion of their time in planning and organizing activities.
8. Middle- and upper-level managers coordinate the activities of specialized, lower-level managers.

VOCABULARY FOCUS

Task 1. Give the Ukrainian variants of the following English words and word-combinations:

organization's objectives; intended results; accomplishing the objectives; to achieve a specific set of objectives; operatives and managers; to initiate and oversee new projects; performance; the opportunity to manage more resources; ultimate goal is profit-making; planning and leading; to develop specific objectives and plans; product manager; department head; delivery of services; to train and monitor the performance.

Task 2. Give the English variants of the following Ukrainian words and word-combinations:

керована система; обов'язок; вплив на організацію; комерційні і



некомерційні організації; постачальники; конкуренти; акціонери; нижчий, середній та вищий рівні менеджменту; керівництво організацією; розробка цілей і стратегій; головний виконавчий директор; голова; планування і організація діяльності; підлеглі.

Task 3. A. Study the meaning of the following words:

1. aim (n) – purpose, object;
2. end (n) – purpose, aim (to this end);
3. goal (n) – object of efforts or ambition;
4. objective (n) – object aimed at, purpose;
5. purpose (n) – that which one means to do;
6. target (n) – total which it is desired to reach.

B. Choose the right word in italics:

1. All our *objectives/purposes* were won.
2. The *end/aim* justifies the means.
3. For what *goal/purpose* do you want to go to Canada?
4. He has only one *aim/target* in life – to make a fortune.

Task 4. Express in one word:

1) person who controls a business; 2) ability to do something expertly and well; 3) set of interdependent parts that processes inputs into outputs; 4) settlement of a question; 5) managed system designed and operated to achieve a specific set of objectives; 6) people who work directly on a job or task and have no responsibility for overseeing the work of the others; 7) individuals who initiate and oversee new projects, make decisions about the use of the organization's resources, and are concerned with planning, organizing, leading and controlling the organization's activities.

Task 5. Match the words in column A with their synonyms in column B.

- | A | B |
|----------------|----------------|
| 1. achieve | a) executive |
| 2. managerial | b) efficiently |
| 3. manage | c) top |
| 4. effectively | d) accomplish |
| 5. function | e) worker |
| 6. upper | f) operate |



7.

operative

g) control/govern

Task 6. Choose the best word from those given to complete each of the sentences below:

relationships

skills

resource

decisional

technical

1. _____ roles pertain to those events about which the manager must make a choice.

2. Manager who performs the organizing function of how to allocate people, time, equipment and budget is usually called _____ allocator.

3. The leader encompasses _____ with subordinates including motivation, communication and influence.

4. Managers who lack human _____ are often abrupt, critical and unsympathetic towards others.

5. However _____ skills are less important than human and conceptual skills.

SPEECH PRACTICE

Task 1. Answer the questions about the text:

1. What are a company's objectives?
2. What types of resources is manager in control of?
3. What are the six managerial skills?
4. Which do you think is the most important of these? Give your reasoning.
5. Describe the four managerial functions.
6. Give the three levels of management authority.
7. Describe factors that shape business environment.

Task 2. Give the definitions to the following terms:

management, organization, system, resources, manager.

Task 3. Summarize the information of the Unit to be ready to speak on Management. Use the following prompts as a plan:

- a) definition of management;
- b) the four functions of management;
- c) the four kinds of resources;
- d) management objectives;
- e) changing environment;



- f) managerial skills;
- g) information processing;
- h) decision-making.

Task 4. Critical Thinking.

1. How can you comment Bill Gate's phrase: "Excellent companies and excellent managers never take people for granted". Do you agree with this phrase? If yes, why?
2. Make up your own set of instructions for a manager to be successful in his activities.

UNIT 5. BUSINESS ETHICS

READING

Task 1. Preliminary discussion. Discuss with your group-mates the following questions:

1. How do companies educate employees about ethics?
2. How do employees learn to do a better job and to do it ethically?
3. Do you know what ethical crime is?
4. Why do ethical problems occur in Ukrainian business?

Task 2. Read the text.

