

БЕЛОРУССКИЙ ГОСУДАРСТВЕННЫЙ УНИВЕРСИТЕТ

# ENGLISH

FOR  
ECONOMIC AND BUSINESS STUDIES

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# АНГЛИЙСКИЙ ЯЗЫК В СФЕРЕ ЭКОНОМИКИ И БИЗНЕСА

*Рекомендовано Учебно-методическим объединением  
по гуманитарному образованию  
в качестве учебно-методического пособия  
для студентов учреждений высшего образования,  
обучающихся по экономическим специальностям*

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Составители:

**Л. Б. Тихомирова, Э. В. Рунцова,  
И. А. Трубочкина, И. В. Кудырко**

Под редакцией

доктора педагогических наук *Л. В. Хведчени*

Рецензенты:

кандидат филологических наук *Г. П. Савченко*;  
кандидат педагогических наук *И. М. Андреасян*

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Учебно-методическое пособие составлено на основе аутентичных материалов с использованием соответствующих различным видам профессионального общения на английском языке методов обучения. Содержатся тексты по определяющим направлениям развития экономики, разнообразные виды заданий, способствующие выработке навыков чтения, говорения, аудирования, письма.

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## ПРЕДИСЛОВИЕ

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Учебно-методическое пособие *English for Economic and Business Studies* имеет профессионально ориентированную направленность и включает материалы по актуальным вопросам в сфере экономики и бизнеса: рациональное использование природных ресурсов, грамотное направление инвестиций, развитие информационных технологий.

Издание состоит из двух тематических блоков: *New Economy* и *Smart Financing*, в которых представлены современный текстовый материал об экономическом развитии в XXI веке, упражнения для обучения специальной лексике, разнообразные задания для выработки навыков чтения, говорения, аудирования и письма. Отличительная черта заданий – их коммуникативный творческий характер. Включены приложения справочно-информационного характера, проверочные тесты. Так, например, в приложении 1 представлены рекомендации по написанию различных типов эссе.

Надеемся, что комплексное обучение всем видам речевой деятельности на тематической основе (*content based approach*) будет способствовать глубокому и всестороннему усвоению материала и поможет в достижении главной цели обучения – коммуникативного и социокультурного развития личности, способной использовать иностранный язык как средство профессионального общения в диалоге культур: родной и иностранной.

# NEW ECONOMY

## Unit 1. ECONOMIC ISSUES FOR THE 21<sup>ST</sup> CENTURY

In the new economy,  
information, education,  
and motivation are everything.

*William J. Clinton*



The late 20<sup>th</sup> century was a period of major social, economic and political changes. It was also a time in which there were big changes in knowledge – in how people see knowledge and how they use it. This period is now widely known as the beginning of the Knowledge Age – to distinguish it from the Industrial Age. The Knowledge Age is a new, advanced form of development in which knowledge and ideas are the main source of economic growth (more important than land, labor, money, or other (tangible resources). New patterns of work and new business practices have developed by the beginning of the 21<sup>st</sup> century, and, as a result, new kinds of workers, with new and different skills, are required.

This unit touches upon some issues of the 21<sup>st</sup> century economies which always evolve in response to challenges and opportunities.



- Consider some elements of the 21<sup>st</sup> century economic paradigm.
- Analyze global economic challenges for the present and future.

## Lead in



1. What ideas do you get when you hear the term “New Economy”?

2. Some of the main challenges of the 21<sup>st</sup> century are:

- The respect for the individual and the human capital he/she presents.
- The conservation of the environment and the planet.
- Getting the capital to the individual and the small businesses more directly.
- The discovery of more reliable and pertinent, real-time information.
- The geographical shift of economic growth from the West to the BRICs (Brazil, Russia, India, China).

In your view, what do you think will be the key differences in the shape and nature of the world economy in near future?

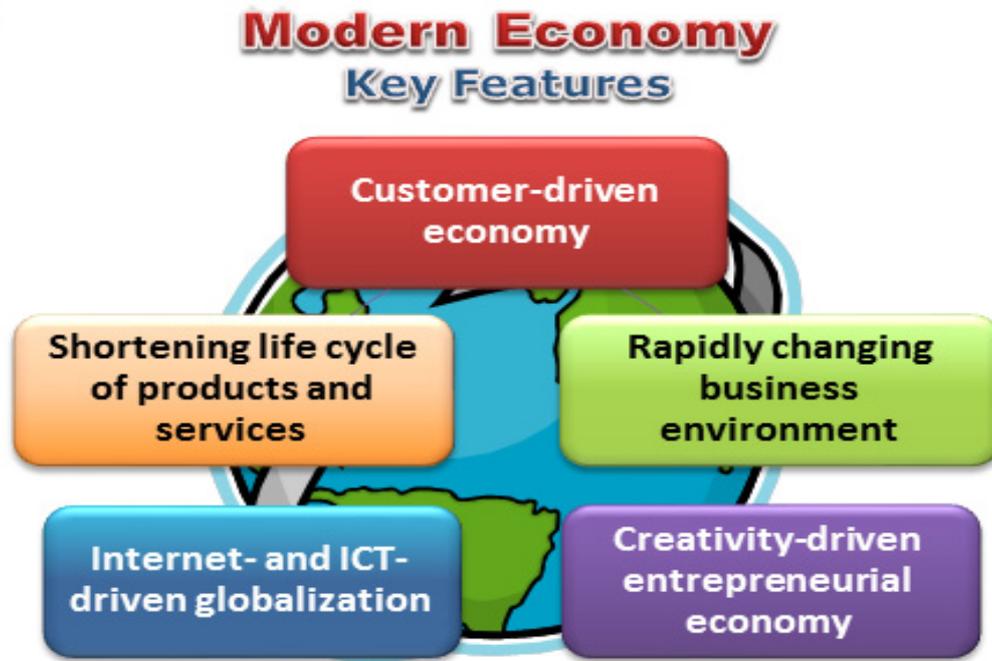
## Reading



*Before reading the text check your understanding of some basic terminology by matching up the following English words or word combinations with their Russian equivalents.*

A	B
1) initial public offering (IPO)	a) компромисс, альтернатива
2) a junk bond	b) наделение сотрудников полномочиями
3) fossil fuel	c) первоначальное публичное предложение акций
4) a conservation of resources	d) дальновидный курс, стратегия
5) empowering employees	e) бросовая облигация (с плохой финансовой репутацией)
6) a forward-looking policy	f) ископаемое топливо
7) advent of the Internet	g) охрана недр
8) to be on the verge of smth.	h) быть на грани чего-л.
9) a copyright	i) узко квалифицированный человеческий капитал
10) intellectual property rights (IPRs)	j) наступление эпохи интернета
11) a trade off	k) авторские права
12) a well-constructed IPR regime	l) хорошо организованная защита интеллектуальной собственности
13) knowledge based capital	m) наукоемкий капитал

A	B
14) firm-specific human capital 15) gentrification	n) права интеллектуальной собственности o) реконструкция и обновление строений в прежде нефешенебельных городских кварталах



### The 21<sup>st</sup> Century Economy

*Read the text and draw a mind-map on the main issues of the 21<sup>st</sup> century economy by using information in bold. Be ready to add your own ideas on the global economic trends.*

Economies, like living organisms, always evolve in response to challenges and opportunities. Over the next decade or so, the New Economy – so far propelled mainly by information technology – may turn out to be only the initial stage of a much broader flowering of technological, business, and financial creativity. The term ***New Economy*** describes aspects or sectors of an economy that are producing or intensely using innovative or new technologies. This relatively new concept applies particularly to industries where people depend more and more on computers, telecommunications and the Internet to produce, sell and distribute goods and services.

Anyway, the 21<sup>st</sup> Century Economy is an economy driven by ***technological progress***, which is a key element of the new paradigm. With the advent of

the Internet, the *information revolution* seems to be spreading and accelerating rather than slowing down. *Biotechnology* is on the verge of having a major economic impact. And in labs across the world, scientists are driving toward the frontiers of *nanotechnology*, with the goal of creating new devices that can transform entire industries. To insure innovation, *intellectual property protection* has become one of the central public policy pillars on which the knowledge-based industries and global markets of the 21<sup>st</sup> century rest. Intellectual property rights (IPRs) are increasingly critical for spurring innovation, for stimulating the investments, and for diffusing technology and other knowledge in socially beneficial ways.

A second key element of the new paradigm is ***green economics*** – the recognition that *the conservation of resources and the reduction of waste* have become economic necessities. The old idea that there are tradeoffs between economic growth and environmental protection is outmoded; today economic growth requires that we transit away from fossil fuels and squeeze waste out of our production processes. Many environmentalists and politicians all over the world consider *renewable energy and local production* to be necessary to economic growth and long-term environmental health. In many countries, economic incentives are used to encourage the use of renewable energy, and many environmentalists argue that these incentives should be increased.

The world needs also to rethink the role of finance in the economy – shifting from the current focus on speculation to ***smart finance*** that pursues *productive investments*. Productive investments are those that put people first, address the global challenges, and have high-payoffs for improved well-being and quality of life, poverty eradication, economic growth and sustainable development. They have multiplier and inter-generational effects that will yield benefits for decades to come. One of the top priorities for the governments today is *to shift financial resources to innovative sectors*. Venture capital, initial public offerings, and junk bonds enable new ideas to get funded relatively easily, while lagging companies are punished by being taken over or bought out. Growth in modern economies is increasingly driven by *investment in knowledge based capital* (KBC). In some developed countries, firms now invest as much or more in KBC as they do in physical capital such as machinery, equipment and buildings. Three types of knowledge based capital can be distinguished: computerized information (software and databases); innovative property (patents, copyrights, designs, trademarks); and economic competencies (including brand equity, firm-specific human capital, networks joining people and institutions, and organizational know-how that increases enterprise efficiency).

Another key element of the new paradigm in pursuing the “high road” is the ***organization of work places***. The old workplace in which managers simply told

employees what to do is gone. People will most likely work in a team and share in decision making and other management tasks. Productivity in the 21<sup>st</sup> century is enhanced by *empowering employees* and providing them with *good pay and decent benefits*. In this connection, *finding talent* and *developing creativity* is going to be one of the major issues for knowledge based organizations.

Similarly, a commitment to *free trade and relatively open immigration* is an essential part of a pro-innovation policy. The impact of globalization might result in raising the standards of living in emerging and developing economies.

Other elements of the new paradigm include a focus on the problem of providing *high quality care* – *health services, child care, education, and services for the elderly*. These have become central economic activities and they cannot be produced on an assembly line. Maintaining a *healthy private sector* is also crucial.

Some other important issues relate to *gentrification*, eradication of *income inequality and political corruption*. While poverty is seen in rural areas, extreme poverty resulting in homelessness is generally associated with the high cost of living in large cities.

While each of these trends and their accompanying challenges are well understood, their solutions are not. They will require all our advanced technologies, organizational skills, and creative powers to get a better environment in which bright ideas can flourish.

## Comprehension



**1.** Flip through the text the answer these questions.

1. What is the New Economy?
2. What are the key elements of the new economic paradigm?
3. What basic components of technological progress in the 21<sup>st</sup> century can you list?
4. Why do intellectual property rights need special concern today?
5. What is the role of green economies in the successful development of the 21<sup>st</sup> century economy?
6. What does the term “smart finance” imply in the 21<sup>st</sup> century?
7. What are the main types of knowledge based capital?
8. How is the organization of workplaces viewed today?
9. What is labor productivity in the 21<sup>st</sup> century characterized by?
10. What other elements of the new economic paradigm need government and businesses’ concern?