Ethics is a set of rules that define right and wrong conduct. These ethical rules tell us when our behavior is acceptable and when it is disapproved and considered to be wrong. Ethical rules are guides to moral behavior. For example, all societies have ethical rules forbidding lying, stealing, deceiving, and harming others, just as they also have ethical rules that approve of honesty, keeping promises, helping others, and respecting the rights of others.

Business ethics is not a special set of ethical rules different from ethics in general and applicable only to business. Business ethics is the application of general ethical rules to business behavior. If a society's ethical rules say that dishonesty is unethical and immoral, then anyone in business who is dishonest with employees, customers, creditors, stockholders, or competitors is acting unethically and immorally. If protecting others from harm is considered to be ethical, then a business firm that recalls a defective and dangerous product is acting in an ethical way.

Why should business pay attention at all to ethics? What prevents a



business firm from piling up as many profits as it can, in any way it can, regardless of ethical rules? In most cases, the general public expects business to exhibit high levels of ethical performance and social responsibility. A second factor encouraging business firms and their employees to act ethically is to prevent harm to society. A third reason for promoting ethical behavior is to protect business firms from abuse by unethical employees or unethical competitors. Bribery and kickback schemes penalize honest business firms.

Being ethical can be a clever marketing strategy. Increasingly, consumers are influenced by 'non-commercial' factors, such as whether a product harms the environment. Firms such as Ben & Jerry's, an ice cream maker, and Body Shop International, a cosmetics retailer, have strengthened their brands by publicising their ethical standards. Cummins Engine, a maker of diesel engines, made its products greener while lobbying for stricter pollution laws.

But such ethical self-promotion can be dangerous. Body Shop was publicly forced to change a claim that its products were not tested on animals (some of the ingredients in its cosmetics had been tested on animals by other firms in the past). The error led many consumers to question Body Shop's ethical standards.

Some think that the best way to persuade managers to think more ethically is to take more account of stakeholders. Laura Nash of Boston University's Institute for the Study of Economic Culture argues that managers should see their role in terms of 'covenants' with employees, customers, suppliers and so on. Such covenants should have a single goal: to ensure that a business creates long-term value in a way that is acceptable to all of these 'stakeholders'.

A manager would view his business in terms of relationships rather than products; and see profit as a result of other goals rather than an objective in itself. But such ideas tend to go against shareholder capitalism.

The best answers may be simple ones. Ethics rules should be clear (for instance, should an employee pay bribes where this is accepted business practice?) and they should be regularly tested. Some companies are turning to 'ethical audits'. In its annual report Ben & Jerry's carries a 'social performance report' on the firm's ethical, environmental and other failings. Carried out by Paul Hawken, a 'green entrepreneur, the audit has sometimes frustrated Ben Cohen and Jerry Greenfield, the



company's founders. So far, however, they have always published it. That may be why Ben & Jerry's reputation remains good where others fade.

Task 3. Complete the sentences using information from the text:

1. Ethical rules are guides to _____.
2. Business ethics is _____.
3. The general public expects business _____.
4. Increasingly, consumers are influenced by _____.
5. Firms such as Ben & Jerry's and Body Shop International have strengthened their brands by publicising _____.
6. Some think that the best way to persuade managers to think more ethically is _____.
7. A manager would view his business in terms of _____.
8. In its annual report Ben & Jerry's carries _____.

Task 4. Are these sentences true or false? Correct the false sentences:

1. Ethics is a set of rules that define polite conduct.
2. Not all societies have ethical rules forbidding lying, stealing, deceiving, and harming others.
3. Business ethics is the application of general ethical rules to business behavior.
4. In most cases, the general public doesn't expect business to exhibit high levels of ethical performance and social responsibility.
5. Bribery and kickback schemes penalize honest business firms.
6. Being ethical can be a clever marketing strategy.
7. A manager would view his business in terms of products rather than relationships.
8. Ethics rules should be clear and they should be regularly tested.

VOCABULARY FOCUS

Task 1. Give the Ukrainian variants of the following English words and word-combinations:

when our behavior is acceptable and when it is disapproved; lying, stealing, deceiving, and harming others; application of general ethical rules to business behavior; dishonesty; to recall a defective and dangerous product; to prevent harm to society; to protect business firms



from abuse; unethical employees or unethical competitors; lobbying for stricter pollution laws; the firm's ethical, environmental and other failings.