**2.** Match the words from **A** with their equivalents from **B**.

A	B
1) flourish <i>v</i>	a) license <i>n</i>
2) paradigm <i>n</i>	b) prosper <i>v</i>
3) patent <i>n</i>	c) flotation <i>n</i>
4) initial public offering IPO	d) framework <i>n</i>
5) pillar <i>n</i>	e) squeeze <i>n</i>
6) empower <i>v</i>	f) pole/column <i>n</i>
7) reduction <i>n</i>	g) authorize <i>v</i>
8) emerging <i>adj</i>	h) elasticity/flexibility <i>n</i>
9) resilience <i>n</i>	i) rising <i>adj</i>

**3.** Match the words from **A** with their definitions from **B**.

A	B
1) nanotechnology <i>n</i>	a) the technique of using microorganisms, such as bacteria, to perform chemical processing
2) biotechnology <i>n</i>	b) using or showing new methods, ideas, etc.
3) device <i>n</i>	c) a branch of technology dealing with the manufacture of objects with dimensions of less than 100 nanometres and the manipulation of individual molecules and atoms
4) innovative <i>adj</i>	d) a security that offers a high yield but often involves a high risk of default
5) smart finance	e) funds controlled by investors who should have special knowledge of the right kinds of investments to make
6) venture capital	f) a machine or tool used for a specific task
7) junk bond	g) an intangible asset, such as a copyright or patent
8) intellectual property	h) capital that is provided for a new commercial enterprise by individuals or organizations rather than those who own the new enterprise
9) eradication <i>n</i>	i) the complete destruction of something
10) gentrification <i>n</i>	j) practical economic knowledge, enabling firms to achieve results. Some of this is technical in nature, and can in principle be made into private property by the use of patent
11) know-how	k) the process of renewal and rebuilding accompanying the influx of middle-class or affluent people into deteriorating areas that often displaces poorer residents

**4.** Fill in the gaps with a suitable derivative of the words in brackets.

1. The New Economy refers to the convergence (converge) of manufacturing, services and technologies to produce high value-added, technology-enabled, and \_\_\_\_\_ (adapt) industries. It is characterized by \_\_\_\_\_ (resilient), commonwealth and \_\_\_\_\_ (resist).
2. One of the key elements of the new paradigm is green \_\_\_\_\_ (economist) – the recognition that the conservation of resources and the \_\_\_\_\_ (reduce) of waste have become economic \_\_\_\_\_ (necessary).
3. \_\_\_\_\_ (Intellect) property rights are increasingly critical for spurring \_\_\_\_\_ (innovate), for stimulating the investments, and for diffusing technology and other \_\_\_\_\_ (know) in socially \_\_\_\_\_ (benefit) ways.
4. Genetic \_\_\_\_\_ (engineer) is very \_\_\_\_\_ (controversy), but many developing nations see it as the only way to ensure continuing \_\_\_\_\_ (grow) in agriculture.
5. Green \_\_\_\_\_ (active) and other pressure groups are becoming increasingly \_\_\_\_\_ (influence) in determining the \_\_\_\_\_ (environment) policies of large companies.

## Discussion



**5.** The following are the large-scale problems of the 21<sup>st</sup> century. Work in small groups and choose 2 most burning issues from your view point, share the ideas of how the new economy paradigm can solve them.

1. GLOBAL WARMING Global warming will lead to severe climate change. Unless stopped, it will upset the basic control mechanisms of planet Earth.
2. EXCESSIVE POPULATION GROWTH World population may grow to 8.9 billion people, with a growing demand for consumer goods and carbon-based energy, far exceeding what the planet can handle.
3. WATER SHORTAGES Rivers and aquifers are drying up. Many farmers will not have the water essential for food growing. There will be wars over water.
4. DESTRUCTION OF LIFE IN THE OCEANS Only 10 % of edible fish remain in the oceans, and this percentage is rapidly declining.
5. MASS FAMINE IN ILL-ORGANIZED COUNTRIES Farm productivity is declining. Grain will rise in cost. This will harm the poorest countries.
6. PANDEMICS AIDS is continuing to spread. Infectious pandemics could spread at unstoppable rates, as they have in the past, but now with the capability to kill enormous numbers of people.

7. **EXTREME POVERTY** 2 to 3 billion people live in conditions of extreme poverty, with lack of sanitation. The difference between rich and poor is becoming ever more extreme.
8. **RUNAWAY COMPUTER INTELLIGENCE** Computers will acquire the capability to increase their own intelligence until a chain reaction happens of machines becoming more intelligent at electronic speed.
9. **WAR THAT COULD END CIVILIZATION** A global war like World War I or II, conducted with today's vast number of nuclear weapons and new biological weapons, could end civilization.
10. **RISKS TO HOMO SAPIEN'S EXISTENCE** We are heading in the direction of scientific experiments (described by Lord Martin Rees) that have a low probability of wiping out Homo sapiens. The combination of risks gives a relatively high probability of not surviving in the 21<sup>st</sup> century.



**6.** Before listening to the text *Loss of Nature Will Damage Economies* at <http://www.breakingnewsenglish.com/1005/100511-nature.html> match the following synonyms from the article.

- |               |                      |
|---------------|----------------------|
| 1) causing    | a) gloomy            |
| 2) bleak      | b) coming up against |
| 3) impact     | c) cut               |
| 4) huge       | d) supplies          |
| 5) extinction | e) effect            |
| 6) reduce     | f) chosen            |
| 7) tackle     | g) dying out         |
| 8) adopted    | h) address           |
| 9) facing     | i) creating          |
| 10) stocks    | j) enormous          |

**7.** Listen to the article and fill in the gaps.

We 1) \_\_\_\_\_ damage to our planet that it will soon affect the global economy. This bleak warning 2) \_\_\_\_\_ United Nations report called the Global Biodiversity Outlook (GBO). The paper says there are many important ecosystems on our planet that are in danger. These “tipping points” in our natural world are where 3) \_\_\_\_\_ on nature will start costing national economies. Examples of these are the deaths of coral reefs, 4) \_\_\_\_\_ areas of forest, or major pollution of rivers. UN spokesman Ahmed Djoglaf said: “The news is not good. We 5) \_\_\_\_\_ at a rate never before seen in history – extinction rates may be up to 1,000 times higher 6) \_\_\_\_\_.”

Scientists are worried that governments will not do 7) \_\_\_\_\_ the damage to the tipping points. World leaders will soon meet in Nairobi to discuss 8) \_\_\_\_\_ global biodiversity loss. They hope they can then create an international framework that will be adopted at a convention 9) \_\_\_\_\_ in Japan. The GBO report outlines how serious the threat is. It says huge numbers 10) \_\_\_\_\_ extinction if we continue to pollute the environment. Over a quarter of corals may soon disappear. This will have a 11) \_\_\_\_\_ marine life and many fish species will also disappear. Countries will be fighting over much smaller stocks of fish. This problem will be made worse with the 12) \_\_\_\_\_ the world's rivers.

**8. Answer the questions.**

1. What is your opinion on man's destruction of nature?
2. Have you noticed any negative impact of humans on the environment?
3. What do you think of the extinction rate given in the article?
4. Do you think we can reverse the damage?
5. Can you imagine there will be fish wars one day?
6. What do you think of reintroducing species by using their DNA (ДНК)?
7. What would you say to world leaders if you were a creature threatened with extinction?
8. How do you perceive the development of economy in the 21<sup>st</sup> century?



**9. With your partner(s), talk about some of these 21<sup>st</sup> century technological challenges (identified by the US National Academy of Engineering). Change partners and share what you talked about.**

Challenge	Possible?	How?	When?	Benefits?
a) Make cheap solar energy				
b) Reduce carbon emissions				
c) Provide access to clean water				
d) Understand the entire brain				
e) Prevent nuclear terrorism				
f) Make cyberspace safe				
g) Improve our cities				
h) Make better medicines				
i) Advance personalized learning				

## Writing



Write an essay to describe the main trends of the 21st century development on one of the topics that follow. Make use of Appendix 1 and Appendix 2 to choose the type of an essay and the linking words.

1. The respect for the individual and the human capital he/she presents.
2. Getting the capital to the individual and the small businesses more directly.
3. The discovery of more reliable and pertinent, real-time information.
4. The geographical shift of economic growth from the West to the BRICs (Brazil, Russia, India and China).
5. Fundamental changes in the global economy.
6. Knowledge-based economy.

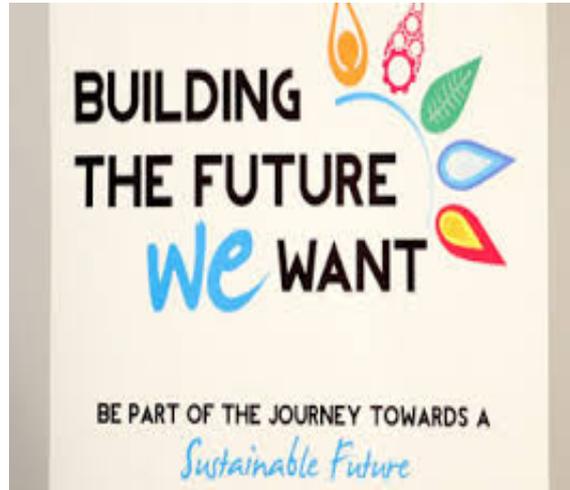


1. <https://www.youtube.com/watch?v=xcK6m3kVZxk>.
2. The 21<sup>st</sup> Century Production Revolution. [https://www.youtube.com/watch?v=ktx2\\_Dzy3tM](https://www.youtube.com/watch?v=ktx2_Dzy3tM).
3. Growing more, using less: how does software crop management work? The New Economy. <https://www.youtube.com/watch?v=esYRRBMIXGM>.
4. Tech Sector Leads the Way: Belarus tech sector remains bright spot in struggling economy. <https://www.youtube.com/watch?v=17x-6FxegK4>.
5. Global trends: The world is changing faster than at any time in human history. <https://www.youtube.com/watch?v=SdZiTQy3g1g>.
6. Economic Policy for the 21<sup>st</sup> Century. <https://www.youtube.com/watch?v=w6m8-JxwfDM>.
7. Joseph Stiglitz – An Agenda for Reforming Economic. Theory. [https://www.youtube.com/watch?v=L9KAd\\_nqINY](https://www.youtube.com/watch?v=L9KAd_nqINY).

## Unit 2. SUSTAINABLE DEVELOPMENT

What pleases me most is that sustainable development is on almost everybody's agenda now.

*Maurice Strong*



The idea of sustainable development stems from the environmental and conservation movement of the 1970's and was largely centered on the environment. Currently sustainability is related to the quality of life in a community – whether the economic, social and environmental systems that make up the community are providing a healthy, productive, meaningful life for all community residents, present and future.

At the United Nations Sustainable Development Summit on 25 September 2015, world leaders adopted the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals (SDGs) to end poverty, fight inequality and injustice, and tackle climate change by 2030. UNDP Administrator Helen Clark noted: “This agreement marks an important milestone in putting our world on an inclusive and sustainable course.”



- Consider the concept and goals of sustainable development.
- Analyze the obstacles on the way to sustainability.

### Lead in



1. What springs to mind when you hear the term ‘sustainable development’?
2. How often do you hear or read about sustainable development in the news?

3. What happens if countries ignore issues related to sustainable development?
4. Comment on the statement: “Belarus sustainable development is impossible without innovative economy.”

## Reading



*Before reading about Sustainable Development check your understanding of some basic terminology by matching up the following English words or word combinations with their Russian equivalents.*

- |                               |                                   |
|-------------------------------|-----------------------------------|
| 1) sustainable development    | a) поддерживать, защищать         |
| 2) sustain <i>v</i>           | b) целостность, сохранность       |
| 3) sustainability <i>n</i>    | с) устойчивое развитие            |
| 4) integrity <i>n</i>         | d) неохота, нежелание             |
| 5) sustained <i>adj</i>       | e) подвергать риску, опасности    |
| 6) reluctance <i>n</i>        | f) непрерывный, продолжительный   |
| 7) compromise <i>v</i>        | g) равенство между поколениями    |
| 8) intergenerational equity   | h) устойчивость                   |
| 9) continuous cycle           | i) непрерывный цикл               |
| 10) inclusive <i>adj</i>      | j) инклюзивный, без дискриминации |
| 11) social inclusion          | k) управление окружающей средой   |
| 12) environmental stewardship | l) социальная интеграция          |



### **Sustainable Development: Linking Economy, Society and Environment**

*While reading the text, choose the headings to its 3 parts from the list below:*

- Expected barriers and the need for sustainable development.
- Operating strategies for a sustainable economy.
- Definition and the basic pillars of sustainable development.

#### **Part 1**

**Sustainable development** is defined as development that satisfies the needs of the present without compromising the ability of future generations to satisfy their own needs. In other words, it is the rational management of *hu-*

*man, natural, and economic resources* that aims to satisfy the essential needs of humanity in the very long term and has become an important issue in the 21<sup>st</sup> century.

The three pillars of sustainable development – economic growth, environmental stewardship, and social inclusion – carry across all sectors of development, from cities facing rapid urbanization to agriculture, infrastructure, energy development and use, water availability, and transportation. Cities are embracing low-carbon growth and public transportation. Farmers are picking up the practices of climate-smart agriculture. Countries are recognizing the value of their natural resources, and industries are realizing how much they can save through energy and supply chain efficiency. The question facing countries, cities, corporations, and development organizations today is not whether to embrace sustainable development but how.

## **Part 2**

According to the UNO's the 2030 Agenda for Sustainable Development some of economic development goals are “to promote sustained, inclusive and sustainable economic growth, full economic employment and decent work for all, to achieve higher levels of economic productivity through diversification, technological upgrading and innovation.”

Individuals and communities should be encouraged to strive to enhance, not just sustain, the quality of life in their communities through the pursuit of the common good. Some operating strategies for a **sustainable economy** might include:

### ***Ecological Integrity***

1. Ecological decision-making must be employed within ecological limits.
2. Polluting and destroying ecosystems and landscapes on our Planet must be ceased.
3. Renewable, reliable, and clean sources of energy must be developed and used.
4. Activities and processes which use materials in continuous cycles must be adopted and promoted.

### ***Social Justice***

1. Socially-conscious decision-making must be employed.
2. Through sustainability education, we must have shared and mutually respected values amongst all members of the community.
3. People are entitled to safe working conditions and an adequate level of income.
4. The integrity and sustainability of other communities must not be compromised.

### ***Economic Security***

1. The best use of local efforts and resources must be pursued. Efforts must be taken to promote the protection of local water supplies, to direct local in-

vestment in alternative energy systems and in community infrastructure developments or upgrades. Besides, a special concern must be given to local production and purchase of goods and services.

2. Small businesses are sources of employment and providers as well as consumers of goods and services that sustain the local economy. Their operation must support the local ecology, minimize energy use and waste, and utilize recycled products and materials.

***Intergenerational Equity*** means that life and well-being of future generations must not be compromised by poor environmental management by the current generation. Besides, our activities must not compromise the social, cultural, and economic possibilities for future generations.

Sustainable economic development strategies generate substantial economic and employment growth and community development by demonstrating that innovation, efficiency, and conservation in the use and reuse of all natural and human resources is the best way to increase jobs, incomes, productivity, and competitiveness.

### **Part 3**

It would be naïve to suggest a list of anticipated outcomes of a sustainable economy without some consideration for possible barriers to success. Among them are:

- human apathy, fear (based on uncertainty), or reluctance to change;
- human reluctance to share, change lifestyles and reduce their standard of living;
- government intervention;
- continuing national and international forces of centralization and globalization;
- corporate reluctance to collaborate.

Managing “sustainability” – whether the starting point is economic, social or environmental – can help in building a sustainable economy that provides strategic economic advantage in the global economy. Future economic growth needs sustainable development. And likewise, without continued prosperity and individual wealth, we will not have the ability to consider the preservation of our future.

## **Comprehension**

### **1.** Answer the following questions.

1. What is sustainable development?
2. What are the three pillars of sustainable development?
3. What are the UN’s economic development goals?
4. What operating strategies for a sustainable economy can you name?

5. What does ecological integrity mean?
6. How can social justice be achieved in the framework of sustainable economic development?
7. How can economic security within the framework of sustainable development be achieved?
8. How can local resources be used in a better way?
9. Why is developing small business important for sustainable economy?
10. What do they mean by intergenerational equity?
11. Why is sustainable economy not an easy thing to achieve?



**2.** Make phrases by matching an item from each column. Translate them into Russian:

- |                       |                            |
|-----------------------|----------------------------|
| 1) ecological         | a) sources of energy       |
| 2) continuous         | b) energy systems          |
| 3) clean              | c) values                  |
| 4) mutually respected | d) outcomes                |
| 5) socially-conscious | e) reluctance to cooperate |
| 6) alternative        | f) prosperity              |
| 7) anticipated        | g) integrity               |
| 8) corporate          | h) cycles                  |
| 9) continued          | i) development             |
| 10) sustainable       | j) decision-making         |

**3.** Fill in the gaps with a suitable derivative of the words in brackets.

1. Global **warming** (warm) \_\_\_ and the (destroy) \_\_\_\_\_ of the environment are (threat) \_\_\_\_\_ the planet.
2. Sustainable development is (definite) \_\_\_ as development that satisfies the needs of the present without (compromise) \_\_\_\_\_ ( the ability of future (generate) \_\_\_\_\_ to satisfy their own needs.
3. The goal of the new sustainable (economic) \_\_\_\_\_ would be to sustain a (desire) \_\_\_\_\_ quality of (live) \_\_\_\_\_ .
4. The integrity and (sustain) \_\_\_\_\_ of other (common) \_\_\_\_\_ must not be compromised.
5. Small businesses are sources of (employ) \_\_\_\_\_ and (provide) \_\_\_ as well as (consume) \_\_\_ of goods and services that sustain the local economy.
6. Without continued (prosperous) \_\_\_\_\_ and individual wealth, we will not have the (able) \_\_\_ to consider the (preserve) \_\_\_\_\_ of our future.

7. By 2030, the UNO plans to achieve full and productive (employ) \_\_\_\_\_ and decent work for all women and men, including for (youth) \_\_\_\_\_ people and persons with (disable) \_\_\_\_\_, and equal pay for work of equal value.
8. The UN sets the goal to promote (include) \_\_\_\_\_ and (sustain) \_\_\_\_\_ industrialization and, by 2030, (significant) \_\_\_\_\_ raise industry's share of employment and gross domestic product, in line with (nation) \_\_\_\_\_ circumstances, and double its share in least (develop) \_\_\_\_\_ countries.
9. By 2030, provide access to safe, (afford) \_\_\_\_\_, (access) \_\_\_\_\_ and sustainable transport systems for all, improving road (save) \_\_\_\_\_, notably by expanding public transport.
10. Sustainable development recognizes that growth must be both (include) \_\_\_\_\_ and environmentally sound to reduce poverty and build shared (prosperous) \_\_\_\_\_ for today's population and to continue to meet the needs of future generations.

**4. Match the words from A with their definitions from B.**

A	B
1) renewable sources of energy	a) the state of being whole and undivided
2) continuous cycle	b) energy that is collected from resources which are naturally replenished, such as sunlight, wind, rain, tides, waves, and geothermal heat.
3) integrity <i>n</i>	c) ) the movement of a manufacturer, trader, etc., into a wider field of products or services.
4) diversification <i>n</i>	d) the plan – do – check – act cycle or four – step model for carrying out change. PDCA cycle should be repeated again and again for continuous improvement.
5) apathy <i>n</i>	e) the process or situation in which decision making is confined to the top managers of an organization.
6) centralization <i>n</i>	f) lack of interest or knowledge

**5. Complete this table of common word partnerships related to sustainability. Speak about your attitudes to these sustainability concepts, and give examples of them.**

<b>SUSTAINABLE</b>	D _____ G _____ H _____ A _____ E _____ P _____ N _____ C _____ S _____ T _____ M _____
--------------------	--

## Discussion



**6.** Group the words and word combinations as Social Issues, Economic Issues and Environment Issues. Work with your partner and say what can be done in your area to improve the situation with these issues.

Health care, social justice, transport infrastructure, raw materials, ecological crisis, micro enterprise, poverty elimination, energy preservation, climate change, recycling waste, equal pay for women, water pollution, climate change, property rights.

SOCIAL ISSUES	ECONOMIC ISSUES	ENVIRONMENT ISSUES

**7.** Work in pairs and rate 5 most important economy related issues out of 17 Sustainable Development Goals (SDGs) adopted at the United Nations Sustainable Development Summit on 25 September 2015. Give the arguments.



**8.** Provide your arguments to the questions offered below. Make use of linking words and phrases from Appendix 2.

1. How is sustainable development linked to standard of living?
2. Do you agree with the words that “Doing what’s right for your business is doing what’s right for your city”?

3. Is sustainable development possible in today's world in which people are becoming richer and consuming more of the Earth's natural resources?
4. Is sustainable development real or is it just theory and a topic for inter-governmental meetings?
5. Would you be able to sustain yourself?
6. How can there be sustainable development when the world's population is moving from the countryside into cities?
7. Sustainability is something that we all recognize as being important but the associated cost to business is often difficult to justify, especially in times of financial crisis. So how could we use sustainability as the driver for innovation and business?



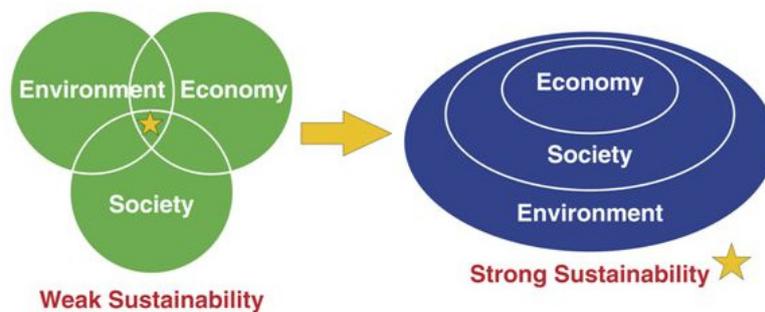
**9.** Before listening to explanations of Triple Bottom Line & Sustainability at <https://www.youtube.com/watch?v=2f5m-jBf81Q> give your comments on the images of this concept.

### Listening 1

#### TRIPLE BOTTOM LINE & SUSTAINABILITY: THE SCIENCE OF GOOD BUSINESS

#### Triple Bottom Line

#### *Interconnected and Interdependent Benefits*



Source: Maureen Hart — Sustainable Measures

**10.** Check the understanding of the following words and phrases from the video. Give the meaning of them in English.

- Financial bottom line profit or loss;
- financial equity;
- a byproduct;
- overlapping circles;
- nested circles;

- to comply with social and environmental conditions;
- ecological constraints.

**11.** Watch the video and answer the questions that follow.

1. What should methods, by which companies measure value, include?
2. What 3Ps does the idea of sustainability mainstream?
3. Why can society, environment and economy be presented both as three overlapping circles and three nested circles?
4. Does the need to comply with social and environmental conditions mean that businesses have to put financial gain last? Why?
5. What does it mean that paying the bills happens on multiple levels?

## Listening 2

### INTRODUCTION ON SUSTAINABILITY

**12.** Before listening to Introduction on Sustainability by Linda Vanasupa at <https://www.youtube.com/watch?v=RCN6it0LZvY> check the understanding of the following words and phrases from the video. Give the definition of them in English:

computer simulation	an overlapped region
stocks and flows	the force of gravity
deplete <i>v</i>	inherent competition
discern <i>v</i>	holistic <i>adj</i>

**13.** Watch the video and fill in the gaps.

The need for sustainable 1) \_\_\_\_\_ came after a team of scientists from MIT used computer simulation to model the Earth as a 2) \_\_\_\_\_ system. This is published in a book called Limits to Growth in 1972 in which they showed through their 3) \_\_\_\_\_ that there was a real potential for global collapse if the 4) \_\_\_\_\_ support systems on which human life relied upon, if we continue to conduct 5) \_\_\_\_\_ as usual. The most widely cited definition of 6) \_\_\_\_\_ development shown here comes from the 7) \_\_\_\_\_ Nations 1987 printed report. This definition leads to many 8) \_\_\_\_\_ such as: “What will be needed by 9) \_\_\_\_\_ generations?”. This seems impossible to 10) \_\_\_\_\_ but there are a few things we do know. The fact is that where you see 11) \_\_\_\_\_ faster than the rate at which they’re being 12) \_\_\_\_\_ will guarantee that they won’t be available for future generations.