Task 2. Give the English variants of the following Ukrainian words and word-combinations:

правильна і неправильна поведінка; чесність; дотримуватись слова; ділова етика; соціальна відповідальність; хабар; споживачі; продукт шкодить середовищу; оприлюднити етичні стандарти; переконати керівників; посередник; угода (договір); довгострокова цінність; акціонерний капіталізм; щорічний звіт.

Task 3. Find in the text the adjectives that describe these things:

a) using ethics as a marketing strategy; b) the factors that influence consumers more and more; c) the standards that Ben & Jerry's and Body Shop have been publicizing; d) Cummins' products in relation to others; e) ethical self-promotion; f) pollution laws.

Task 4. Find verbs in the text to complete these definitions:

1. If you inform people about something, you ___ it.
2. If a product damages the environment, it ___ it.
3. If you increase the power of something, you ___ it.
4. If you try to get the government to change the law, you ___ the government.

Task 5. Match the term with the definition.

- | | |
|---------------------------------------|--|
| 1. backhander | a) a group of investors work together to stop a financial market functioning as it should, to gain an advantage for themselves |
| 2. Chinese wall | b) a bribe |
| 3. insider dealing or insider trading | c) a bribe |
| 4. market rigging | d) dishonest, disreputable, or immoral behaviour, especially of public officials or employees |
| 5. price fixing | e) money paid, usually secretly or dishonestly, to someone in return for |



- | | |
|---------------------|---|
| 6. sleaze | f) a group of companies in the same market secretly agree to fix prices at a certain level, so they do not have to compete with each other |
| 7. sweetener | g) someone buys or sells securities using information that is not publicly available |
| 8. kickback (slang) | h) a notional barrier between the parts of a business, esp. between the market makers and brokers of a stock-exchange business, across which no information should pass to the detriment of clients |

Task 6. Answer the questions using expressions from Task 5.

1. Two ferry companies with ferries on the same route secretly meet in order to decide the prices they will charge next summer. What are they guilty of?

2. A company that wants to keep its share price high makes secret payments to investors who buy its shares. What are the company and the investors guilty of?

3. A rich businessman lends \$1 million to a politician so that he can buy a house. The politician pays no interest on the loan and does not mention it when asked to give a complete account of his finances. Which word, used especially about politicians, do people use to talk about this?

4. A company selling weapons to a foreign government makes secret payments to politicians who make decisions on which companies to buy arms from. What could these payments be called? What is the government guilty of?

Task 7. Match the terms:

1. affirmative action;
2. child labour;
3. environmental issue or green issue;
4. ethical consumer;
5. ethical investment;
6. ethical policy;
7. exploit (v);
8. green activist;



9. discrimination (racial, sex, etc.);
10. sweatshop;
11. sweatshop labour.

with the definitions:

- a) consumers who choose not to buy products from certain companies for moral reasons, for example because a company harms environment;
- b) unfair treatment of a person, racial group, minority, etc.; action based on prejudice;
- c) a policy or program designed to counter discrimination against minority groups and women in areas such as employment and education;
- d) the policy the company adopts on ethical issues such as the use of child labour and matters relating to the environment;
- e) painful or excessive labour or exertion;
- f) the full-time employment of children below a minimum age laid down by statute;
- g) an investment in a company whose activities or products are not considered by the investor to be unethical;
- h) issues that relate to or are concerned with the protection of the environment;
- i) a workshop where employees work long hours under bad conditions for low wages;
- j) a person, esp. a politician, who supports environmentalist issues;
- k) to take advantage of (a person, situation, etc.), esp. unethically or unjustly.

SPEECH PRACTICE

Task 1. Answer the questions about the text:

1. Why should business pay attention to ethics?
2. What do these companies (Ben & Jerry's, Body Shop, Cummins) sell?
3. Had Body Shop sold products which had been tested on animals? What was the result of its mistake?
4. The audit has sometimes 'frustrated' Ben Cohen and Jerry Greenfield. Do they always like what they find in the audit? Do they refuse to publish it if they don't like it?
5. Why do Nash's ideas 'go against shareholder capitalism'?
6. Ben & Jerry's reputation remains good where others fade. This means that other companies' reputations: *improve, stay the same, get*



Task 2. Give the definitions of the following terms:

1. ethics.
2. business ethics.