Let’s look at another metaphor for sustainable development. The idea depicted here is that of 13) \_\_\_\_\_ and flows. The term sustainable means that the flow of expenses is less than the flow of 14) \_\_\_\_\_. In this sce-

nario the stock of resources is not depleted. The 15) \_\_\_\_\_ development implies an increase in sufficiency of real human 16) \_\_\_\_\_ for all. As you can imagine this term “well-being” which refers to 17) \_\_\_\_\_ to happiness and health can mean different things to different people. This is one of the inherent 18) \_\_\_\_\_ with sustainable development. Sustainable development brings to mind the parable of the 19) \_\_\_\_\_ and the three blind men. As shown here each man has a very limited 20) \_\_\_\_\_ to detect and discern the whole situation. Yet to each 21) \_\_\_\_\_ what they sense occurs to them as a very convincing in total 22) \_\_\_\_\_. For sustainable development 23) \_\_\_\_\_ perspectives are required. At the time this recording sustainability 24) \_\_\_\_\_ is an emerging field. Current best 25) \_\_\_\_\_ in sustainable development call for participatory designs which 26) \_\_\_\_\_ all stakeholders in the process of design, giving equal 27) \_\_\_\_\_ to all. Oftentimes sustainability is modeled as a balance between the competing goals of economy, 28) \_\_\_\_\_ and equity.

In this model sustainability is fused as the overlapped 29) \_\_\_\_\_ where all goals are met. There's a way which this particular model falsely depicts the situation. For example what is the possibility of economic activity that resides outside the 30) \_\_\_\_\_? This model visually promotes the idea that the 31) \_\_\_\_\_ if these are entities into themselves where there is sometimes an 32) \_\_\_\_\_. This could lead to the false notion that there's an inherent 33) \_\_\_\_\_ between the goals of economy, equity and the environment. An 34) \_\_\_\_\_ model is to consider if there is physical relationship between the three. There's one environment that we all share, all of society 35) \_\_\_\_\_ within this environment and all of economic activity takes place within the human system of society. In this model it becomes clear that the health of each one is 36) \_\_\_\_\_ upon the health of the other.

You might think it reveals to think of how the idea of sustainability is represented. But models have a powerful 37) \_\_\_\_\_ on how we think of things. Consider what it would be like if we turn the force of gravity pointing like this 38) \_\_\_\_\_ of toward the center of the Earth. How would this inaccurate model of gravity influence our decisions?

Sustainable development meets the needs of the present without 39) \_\_\_\_\_ the ability of future generations to meet their own 40) \_\_\_\_\_. Inherent in this definition are several questions rather than 41) \_\_\_\_\_ answers. Sustainable development is fundamentally holistic, so multiple viewpoints are 42) \_\_\_\_\_ to serve the whole. Economic systems sit 43) \_\_\_\_\_ of social systems both of which are inside of one environment. This means that sustainable development must improve the 44) \_\_\_\_\_ of all three systems.

**14.** Use the information from the video and your background knowledge to answer the following questions.

1. When did the need for sustainable development come?
2. What does the term “sustainable” mean with regard to the flow of expenses and the flow of income?
3. What do current best practices in sustainable development call for?
4. What is a healthy model of sustainable development?
5. How do you understand the statement that economic systems sit inside of social systems both of which are inside of one environment?

## Writing



*Write a solution to the problem essay on sustainable development. You can choose the topic from the list that follows. Make use the information of Appendix 1 and 2.*

1. Establishing a sustainable economy in Belarus.
2. Competitive advantage of sustainable development.
3. Economic crisis and sustainability.
4. What is social sustainability in the 21<sup>st</sup> century like?
5. Sustainable economic development and technological progress.
6. Food waste reduction proposal.
7. Recycling in everyday activities.
8. How to encourage students to reduce electricity or water consumption in their residences?

*Remember to state the problems and their causes in the introductory part, to give suggestions and results in the main body and to summarize your opinion in the conclusion. You may use some of the following structures to express solutions.*

- |  |
|--|
| <ol style="list-style-type: none"><li>1. Steps/Measures should/must/could be taken so as to/in order to solve/overcome/combat ... .</li><li>2. Serious attempts to halt /prevent/solve ... must be made by ... .</li><li>3. An alternative way to solve/overcome/combat/deal with this problem would be/is ... .</li><li>4. People/Governments/We should focus their/our attention on ways to solve/overcome the problem of .../to improve the situation of .../to reduce the impact of ... on society ... .</li></ol> |
|--|



1. <https://www.youtube.com/watch?v=kR-YRC5D-QY> Sustainable development goals.
2. [https://www.youtube.com/watch?v=NkAv9L1\\_r1M](https://www.youtube.com/watch?v=NkAv9L1_r1M).
3. <https://www.youtube.com/watch?v=5G0ndS3uRdo>.

4. <http://www.wfs.org/blogs/futurist-magazine/17-great-challenges-twenty-first-century-late-james-martin>.
5. <http://www.youtube.com/watch?v=ERiEWlw1iWQ>  
What is Sustainability – Easy Ways to Start Living Sustainable.
6. <http://www.youtube.com/watch?v=NZ65wBmyCdE>  
TEDxCanberra – Nick Ritar – A challenge to live sustainably.
7. <http://www.youtube.com/watch?v=fRQ3LTDCNUo>  
Sustainability In Daily Life.
8. <http://www.youtube.com/watch?v=5lOSIHWOp2I>  
Why We Need to Think Differently About Sustainability: Leyla Acaroglu at TEDxMelbourne.
9. <http://www.youtube.com/watch?v=7skYYIOAVnk>  
The Sustainability Challenge that Business Can't Ignore: Tima Bansal.
10. <https://www.youtube.com/watch?v=RCN6it0LZvY>  
Sustainable Development. An Introduction.

## Unit 3. GREEN ECONOMY

The nation behaves well if it treats its natural resources as assets which it must turn over to the next generation increased, and not impaired, in value.

*Theodore Roosevelt*



For two centuries, the quest to accumulate money or capital drove a powerful industrialization process that actually did spin off many human benefits, however unfairly distributed. But blind material and monetary growth has reached a threshold where it is generating more destruction than real wealth. A postindustrial world requires an economy of quality, where both money and matter are returned to a status of means to an end. Here **green economy** comes, meaning a direct focus on meeting human and environmental need.



- Define green economy and its strategy.
- Consider the forces that contribute to the development of green economy policy.
- Define eco-efficiency and discuss its importance as a key requirement for success in business.
- Discuss how government and people can contribute to the development of green economy policy.

## Lead in



- Do you believe that governments should do more to prevent manufacturers polluting or damaging the environment?
- Are you prepared to pay a higher price for products that you know are not dangerous for the environment?
- Have you ever stopped using a product because you learnt that it was damaging for the environment?
- Do you make an effort to use as little water and energy (electricity, heating, etc.) as possible? Do you believe that there should be higher taxes on sources of energy?



## Reading

### The Green Economy



*Before reading the text check your understanding of some basic terminology by matching up the following English words or word combinations with their Russian equivalents.*

A	B
1) eco-efficiency	a) умная сеть электроснабжения
2) greenhouse effect	b) экоэффективность
3) hazardous emission	c) управление товарными потоками
4) ecological damage	d) возобновляемые природные ресурсы
5) materials management	e) опасное распространение/выброс
6) renewable resources	f) парниковый эффект
7) smart grid	g) истощение
8) depletion	h) экологический ущерб
9) to recycle waste	i) экологически ориентированная экономика
10) employee morale	j) природоохранное проектирование
11) sustainable design	k) перерабатывать отходы
12) green economy	l) трудовая дисциплина

*Read the text and draw a mind-map on the main issues of the green economy by using information in italics. Be ready to add your own ideas on the green economy trends.*

**The green economy** is defined as one in which value and growth are maximized across the whole economy, while natural assets are managed sustainably. Such an economy would be supported and enabled by a thriving low carbon and environmental goods and services sector. Environmental damage would be reduced, while energy security, resource efficiency and resilience to climate change would all be increased.

A strategy for a green economy therefore aims to catalyze a direction of travel, moving the economy systematically towards increasing its resource productivity, reducing its greenhouse gas emissions, and maintaining its stocks of natural capital in a way that generates satisfying work and high living standards. The Green Economy refers to two inter-linked developmental outcomes for the economy:

- Growing economic activity (which leads to investment, jobs and competitiveness) in the green industry sector;
- A shift in the economy as a whole towards cleaner industries and sectors.

The main stakeholders that contribute to the development of green economy policy are *the government, business and humans*. Let's consider them in details.

The development of a green economy requires *government intervention* in the existing "rules of the game". It means the creation of state regulation regime, which encourages the development of environmental industries and technologies, the creation of the necessary infrastructure, restructuring key institutions and reforming tax policy. The process of achieving these goals begins after the adoption of the relevant legal documents and represents a specific action and activities of government agencies.

The government prioritizes infrastructure projects that are "compatible with long-term green economy objectives". Among them are the projects incorporating renewable electricity into the power system and a "smart grid" to facilitate its management; materials management facilities to delay or prevent resources from becoming wastes, etc. Environmental tax reform is supposed to ensure that infrastructure and innovation spending are targeted to support a green economic recovery.

*In the world of business* resources are gathered in one country, processed in another, and sold as products manufactured in yet another. There is no doubt that protecting our planet, and the resources it provides, is imperative.

Nowadays green economy is closely associated with the term “**eco-efficiency**”. It was created by the World Business Council for Sustainable Development (WBCSD) in 1992. Eco-efficiency is a management philosophy that aims at minimizing ecological damage while maximizing efficiency of the firm’s production processes, such as through the lesser use of energy, material, and water, more recycling, and elimination of hazardous emissions of by-products.

The companies which adopted sustainable business practices strive to assemble their products with a sustainable design, without adding to the earth’s waste or pollution during their production. They demonstrate that eco-efficiency stimulates productivity and innovation, increases competitiveness and improves environmental performance.

Eco-efficiency offers a number of practical benefits for businesses, including:

- reduced costs – through more efficient use of energy and materials;
- reduced risk and liability – by “designing out” the need for toxic substances;
- increased revenue – by developing innovative products and increasing market share;
- enhanced brand image – through marketing and communicating your improvement efforts;
- increased productivity and employee morale – through closer alignment of company values with the personal values of the employees;
- improved environmental performance – by reducing toxic emissions, and increasing the recovery and reuse of “waste” material.

*People* can also contribute to the development of green economy policy. They:

- save water, electricity and other natural resources;
- renounce the use of a personal vehicle on trip with short distances and more often use of public transport;
- if possible, buy products from local producers as a considerable amount of fuel contributing to air pollution is used for the transportation of goods across the country and around the world;
- use the alternative sources of energy;
- buy reusable goods;
- recycle everything that can be recycled.

*Green activists and other pressure groups* are becoming increasingly influential in determining the environmental policies of large companies.

The government, humans and business should act together. Only a competent cooperation of these three key groups can bring the most powerful effect in protecting the environment and in formation and development of green economy around the world.

## Comprehension



**1.** Flip through the text and answer these questions.

1. How could you describe the term “green economy”? What would be such an economy supported and enabled by?
2. What two inter-linked developmental outcomes for the economy does the Green Economy refer to?
3. What are three main forces influencing the transition process to the Green Economy?
4. What government intervention does the development of the Green Economy require?
5. What are the examples of the infrastructure projects compatible with green economy objectives?
6. What is the importance of environmental tax reform?
7. What is the role of business in this sphere? What is eco-efficiency? What number of practical benefits does it offer for businesses?
8. How can people contribute to the development of the green economy policy?
9. How can you see your personal contribution to the process of environmental protection?