Task 3. Look at the following examples of arguably unethical behaviour. Choose the five you find most unethical. See if other people in your group agree. Give reasons for your point of view.

- 1) using child labour in developing countries to produce consumer products for developed countries;
- 2) a company dealing in arms and selling them to any country who wants them;
- 3) a company finding clever ways to avoid paying the full amount of tax;
- 4) a company not providing adequate safety equipment for its workers;
- 5) a company ignoring laws on disposal of harmful waste products, e.g. leaving it on local land or in rivers;
- 6) producing a product such as tobacco which is known to kill people;
- 7) a company who pays their employees less than the minimum wage;
- 8) food companies not labelling food properly so that consumers do not know what is in the product.

Task 4. Prepare a short talk about the following issues. How significant are they in your country? Are people interested in them? Does the government promote them?

- a) green issues;
- b) business ethics;
- c) social responsibility;
- d) ethical consumerism.

Task 5. Critical Thinking.

1. Make lists of the ethical issues facing companies producing or providing the following things: a) cars, b) clothes, c) cosmetics, d) financial services, e) food, f) language training, g) market research, h) oil.

2. Imagine you are the head of a company in one of the industries



above. Think of all possible ways to deal with the ethical issues you mentioned.

UNIT 6. INTERNATIONAL TRADE

READING

Task 1. Preliminary discussion. Discuss with your group-mates the following questions:

1. Consider the clothes and shoes you are wearing, and those you wore last weekend. Where were they made? Try to recall the meals you've eaten in the last 24 hours. How much of the food came from abroad? If you have them, where do your car, television, camera, watch, phone, and so on come from?

2. Can you even imagine living in a country that did not import anything, where only locally produced food and textiles and products were available?

Task 2. Read the text.

Since ancient times people have strived to expand their trading as far as technology allowed. Today, container ships laden with cars and machines and Boeing 747s shuttled with fresh fruit, fresh New Zealand lamb, and French cheeses ply the sea and air routes, carrying billions of dollars worth of goods and services. Trade in goods such as food, raw materials, and manufactured goods is known as visible exports and visible imports. Trade in services such as banking, insurance, and tourism is known as invisible exports or invisible imports. So why do people go to great lengths to trade with those in other nations?

International trade is a form of specialization. Sri Lanka specializes in tea because it has an appropriate climate and soil, and skilled growers and packers. The principle is just the same as individual specialization: Jill specializes in math teaching because she is good at math and at dealing with people, Jack specializes in dentistry because he understands the biology and is deft with his hands. Of course, it is important for both that there is demand for what they are offering. Economic theory distinguishes between absolute advantage and comparative advantage.

Absolute advantage is the ability of a country to produce a good using fewer resources than another country.

Comparative advantage is a bit harder to understand, but more important for trade. The principle of comparative advantage is a central



concept in international trade theory which holds that a country or a region should specialize in the production and export of those goods and services that it can produce relatively more efficiently than other goods and services, and import those goods and services in which it has a comparative disadvantage. Comparative advantage is the ability of a country to produce a good at a lower opportunity cost than another country. Comparative advantage refers to the relative opportunity costs between countries of producing the same goods. World output and consumption are maximised when each country specializes in producing and trading goods for which it has a comparative advantage.

The majority of economists believe that international trade should be based on comparative advantage and free trade. Free trade is a system which allows certain countries to buy and sell goods from each other without any financial restrictions. In practice, despite the advice of economists, every nation protects its own domestic producers to some degree from foreign competition. Behind these barriers to trade are people whose jobs and income are threatened, so they clamour to the government for protectionism. Protectionism is the government's use of embargoes, tariffs, quotas, and other restrictions to protect domestic producers from foreign competition.

Embargoes are the strongest limit on trade. An embargo is a law that bars trade with another country. For example, the United States and other nations in the world imposed an arms embargo on Iraq in response to Iraq's invasion of Kuwait in 1990.

Tariffs are the most popular and visible measures used to discourage trade. A tariff is a tax on an import. Tariffs are also called customs duties. Historically, these provided revenue to governments when taxes were not easily collected from other sources. Modern tariffs are usually imposed for a different reason: to shut out (or add to the price of) certain imports in order to protect home producers from foreign competition. An obvious example is the protectionist policy used by European Union for many agricultural products. The current US tariff code specifies tariffs on nearly 70 percent of U.S. imports. A tariff can be based on weight, volume, or number of units.

Another way to limit foreign competition is to impose a quota. A quota is a limit on the quantity of a good that may be imported in a given time period. For example, the United States might allow 10 million tons of sugar to be imported over a one-year period. Once this quantity is



reached, no more sugar can be imported for the year. Quotas can limit imports from all foreign suppliers or from specific countries. Like all barriers to trade, quotas invite other nations to retaliate with more measures to restrict trade. With tariffs, it is impossible to know the quantity that will be imported, because prices might be elastic. With quotas, governments can set a limit to imports. Yet unlike tariffs, quotas provide no revenue for the government.

Task 3. Are these sentences true or false? Correct the false sentences:

1. International trade is a form of specialization.
2. Comparative advantage is the ability of a country to produce a good using fewer resources than another country.
3. The majority of economists believe that international trade should be based on absolute advantage and free trade.
4. Free trade is a system which allows certain countries to buy and sell goods from each other with financial restrictions.
5. Protectionism is the government's use of embargoes, tariffs, quotas, and other restrictions to protect domestic producers from foreign competition.
6. Tariffs are the strongest limit on trade.
7. Embargoes are the most popular and visible measures used to discourage trade.
8. Tariffs provide no revenue for the government.

Task 4. Write questions, relating to the text, to which these could be the answers.

1. People have strived to expand their trading as far as technology allowed.
2. A form of specialization.
3. The ability of a country to produce a good using fewer resources than another country.
4. The ability of a country to produce a good at a lower opportunity cost than another country.
5. Tariffs are.
6. Unlike quotas they produce revenue.
7. So-called safety norms, and the deliberate creation of customs difficulties and delays.



VOCABULARY FOCUS

Task 1. Give the Ukrainian variants of the following English words and word-combinations:

visible exports, visible imports, manufactured goods, appropriate climate and soil, absolute advantage, comparative advantage, free trade, despite the advice of economists the strongest, limit on trade, to bar trade with another country, to impose an arms embargo, customs duties, taxes, to impose a quota, foreign suppliers, to retaliate.

Task 2. Give the English variants of the following Ukrainian words and word-combinations:

торгівля, сировина, страхування, оптимальні витрати чи доходи, світове виробництво і споживання, виробництво і торгівля, більшість економістів, дозволяти, фінансові обмеження, захищати вітчизняних виробників, конкуренція з іноземними країнами, перепони для торгівлі, податок на імпорт, митний податок, прибуток для урядів (держав), сільськогосподарська продукція, кількість товару.

Task 3. 1. Look at these words. Where is the stress when the word is used as a noun and when it is a verb? There is an example in the beginning (0).

(0) *export*: /'ekspo:t/ or /ik'spo:t/?

- | | | | |
|-------------|-------------|------------|--------------|
| a. export | d. increase | g. refund | j. transport |
| b. import | e. progress | h. produce | k. insult |
| c. decrease | f. record | i. permit | l. protest |

Task 4. Fill the gaps with one of the words in its correct form.

- Scotland _____ a lot of its food from other countries. Its _____ includes oil, beef, and whisky.
- I'm very pleased with my English. I'm making a lot of _____.
- Ministers are worried. There has been an _____ in the number of unemployed.
- But the number of crimes has _____, so that's good news.
- How dare you call me a liar and a cheat! What an _____!
- There was a demonstration yesterday. People were _____ about blood



sports.

- g. Don't touch the video! I'm _____ a film.
h. Britain _____ about 75% of its own oil.