**2.** Match the words from column A with their definitions in column B.

A	B
1) eco-efficiency	a) Indirect tax on the domestic consumption of goods and services, except those that are zero-rated (such as food and essential drugs) or are otherwise exempt (such as exports).
2) effluent	b) Management philosophy that aims at minimizing ecological damage while maximizing efficiency of the firm's production processes, such as through the lesser use of energy, material, and water, more recycling, and elimination of hazardous emissions or by-products.
3) value added tax (VAT)	c) Pollution discharged into water.
4) environmental management	d) Pollution (including noise, heat, and radiation) discharged into the atmosphere by residential, commercial, and industrial facilities.
5) waste	e) union/alliance
6) emission	f) Administrative functions that develop, implement, and monitor the environmental policy of an organization.
7) alignment	g) Unwanted material left over from a production process, or output which has no marketable value.

**3.** Match the words from A with their equivalents from B.

A	B
1) Encourage	a) toxic/harmful/deadly
2) hazardous	b) help
3) depletion	c) expansion
4) restrict	d) foster/facilitate/boost/stimulate
5) cooperation	e) exhaustion
6) contribute	f) interaction
7) growth	g) reduce

**4.** A. Complete the table by inserting the missing forms if possible.

Noun	Verb	Adjective/Participle
	deplete	
Value		
	minimize	
Emission		wasteful
	contribute	
		congestive
	permit	
	recycle	
pollution/polluter		

**B.** Fill in the gaps with the appropriate derivatives of the words given in brackets.

Kyoto protocol 1 \_\_\_\_\_ (to sign) in 1997 was designed to reduce emission of greenhouse gases in the interests of 2 \_\_\_\_\_ (to control) global warming. Emissions trading or “cap and trade” is a market-based approach used to control pollution by providing economic incentives for achieving 3 \_\_\_\_\_ (to reduce) in the emissions of 4 \_\_\_\_\_ (to pollute).

A governmental body sets a limit or cap on the amount of a pollutant that may be 5 \_\_\_\_\_ (to emit). The limit or cap is allocated or sold to firms in the form of emissions 6 \_\_\_\_\_ (to permit) which represent the right to emit or discharge a specific volume of the 7 \_\_\_\_\_ (to specify) pollutant. Firms are required to hold a number of permits or 8 \_\_\_\_\_ (to allow) or carbon credits equivalent to their 9 \_\_\_\_\_ (emit). The total number of permits cannot exceed the cap, limiting total emissions to that level. Firms that need to increase their volume of emissions must buy permits from those who 10 \_\_\_\_\_ (requirement) fewer permits.

**5.** Fill in the gaps with the appropriate words: dramatically, burning, greenhouse gases, flooding, environmental, surface.

The Earth atmosphere works as the blanket of warm air because it contains small amounts of carbon dioxide, methane known as 1) ... . These gases help retain heat, the process which is called greenhouse effect. The greenhouse effect occurs when sunlight passes through atmosphere and strikes the earth. Some of the light is reflected and some is absorbed. The absorbed light warms the 2) ... of the Earth. The reflected light is absorbed by greenhouse gases. These gases help regulate the temperature of the earth. Due to the 3) ... of large amount of coal, oil and natural gases as well as cutting forests the amount of greenhouse gases in the atmosphere has 4) ... increased for the last years resulting in global warming. Its consequences might be huge 5) ... problems including the melting of polar ice caps causing ocean levels to rise and 6) ... coastal areas.

## Discussion



1. Do you agree or disagree with the statement of *Dr. William Rees, UBC Professor, Founder of the “Eco-footprint” concept* that “The economy is a subsidiary of the ecosystem... The only place where the environment and economy are separated is in the human mind.”

2. Does the failure to manage the resources at our disposal have the same or different consequences for developing and developed countries? Do you think it will be the poorest countries that suffer first and most dramatically, but the “developed” world will be able to escape?

3. The most doubtful voices over ecological issues have long been the economists. Many of them see the green movement as undermining the economic development. Do you share their opinion?

4. What view of industry's role in the sustainable development debate do you share? Is industry identified as a part of the problem or as a part of the solution, in your opinion?



*You will hear the interview with Marc Keiser, an eco-efficiency researcher.*

## Listening 1

**A.** Before listening to the interview match the words with their definitions:

<i>disposal (to dispose of)</i>	<i>eco-efficiency</i>	<i>environmentalist</i>	<i>pollution</i>	<i>waste</i>
---------------------------------	-----------------------	-------------------------	------------------	--------------

1. Anything (e.g. glass, liquids) released into the environment.
2. Something unwanted and useless, such as by-products resulting from manufacturing processes.
3. Throwing away or getting rid of something unwanted.
4. Someone concerned about pollution, maintaining an ecological balance, and so on.
5. The extent to which a product does not use rare resources or produce polluting waste, can be recycled, and so on.

**B.** *After listening to the interview answer the following questions.*

1. The interviewer mentions three different ways in which companies might be obliged to reduce pollution. What are they?
2. Marc Keiser says there are three pressure groups involved in environmental issues. What are they?
3. Can any of these three groups bring about important changes?
4. Marc Keiser mentions, in relation to the United States, three different areas of concern to himself and other environmentalists. What are they?

## Listening 2

[www.breakingnewsenglish.com/.../130512-carbon\\_dioxide.html](http://www.breakingnewsenglish.com/.../130512-carbon_dioxide.html)

### Carbon Dioxide at Record High Level

**A.** *Listen to the text and say if the statements that follow are True or False.*

1. A weather station in Peru found high levels of CO<sub>2</sub> in the atmosphere.
2. The level of CO<sub>2</sub> was at 400 parts per million.
3. The last time the Earth saw this level was 5 million years ago.
4. The level of CO<sub>2</sub> at the South Pole will always be under 280.
5. One molecule of CO<sub>2</sub> stays in the atmosphere for around 7 years.
6. A scientist said humans are not making the Earth warmer.
7. Levels of CO<sub>2</sub> were under 300, three hundred years ago.
8. A scientist said it was scary that the arctic ice was melting.

**B.** *Distribute the roles in the groups of four and share your opinions.*

**Role A** – *Human warming scientist.*

You think human activity causes global warming. Everyone on Earth must change how we live so we do not produce CO<sub>2</sub>. Tell the others three things we must do. You totally disagree with the other scientist and the oil company CEO. Tell them why they are wrong. You agree with the penguin.

**Role B** – *Natural warming scientist.*

You think human activity is not the reason for global warming. Tell the others three reasons why. You believe it is natural the Earth is getting warmer.

You don't think anyone is in danger. You think it is OK to keep using gas, oil, coal, etc. You know scientists can protect the Earth.

**Role C – Oil company CEO.**

You are tired of scientists warning about global warming. You are angry because people get scared. They also start using less oil and gasoline. Your company is very green. Tell the others 3 reasons why. Disagree with everything the human warming scientist says. Also, if the ice melts, penguins can easily find a new home.

**Role D – Penguin.**

You are very, very, very angry with humans. Tell the others three reasons why. They only care about money. Oil companies want profits and do not care about the environment. Scientists who say human activity does not warm the earth are crazy. You want all oil production to stop immediately.

### **Recommending an Energy Policy**



The government decided to change its policy in the sphere of protecting the environment. It was decided to hold a meeting. Two groups of the best economists working in this field were invited. Each of these groups has their own point of view on the problem of saving the environment. The government should consider the opinions of these groups, find a compromise and create a new policy that will combine the best ideas of these economists.

**Government**

You should hear out all the groups of the economists and after that decide which of their proposals are most suitable for your country. You can also put forward your own ideas of saving the environment.

**Group 1**

You are proponents of the use of alternative energy sources. Speak about all the pros and cons of this form of saving the environment. Explain why it is best suited for your country.

**Group 2**

You are a proponent of the policy which is aimed at reducing waste and emissions of harmful gases into the environment. You also believe that companies, which pollute the environment, should pay a high tax. Speak about all the pros and cons of this form of saving the environment. Explain why it is best suited for your country.

## Writing



*Read the text below and write its short summary.*

Global warming has become perhaps the most complicated issue facing world leaders. Warnings from the scientific community are becoming louder, as an increasing body of science points to rising dangers from the ongoing buildup of human-related greenhouse gases – produced mainly by the burning of fossil fuels and forests. CO<sub>2</sub> emissions are the driving force behind climate change.

The latest breakthrough in the negotiations on global warming is the Paris Agreement dealing with greenhouse gases emissions decrease, adaptation and finance starting in the year 2020. The agreement of the treaty was negotiated by the representatives of 195 countries in Paris and adopted by consensus on 12 December 2015. It was opened for signing on 22 April 2016 (Earth Day) in a ceremony in New York City.

***The key points of Paris agreement:***

- to keep global temperature increase “well below” 2 °C and to pursue efforts to limit it to 1.5 °C;
- to peak greenhouse gas emissions as soon as possible and achieve a balance between sources and sinks of greenhouse gases in the second half of this century;
- to review progress every five years;
- \$100 bn a year in climate finance for developing countries by 2020, with a (to commit) to further finance in the future;
- once the deal comes into force, countries that have (to ratify) it have to wait for a minimum of three years before they exit.

The Paris deal is the world's first comprehensive climate agreement. It will only come into force legally after it is ratified by at least 55 countries, which between them produce 55 % of global carbon emissions. The US and China – together are responsible for 40 % of the world's carbon emissions – have both formally joined the Paris global climate agreement. They ratified the Paris Agreement in the city of Hangzhou (China) on the 3d September 2016. After arriving with other leaders of G20 nations for a summit in Hangzhou President Obama said: “History will judge today’s effort as pivotal. This is a big step toward turning Paris agreement into reality”.

Other nations will still tussle over their own ratification, but this will put pressure on G20 nations over the weekend to move faster with their pledge to phase out subsidies to fossil fuels.

But even if enough other players step forward to make the Paris deal law, huge challenges lie ahead.



1. <http://www.breakingnewsenglish.com/1410/141012-lego.html>.
2. <https://www.youtube.com/watch?v=yfNgsKrPKsg>.
3. <https://www.youtube.com/watch?v=dP-tg4atr5M>.
4. <https://www.youtube.com/watch?v=B11kASPfYxY>.

## Unit 4. INFORMATION TECHNOLOGY

Information technology and business are becoming inextricably interwoven. I don't think anybody can talk meaningfully about one without talking about the other.

*Bill Gates*



Advances in information technology reinforce the economic and social changes that are transforming business and society. A new kind of economy – the information economy – is emerging where trade and investment are global and firms compete with knowledge, networking and agility on a global basis. This unit explains how information technology affected the economy and why IT is considered another factor of production in the 21<sup>st</sup> century.



- Study the relationship between information technology and economy.
- Consider how information technology has shifted the paradigm of the economy in a macroeconomic and microeconomic sense.
- Analyze how E-commerce differs from e-business.
- Study the major types of E-commerce.

## Lead in



1. Have you ever heard the term “information revolution”? Why does this phenomenon really have a huge impact on the modern world economy?
2. Prove that IT is a tool to facilitate business.
3. What are the key contributions of IT to 21<sup>st</sup> century businesses in different industries?

## Reading



*Before reading the text check your understanding of some basic terminology by matching up the following English words or word combinations with their Russian equivalents.*

- |                            |  |
|----------------------------|--|
| 1) networking <i>n</i>     | a) непостоянный, переменчивый                                |
| 2) pervasive <i>adj</i>    | b) появляться  |
| 3) procurement <i>n</i>    | с) модификация в соответствии с требованиями заказчика       |
| 4) customization <i>n</i>  | d) материально-техническое обеспечение (поставки, снабжение) |
| 5) cloud computing         | e) ускорять  |
| 6) a back-end system       | f) распространяющийся, проникающий                           |
| 7) gear up                 | g) облачная вычислительная среда                             |
| 8) fickle <i>adj</i>       | h) (базовая) система управления предприятием                 |
| 9) replenishment of stocks | i) гибкий к изменениям                                       |
| 10) scalable <i>adj</i>    | j) пополнение запасов  |
| 11) emerge <i>v</i>        | к) объединение в сеть, подключение к сети                    |

### **Information Technology and the Economy in the 21<sup>st</sup> Century**

*Read the text and do the tasks that follow.*

**Information technology (IT)** refers to anything related to computing technology, such as networking, hardware, software, the Internet, or the people that work with these technologies. It deals with the acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications.

Advances in information technology reinforce economic and social changes in the modern world. A new kind of economy – the information economy – is emerging. A corresponding new society is also emerging with pervasive information capabilities that make it substantially different from an industrial society: more competitive, more democratic, less centralized, better able to address individual needs, and friendlier to the environment.

Information technology has revolutionized business, making it possible to quickly determine wants and needs and to respond with desired goods and services. Let us see how IT has shifted the paradigm of the economy in a macroeconomic and microeconomic sense.

1. ***Information technology and macroeconomic changes.***

a) Changes in *production structure*. As the information technology evolves, the world is now in paradigm shift from the industrial age to the information age. As a result, there is a growing demand in the service fields that require expert knowledge and information.

b) Changes in *investment structure*. Investment is made more in the area of information and communications than in the facilities increasing the production capabilities.

c) Changes in *employment structure*. In the occupational categories, there are more demands for experts with creativity and information technology skills.

2. ***Information technology and microeconomic changes.***

Changes take place in every part of the business: development of goods and technology, procurement, production, sales, distribution, and post-sale services. Meanwhile, enterprises change production system from mass production under economy of scale into production on demand.

In the emerging global economy, e-business and e-commerce have increasingly become a necessary component of business strategy and a strong catalyst for economic development. The integration of information and communications technology (ICT) in business has enhanced productivity, encouraged greater customer participation, and enabled mass customization, besides reducing costs.

***Electronic business*** or an internet business may be defined as the application of information and communication technologies (ICT) in support of all the activities of business. It is the transformation of an organization's processes to deliver additional customer value through the application of technologies, philosophies and computing paradigm of the new economy.

Three primary processes are enhanced in e-business:

*Production processes*, which include procurement, ordering and replenishment of stocks; processing of payments; electronic links with suppliers; and production control processes;

*Customer-focused processes*, which include promotional and marketing efforts, selling over the Internet, processing of customers' purchase orders and payments, and customer support;

*Internal management processes*, which include employee services, training, internal information-sharing, video-conferencing, and recruiting.

Speaking about e-business one can't but mention **cloud computing**. In the simplest of terms, it is IT-as-a-Service. Instead of building your own IT infrastructure to host databases or software, a third party hosts them in its large server farms. Your company has access to its data and software over the internet (which in most IT diagrams is shown as a cloud).

Key benefits of cloud computing:

*Cheap*: your IT provider will host services for multiple companies; sharing complex infrastructure is cost-efficient and you pay only for what you actually use.

*Quick*: Cloud computing allows you to skip the hardware procurement and capital expenditure phase – it's perfect for start-ups.

*Up-to-date*: Most providers constantly update their software offering, adding new features as they become available.

*Scalable*: Cloud systems are built to cope with sharp increases in workload.

*Mobile*: Cloud services are designed to be used from a distance, so if you have a mobile workforce, your staff will have access to most of your systems on the go.

Among disadvantages is the fact that the access to the cloud is fully dependent on the Internet connection while security and privacy cannot be fully guaranteed.

**Electronic commerce**, commonly known as e-commerce constitutes the exchange of products and services between businesses, groups and individuals and can be seen as one of the essential activities of e-business. It consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks. *E-markets* are simply defined as Web sites where buyers and sellers interact with each other and conduct transactions.

Cyberspace is increasingly becoming the location of choice for many retailers because online retailing – or *e-tailing* brings high revenues. This situation calls for a new business model, which connects e-tail with the rest of the business. E-tailing needs to be fully integrated into the support systems and infrastructure that drive every other part of business, such as stock control, storage, delivery, customer returns and others. The back-end systems – taking the order, taking payment, processing the order, dispatching it – have to be geared up to make the on-line purchasing process as smooth as possible. One of the challengers for e-tailers is meeting the high expectation levels of e-tail customers who are more demanding, less forgiving and more fickle. It is not taking the orders online, that causes the problems for e-tailers, it is the operational costs of fulfilling those orders.

Online business is far from mature, and may never mature as new capabilities continue to be added to the Internet. The challenge for businesses is to not be left behind by these trends. In practice, this means paying attention to new opportunities and putting the time and resources into making the most of them.

## Comprehension



### 1. Flip through the text the answer these questions.

1. In what way does IT influence economic and social changes in the present world?
2. What specific changes may be traced due to the shift of the economy paradigm in a macroeconomic sense?
3. What examples of microeconomic changes caused by information technology are given in the text?
4. What are the positive impacts of integrating information and communications technology (ICT) in business?
5. What is electronic business?
6. What three primary processes does e-business enhance?
7. What are the advantages and weak points of cloud computing?
8. What is e-commerce? What recent examples of it can you give?
9. What are the major types of e-commerce?
10. What needs to be done to make e-tailing an efficient business?
11. What are the main challengers for e-tailers today?

### 2. Based on your understanding of the text, are the following sentences True (T) or False (F)?

1. Networking is the interconnection of two or more networks in different places, as in working at home with a link to a central computer in an office.
2. The information economy brings substantial changes in social life of people.
3. The world is now in paradigm shift from the information age to the industrial age.
4. Cloud computing is an example of e-commerce.
5. To become efficient e-tailing needs to be fully integrated into the support systems and infrastructure that drive every other part of business.
6. The main problem for e-tailers today is how to organize taking the orders online.



**3.** Match the words from A with their equivalents from B.

A	B
1) evolve <i>v</i>	a) avoid <i>v</i>
2) paradigm <i>n</i>	b) develop gradually
3) skip <i>v</i>	c) hiring <i>n</i>
4) replenishment <i>n</i>	d) framework <i>n</i>
5) recruiting <i>n</i>	e) restocking <i>n</i>
6) transaction <i>n</i>	f) shipping <i>n</i>
7) dispatching <i>n</i>	g) deal <i>n</i>
8) numerical <i>adj</i>	h) distribution <i>n</i>
9) dissemination <i>n</i>	i) digital <i>adj</i>
10) fickle <i>adj</i>	j) phonic <i>adj</i>
11) vocal <i>adj</i>	k) capricious <i>adj</i>

**4.** Fill in the gaps with a suitable derivative of the words in brackets.

- Advances in information technology (force) \_\_\_\_\_ economic and (society) \_\_\_\_\_ changes in the modern world.
- In the (emerge) \_\_\_\_\_ global economy, e-commerce and e-business have (increase) \_\_\_\_\_ become a necessary component of business strategy and a strong catalyst for (economy) \_\_\_\_\_ development.
- (Product) \_\_\_\_\_ processes include procurement, ordering and (replenish) \_\_\_\_\_ of stocks; processing of (pay) \_\_\_\_\_; electronic links with (supply) \_\_\_\_\_; and production control processes.
- Cyberspace is (increase) \_\_\_\_\_ becoming the location of (choose) \_\_\_\_\_ for many (retail) \_\_\_\_\_ because online retailing – or *e-tailing* brings (high) \_\_\_\_\_ revenues.

**5.** Match the words related to online shopping with their definitions. Make sentences of your own to illustrate the use of these words.

- |                    |   |
|--------------------|---|
| 1) (shopping) cart | a) online retailer or Internet business   |
| 2) back-end-system | b) buying and selling goods and services and doing other businesses over the internet                                   |
| 3) cookies         | c) piece of software that acts as an online seller's catalogue and ordering process                                     |
| 4) banner          | d) small advertisement for one website displayed on their sites; by clicking on it the user is taken to the new site    |
| 5) pop-up ad       | e) someone who secretly gets into another person's computer system in order to use the information or damage the system |

- |               |   |
|---------------|---|
| 6) browse     | f) advertisement that automatically opens a new browser window and covers the window the user was intending to read |
| 7) hacker     | g) hardware and software applications that manage order processing, billing, sales, inventory and shipping          |
| 8) dotcom     | h) move from place to place on the internet, searching for topics of interest                                       |
| 9) e-commerce | i) piece of data that can be used to recognize an online customer and personalize the website                       |

**6.** Complete this table of common word partnerships related to e-commerce. Speak about your attitudes to, and experiences of any of these Internet activities.

ONLINE	D _ _ _ _ _ G _ _ _ _ _ G _ _ _ _ _ L _ _ _ _ _ T _ _ _ _ _ S _ _ _ _ _ F _ _ _ R _ _ _ _ _ (for non-profit organizations)
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## Discussion



1. Which goods and services do you buy online? Which would you never buy online?
2. Which websites do you spend most money on? Which websites do you spend most time on?
3. Will there come a time when we will do all of our shopping online? Why (not)?
4. What are governments and companies doing to stop so called “cyber crime”? What else could they do?
5. What are the benefits to a company doing business online?
6. What are the new trends in the current IT development?
7. What are your predictions about the future of IT?



You will hear the news **Online Shoppers Fooled by Fake Reviews** at <http://breakingnewsenglish.com/1506/150621-online-reviews.html>.

**7.** Before listening to the news match the following synonyms from the article.

- |                 |                      |
|-----------------|----------------------|
| 1) consumer     | a) roughly calculate |
| 2) fake         | b) shopper           |
| 3) trick        | c) promotional       |
| 4) growth       | d) useful            |
| 5) marketing    | e) deceive           |
| 6) estimate     | f) support           |
| 7) influenced   | g) hoax              |
| 8) endorsements | h) jail              |
| 9) valuable     | i) increase          |
| 10) prison      | j) effected          |

**8.** Listen to the record and fill in the gaps. Listen again to check yourself.

A consumer watchdog in the UK (1) \_\_\_\_\_ many Internet sites are full of fake reviews. The UK's Competition and Market Authority (CMA) believes there are millions (2) \_\_\_\_\_ for hotels, restaurants, theatres and online stores that have (3) \_\_\_\_\_ trick shoppers. It said at least 25 million people in Britain read reviews on websites such as Amazon and TripAdvisor before booking holidays or doing online shopping. The CMA found (4) \_\_\_\_\_ in the industry that writes fake reviews for companies and businesses. Many companies wrote (5) \_\_\_\_\_ themselves as a marketing tool. Others offered money, free samples or upgrades in (6) \_\_\_\_\_-star reviews.

Online reviews are very important to businesses. (7) \_\_\_\_\_ that in Britain alone, \$36 billion a year of consumer spending could be influenced (8) \_\_\_\_\_. A CMA spokeswoman said: "Millions of people look at online reviews and endorsements before making decisions (9) \_\_\_\_\_ stay on holiday or which plumber to use." She added: "We have found that (10) \_\_\_\_\_ online reviews and endorsements find them valuable, but we have also heard about some practices that (11) \_\_\_\_\_." Some of the more illegal activity includes rival companies posting negative remarks about each other's goods and services. Bosses could (12) \_\_\_\_\_ prison for doing this.

**9.** Answer the questions.

1. What did the CMA say fake reviews are designed to do to shoppers?
2. What do some companies use as a marketing tool?
3. What do some companies offer money or upgrades in exchange for?
4. How much spending in the UK could be affected by fake reviews?

5. What kind of practices did the CMA hear about?
6. What could happen to bosses who write negative reviews about rivals?
7. What do you think of online reviews? Do you believe them?
8. Would you write a good review for a bad product for money?
9. Why are online reviews so important to businesses?