Task 5. Match the following common collocations with their Ukrainian equivalents:

- | | |
|---------------------------------------|------------------------------|
| 1. to exceed one's quota | a) призначати тарифні ставки |
| 2. under embargo | b) відносна перевага |
| 3. absolute advantage | c) абсолютна перевага |
| 4. comparative advantage | d) митний податок |
| 5. to remove an embargo | e) складати квоту |
| 6. customs duty | f) перевищувати квоту |
| 7. to impose, levy a tariff | g) запроваджувати обмеження |
| 8. to fill/fulfill/ meet a quota | h) відмінити заборону |
| 9. to impose, place, put restrictions | i) під заборону |

Task 6. Match the words in column A with their synonyms in column B.

- | A | B |
|----------------|-----------------------------|
| 1. tariff | a) benefit/profit |
| 2. embargo | b) prohibition/interdiction |
| 3. restriction | c) limitation/restraint |
| 4. advantage | d) complete/total |
| 5. quota | e) relative |
| 6. absolute | f) a fixed amount |
| 7. comparative | g) rate |

Task 7. There is a logical connection among three of the four words in each of the following groups. Which is the odd one, and why?

- 1) absolute advantage – barriers – comparative advantage – free trade
- 2) balance – deficit – dumping – surplus
- 3) banking – insurance – merchandise – tourism
- 4) comparative advantage – protectionism – quotas – tariffs
- 5) non-tariff barriers – norms – quotas – taxes
- 6) barter – import substitution – infant industries – tariff barriers
- 7) liberalize – protect – subsidize – substitute



Task 8. Match each headword on the left with a set of examples on the right.

- | | |
|--------------------|--|
| 1. imports | a) taxes, tariffs, quotas on imported goods |
| 2. free trade | b) wheat, oil, being brought into the country |
| 3. domestic market | c) no restrictions on imports |
| 4. exports | d) rice, wool being sent abroad |
| 5. open market | e) customers in the same country |
| 6. protectionism | f) products available to anyone willing to buy |

Task 9. Complete the following sentences, use the prompts below:

1. _____ means that each nation specializes in a product for which its opportunity cost is lower in terms of the production of another product and then nations trade.

2. _____ benefits a nation as a whole but individuals may lose jobs and incomes from the competition from foreign goods and services.

3. A government's use of embargoes, tariffs, quotas, and other methods to protect particular domestic industries by imposing barriers that reduce imports is called _____.

4. A (an) _____ prohibits the import or export of particular goods and a (an) _____ discourages imports by making them more expensive. These trade barriers often result primarily from domestic groups that exert political pressure to gain from these barriers.

5. The _____ is a summary bookkeeping record of all the international transactions a country makes during a year. It is divided into different accounts including the current account, the capital account and the statistical discrepancy.

6. The _____ measures only goods (not services) that a nation exports and imports. It is the most widely reported and largest part of the current account.

7. A (an) _____ is the price of one nation's currency in terms of another nation's currency. The intersection of the supply and demand curves for dollars determines the number of units of a foreign currency per dollar.

8. A _____ is a limit on the quantity of a good that



may be imported in a given time period.

Words for reference: *comparative advantage; free trade; protectionism; embargo; tariff; balance of payments; balance of trade; exchange rate; quota.*

SPEECH PRACTICE

Task 1. Answer the following questions:

1. What is the basis for trade between nations? Why does international trade bring gains to all countries?
2. What's the difference between absolute advantage and comparative advantage? Which of them is more important for international trade? Why?
3. What encourages governments to impose tariffs and quotas?
4. What's the difference between embargoes, tariffs and quotas? Which of them provides revenue for the government? In what way?
5. What are the ways of liberalizing international trade?

Task 2. Give the definitions of the following terms:

absolute advantage; comparative advantage; free trade; embargo; protectionism; tariffs.

Task 3. Speak on:

- 1) the international trade as a form of specialization.
- 2) the principle of comparative advantage and its role in international trade.
- 3) trade restrictions.

Task 4. Critical Thinking.

1. What would happen to standards of living in your country if all foreign trade were prohibited? How significant do you think this would be? In what areas would this impact be the strongest?
2. Unions in developed nations often oppose imports from low-wage countries and advocate trade barriers to protect jobs from what they often characterize as “unfair” import competition. Is such competition “unfair”? Do you think this argument is in the best interests of (a) the unions, (b) the people they represent, and/or (c) the country as a whole?



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