## **The Belarusian IT industry**



### ***Introduction***

Approximately 650 companies and organizations operate on the ICT market of Belarus. The estimated number of software developers, web designers, network administrators, and other technical personnel working in the IT sector is 16,000.

A typical Belarusian IT service provider is a small dedicated team of less than 100 employees. However, there are large – scale enterprises that employ several hundred people, such as IBA Group (more than 2,500 employees), EPAM Systems, and SaM – Solutions. As the local IT market is developed insufficiently, Belarusian companies mainly aim at Western customers' orders, the local clients being state institutions, financial enterprises, banks, and corporate customers.

Belarusian IT companies are committed to providing high quality services and solutions and seek to comply with the latest international standards. In October 2003, the two largest Belarusian enterprises, IBA Group and EPAM Systems, were the first in Europe to achieve the SEI CMMI® (Software Engineering Institute's Capability Maturity Model Integration) Level 4 Rating. CMMI is a business model that is used to improve an organization's ability to manage project activities towards success. In December 2008, IBA became the first IT company in Belarus to certify its labor safety management system for the production of IBA PCs, servers, and information and payment terminals, as well as for the maintenance and support of hardware and banking systems to the international standard OHSAS 18001.

### ***Tasks***

A large European company considers outsourcing part of its software development work to EPAM Systems or IBA Group as it believes that outsourcing helps achieve its strategic goals and gain additional benefits, such as cost savings, reduced time-to-market, resources usage optimization, better product quality management. You are analysts of the information technology market.

You have been asked to research the advantages of Belarus as an outsourcing location and to provide examples of successful projects organized by these two companies. Your task is to present your research to senior manage-

ment and compare the given companies. Work in small groups each consisting of 4 students. Each of you has an individual role.

**Role 1.** You are supposed to give the profile of EPAM Systems.

**Role 2.** You have an assignment to present IBA Group.

**Role 3.** You are assigned to compare the two companies and persuade senior management to outsource to one of them.

**Role 4.** You are a representative of senior management team. Your task is to draw a final conclusion and account for it.

## Writing



*Write an essay about how improvements in technology may result in people becoming isolated from one another and outline ways of dealing with the problem. The extract below will give you some ideas. Write an essay (300–350 words), covering the areas mentioned in the extract and adding details to support your arguments. You can use either of the two following methods of organizing the information from **A** or **B** to write an essay.*

### The Information Age: Causes for Concern!

- People talk to their friends for hours on their mobile phones. Whatever happened to meeting to coffee?
- Mobile phones have a habit of going off when you are trying to talk to someone. Why can't people just turn them off?
- Everyone is always going on about the Internet, shopping on-line or sending e-mails. Perhaps because it all saves you the bother of actually having to meet and be nice to real people.
- So many of our young people have become computer nerds. They spend their whole lives in cyberspace, it seems. What are their parents doing?

**A.**

Paragraph 1	introduction
Paragraph 2	mobile telephones – how they cause isolation what could be done to deal with the problem
Paragraph 3	Internet – how it causes isolation what could be done to deal with the problem
Paragraph 4	Conclusion

**B.**

Paragraph 1	introduction
Paragraph 2	mobile telephones – how they cause isolation

Paragraph 3	Internet – how it causes isolation
Paragraph 4	what could be done to deal with these problems
Paragraph 5	conclusion



1. IT online vocabulary tests/  
<http://www.businessenglishsite.com/business-english-computers-it.html/>.
2. <https://www.youtube.com/watch?v=cWNEZLbP9Lk>  
 What is I.T.? Information Technology.
3. <https://www.youtube.com/watch?v=xcK6m3kVZxk>  
 How will advancing technology and changing trends affect the future of the US economy? Sumo Coupon examines new trends that point to a possible future zero marginal cost society.
4. <https://www.youtube.com/watch?v=ALL6MuFWs1A>  
 The Internet of Everything is the New Economy.
5. [https://www.youtube.com/watch?v=\\_AlcRoqS65E](https://www.youtube.com/watch?v=_AlcRoqS65E)  
 What is the Internet of Things? And why should you care?
6. <https://www.youtube.com/watch?v=X9djEO0VtT4>  
 Top 10 Jobs in Information Technology.

# SMART FINANCE

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## Unit 5. STOCKS AND SHARES

When somebody buys a stock it's because they think it's going to go up and the person who sold it to them thinks it's going to go down. Somebody's wrong.

*George Ross*



Securities are fungible, negotiable instruments representing financial value. Securities allow you to own the underlying asset without taking possession. For this reason, securities are very easily traded, or very liquid. They are easy to price, and so are a great indication of the underlying value of the asset. The invention of securities helped to create the huge success of the financial markets. This unit tells of one type of securities, i. e. shares.



- Consider the uses of stocks and shares and ways of talking about price changes.
- Analyze the differences between *a rights issue* and *a bonus issue*.
- Consider the types of shares and the ways to acquire them.

## Lead in



1. Why do companies issue shares?
2. Have any of your relatives or friends ever been the shareholders of some companies? Have they ever received the dividends they were happy with?
3. Do you agree with George Ross's quotes "When somebody buys a stock it's because they think it's going to go up and the person who sold it to them thinks it's going to go down. Somebody's wrong".

## Reading



Before reading about Shares, check your understanding of some basic terminology by matching up the following English words or word combinations with their Russian equivalents.

- |                             |  |
|-----------------------------|--|
| 1) equity financing         | a) гарантировать размещение ценных бумаг   |
| 2) residual value           | b) привилегированные акции   |
| 3) secondary market         | c) ценные бумаги   |
| 4) ordinary shares/equities | d) первичное размещение акций на фондовой бирже  |
| 5) bonus issue              | e) бонусная эмиссия  |
| 6) rights issue             | f) вторичный рынок (рынок, на котором перепродаются ценные бумаги после их первичного выпуска) |
| 7) preference shares        | g) остаточная стоимость/стоимость актива за вычетом амортизации                                |
| 8) securities               | h) выпуск новых акций, предлагаемых акционерам компании по льготной цене                       |
| 9) flotation/IPO            | i) обычные акции   |
| 10) to underwrite the issue | j) долевое финансирование, финансирование за счет акций  |
| 11) par/face/nominal value  | k) номинальная стоимость   |

## Text. Shares

Read the text and do the exercises that follow.

**Shares** are a type of *equity financing*. Buying a share gives its holders part of the ownership of the company usually of low *par/face/nominal value*, into which the capital stock of a company is divided. Ownership of shares carries the right to receive a proportion of distributed profits in the form of a *dividend*.

The most common type of equity is called *common stock* (US) or *ordinary shares* (GB). These are shares which generally entitle their owners to vote at a company's Annual General Meeting (GB) or Annual Meeting of Stockholders (US), and to receive a part of the company's residual value if it goes into liquidation after the holders of *preference shares* have been paid.

*Preferred stock* (US) or *preference shares* (GB) receive a fixed dividend and are owned by people who have the right to receive part of the company's profits before the holders of ordinary shares and have their capital repaid if the company has to close.

There are some types of issuing shares:

1. The act of issuing shares for the first time is known as floatation (GB) or IPO – initial public offering (US). An initial public offering (IPO) is the first time that the stock of a private company is offered to the public. IPOs are often issued by smaller, younger companies seeking capital to expand, but they can also be done by large privately owned companies looking to become publicly traded. In an IPO, the issuer obtains the assistance of an underwriting firm, mostly investment bank, which helps determine what type of security to issue, the best offering price, the amount of shares to be issued and the time to bring it to the market.

2. Companies wishing to raise more money for expansion can sometimes issue new shares, which are normally offered first to existing shareholders at less than their market price. This is known as *a rights issue*.

3. Companies sometimes also choose to capitalize part of their profit, i. e. turn it into capital, by issuing new shares to shareholders instead of paying dividends. This is known as *a bonus issue*. Other names for *a bonus issue* are *a scrip issue* (short for *subscription certificate*) and *a capitalization issue* in Great Britain, and in the US – *a stock dividend* or *stock split*.

Shareholders (GB)/stockholders (US) can acquire shares in different ways. The most direct way is to buy stocks of a quoted/listed company yourself. Besides you can profit by buying shares of a mutual fund, which invests in the stocks for you. You can also buy stocks of a new company before it hits the stock exchange. However, you usually have to have a lot of money, because these shares are sold in bulk quantities. Once they hit the stock market, their price usually goes up. However, you can't cash in for a certain period of time. By then, the stock price might have gone down below the initial price.

Shareholders can sell their shares on the secondary market at any time, but the market price of a share – the price quoted at any given time on the stock exchange, which reflects (more or less) how well or badly the company is doing – may differ radically from its *nominal value*.

## Comprehension



### 1. Answer the following questions.

1. How can you define shares?
2. What type of financing are shares?
3. What rights do shareholders have?
4. What types of share issuing do you know? How do they differ?
5. How do preference shares differ from ordinary shares?
6. Where can potential shareholders buy and sell their shares?
7. Does the price of shares always stay the same?
8. Do shares guarantee their shareholders stable dividends? What do they depend on?



### 2. Find the words in the text which mean the following:

- 1) a type of equity financing;
- 2) issuing new shares, which are normally offered first to existing shareholders at less than their market price;
- 3) the people who have an equity stake in the company;
- 4) the act of issuing shares (GB) or stocks (US) for the first time;
- 5) to guarantee to buy an entire new share issue, if no one else wants it;
- 6) a proportion of the annual profits of a limited company, paid to shareholders;
- 7) issuing new shares to shareholders instead of paying dividends.

### 3. Match two halves of word collocations.

- |                     |                    |
|---------------------|--------------------|
| 1) par/face/nominal | a) issue           |
| 2) bonus            | b) shares/equities |
| 3) subscription     | c) dividends       |
| 4) ordinary         | d) certificate     |
| 5) quoted/listed    | e) value           |
| 6) to receive       | f) companies       |
| 7) to underwrite    | g) securities      |

### 4. Read the sentence and decide the correct underlined term.

1. A quoted company is one whose shares are available privately/publicly.
2. Shareholders earn interest/a dividend on their shares.
3. If a company gives its shareholders bonus shares they do/do not pay for them.
4. When a company distributes dividends, holders of ordinary/preference shares get priority.
5. Issuing new shares to shareholders instead of paying dividends is called a bonus issue/a rights issue.

**5.** Use the terms *investment, stock holders, go public, stock exchange, invest* to complete the paragraph.

Some companies are publicly owned. The shares of public limited companies are tradable on a ... .. Shareholders, or ... buy the company's shares and are the owners of the company. Other companies are privately owned, and there is no open market for their shares. This can be a problem when they need to raise finance, and for that reason they may choose to ... , or to make their shares available on the stock exchange. Shareholders ... their money in the stock market in the hope that their ... will pay a good dividend, or, in other words, that they will make a good profit.

**6.** Open the brackets, use the appropriate derivatives.

Securities help the economy by (*to make*) it easier for those with money to find those who need (*to invest*) capital. By making trading easy and available to many investors, securities make markets more efficient. For example, the stock market makes it easy for (*to invest*) to see which companies are doing well, and which ones are not. Money can (*swift*) go to those companies that are growing, thus rewarding (*to perform*) and providing an incentive for further (*to grow*).

## Discussion



Imagine that you have just come from a secret meeting of a company's board of directors, which has made a decision that you know will financially ruin a close friend of yours unless she can sell some shares before the board's decision becomes known. You are having dinner at her home that same evening. Should she expect you to warn her? Should you do so?



Listen to an extract from a financial market report on an American radio station. The newsreader mentions the prices of the following securities, currencies and commodities. In each case, does she say that the price has risen, fallen, or stayed almost the same?

	Risen	Fallen	Unchanged
The Dow-Jones			
The S&P 500			
The NASDAQ			
Shares in Germany			
Shares in France			
Shares in Britain			
Shares in Japan			
Shares in Australia			
The dollar against the euro			
The dollar against the pound			
The dollar against the yen			
Gold			
Oil			

### Investing a client's money



Imagine that you are an asset manager, investing money for a client. In pairs or small groups, select different companies and invest an imaginary \$100,000 in them, dividing up the sum as you wish.

Choose several *blue chips* – shares in large, well-established companies with a good reputation for quality and profitability – as well as two companies that have been listed or quoted on a stock exchange for less than a year. Your client does not particularly want to take risk.

### Writing



Write the overview of the text “Shares”.

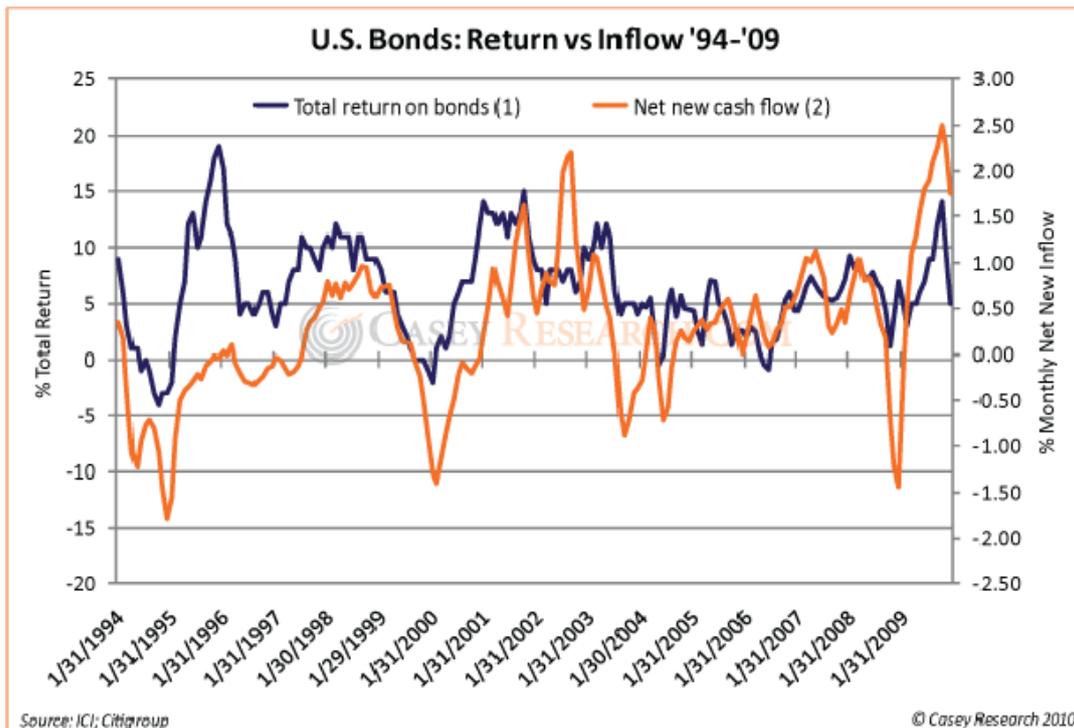


1. [www.youtube.com/watch?v=oVVt6P2q-6](http://www.youtube.com/watch?v=oVVt6P2q-6).
2. [www.youtube.com/watch?v=eivHyzJ0eN4](http://www.youtube.com/watch?v=eivHyzJ0eN4).
3. <https://www.youtube.com/watch?v=GnJCOof2HJk>.
4. <https://www.youtube.com/watch?v=XRO6lEu9-5w>.
5. [https://www.youtube.com/watch?v=jKgO\\_iNIBXk](https://www.youtube.com/watch?v=jKgO_iNIBXk).

## Unit 6. BONDS

The newness effect of a new thing wears off in nine months to a year, but financial security can last a lifetime.

*Dan Buettner*



- Study the essence of bonds.
- Analyze the differences between different types of bonds.
- Consider the pros and cons of using bonds. Buying shares.
- Buying bonds.

### Lead in



If you possess a large amount of money, what are the advantages and disadvantages of the following?

- Putting it under the mattress.
- Buying a lottery ticket.
- Putting it in a bank.
- Buying gold.
- Investing in property or real estate.

## Reading



Before reading about **bonds**, check your understanding of some basic terminology by matching up the following English words or word combinations with their Russian equivalents.

1) institutional investors	a) срок погашения ценных бумаг
2) to quote bid	b) подлежащий налогообложению
3) investment grade	с) институциональный инвестор/учреждение-вкладчик
4) principal	d) назначать цену
5) maturity	e) категория капиталовложений (рейтинг доходности облигаций)
6) treasury notes	f) спред (разница между ценами, курсами, издержками и т. п.)
7) debt financing	g) краткосрочные казначейские векселя
8) tax deductible	h) доходность облигации
9) gilt-edged securities/ treasury bonds	i) Казначейские облигации/долгосрочные облигации (вид государственных ценных бумаг со сроком погашения более 10 лет и минимальным номиналом в 1000 долларов)
10) bond yield	j) основная сумма, капитал
11) spread	к) долговое финансирование, финансирование за счет облигаций

### Text. Bonds

Read the text below.

Companies finance most of their activities by way of internally generated cash flow. If they need more money to expand their operations they can either issue new shares – selling them to existing shareholders or on the stock market (equity financing) – or borrow money (debt financing), usually by issuing *bonds*.

One can distinguish between *corporate bonds* and *government bonds*. Bonds issued by companies are called *corporate bonds*. Companies generally use an investment bank to issue their bonds, and to find buyers, which are often institutional investors like insurance companies, mutual funds and pension funds.

There are different types of corporate bonds.

*Inflation-indexed bonds* (also known as inflation-linked bonds or colloquially as linkers) are bonds where the principal is indexed to inflation. They are thus designed to cut out the inflation risk of an investment.

*Zero-coupon bonds* (also called a discount bond or deep discount bond) are bonds bought at a price lower than its face value, with the face value repaid at the time of maturity.

Convertible bonds are bonds that the holder can convert into shares of common stock in the issuing company or cash of equal value, at an agreed-upon price.

*Junk bonds* are high risk, high yield bonds. Junk bonds offer a high rate of interest because they carry a higher than usual probability of default.

If tax revenue is insufficient, governments also issue *government bonds* to raise money, and these are considered to be a risk-free investment. In the US there are *Treasury notes* (with a maturity of two to ten years) and *Treasury bonds* (with a maturity of ten to 30 years), while in Britain government bonds are known as *gilt-edged* stock or just *gilts*.

Bondholders get their original investment or “*principal*” on a fixed *maturity date*, and receive interest payments called the “*coupon*” at regular intervals (six months or annually) until then. Most bonds have fixed interest rates.

For investors the advantages of owning bonds are as follows:

1. Bonds are a debt security under which the issuer owes the holders a debt and, depending on the terms of the bond, *is obliged* to pay them interest (the coupon) and or repay the principal on the maturity date.

2. The volatility of bonds (especially short and medium dated bonds) is lower than that of equities (stocks). Thus bonds are generally viewed safer investments than stocks.

3. Bonds are often liquid – it is often fairly easy for an institution to sell a large quantity of bonds without affecting the price much.

4. Bondholders also enjoy a measure of legal protection: under the law of most countries, if a company goes bankrupt, its bondholders will often receive some money back (the recovery amount).

For companies, the advantages of debt financing over equity financing is that bond interest is tax deductible: companies deduct their interest payments from their profits before paying tax, while dividends paid to shareholders come from already-taxed profits. But debt increases a company’s financial risk: bond interest has to be paid even in a year without any profits to deduct it from, and the principal has to be repaid when the debt matures, whereas companies are not obliged to pay dividends or repay share capital.

Bonds are saleable instruments that can be traded on the secondary bond market. Banks and brokerage companies act as market makers, quoting bid and offer prices for bonds with a very small spread or difference between them. The price of bonds varies inversely with interest rates. If interest rates rise, so that new borrowers have to pay a higher rate, existing bonds lose value. If interest rates fall, existing bonds paying a higher interest rate than the market rate increase in value. Consequently the yield of a bond – how much income it gives – depends on its purchase price as well as its coupon.

Bond-issuing companies are rated by private ratings companies such as Moody's and Standard & Poor's, and given an "investment grade" according to their financial situation and performance, AAA being the best, and C the worst, i.e. nearly bankrupt. Obviously, the higher the rating, the lower the interest rate at which a company can borrow. If the ratings of bonds are very low, they are known as *junk bonds* – both high yielding and high risk securities. Despite their risk, investors buy junk bonds because they offer a higher interest rate.

## Comprehension



### 1. Answer the questions.

1. What type of equity financing are bonds? Explain what this type of financing means.
2. What are two types of bonds?
3. What are the types of corporate bonds? Explain the difference between them.
4. How do junk bonds differ from all the other types of corporate bonds?
5. What are two types of government bonds? How do they differ?
6. What is the principal? When is it supposed to be redeemed?
7. What is a coupon?
8. How and by whom are bond-issuing companies rated by?

### 2. Are the following statements true or false?

1. Companies regularly finance their activities by issuing bonds.
2. Bond-issuing companies use investment banks to find investors.
3. Bonds are repaid at 100 % when they mature, unless the borrower is insolvent.
4. Bondholders get their money back if a company goes bankrupt.
5. Bond coupons are generally lower than share dividends.
6. For profitable companies, there are tax advantages to issuing stocks or shares rather than bonds.
7. Governments systematically finance public spending by issuing bonds.



### 3. Find words in the text that mean the following:

- 1) part ownership of the company in the form of stocks and shares;
- 2) high risk, high yield bonds;
- 3) funds operated by investment companies that invest people's money in various assets;
- 4) funds that invest money that will be paid to people after they retire from work;

- 5) the original investment;
- 6) the length of time for which a bond is issued (until it is repaid);
- 7) the amount of interest that a bond pays;
- 8) unable to pay debts;
- 9) people or institutions to whom money is owed;
- 10) payments by companies to their shareholders;
- 11) businesses that buy and sell securities.

#### 4. Match two halves of word collocations:

- |                |                |
|----------------|----------------|
| 1) debt        | a) deductible  |
| 2) guilt-edged | b) rate        |
| 3) tax         | c) instruments |
| 4) maturity    | d) bond        |
| 5) investment  | e) stock       |
| 6) junk        | f) date        |
| 7) saleable    | g) financing   |

#### 5. Insert the given words: shares(3), shareholders(2), bondholders (2), bonds (4).

1. ... are a type of equity financing.
2. ... have an equity stake in the company (i.e., they are owners).
3. ... have a creditor stake in the company (i.e., they are lenders).
4. ... are a type of debt financing.
5. ... usually have a defined term, or maturity, after which they are redeemed (are paid back).
6. ... get dividends which depend on the company's revenues.
7. ... get fixed interest which is called a coupon.
8. ... have much greater potential to increase in value but they are also more subject to market fluctuations.
9. ... are bought and traded mostly by institutions like central banks, sovereign wealth funds, pension funds, insurance companies and banks.
10. ... are mostly bought at the stock exchange.
11. ... are issued by governments when public spending exceeds receipts from income tax, VAT, and so on. (open market operations)

#### 6. Choose the correct variant.

1. To have or own a share in a company is to have a ... .  
a) mortgage    b) bond    c) stock
2. A certificate of a loan to the government or a corporation that is repaid with interest or a sum at a future time is a ... .  
a) mortgage    b) bond    c) stock

3. Instruments such as stocks, bonds, mortgages giving to their legal holders rights to money or other property are ... .  
 a) securities                      b) stock exchanges                      c) commodities
4. Profits of a firm that are distributed or given out to its investors are called ... .  
 a) mortgages                      b) bonds                      c) dividends
5. A type of stock in which the stockholders get dividends based on the remainder of the profits after preferred stockholders have been paid their dividends is ... .  
 a) stock exchange      b) common stock                      c) bond
6. An investment company that continually offers new shares and buys existing shares back at the request of the shareholder and uses its capital to invest in diversified securities of other companies is a ... .  
 a) stock exchange      b) mortgage company      c) mutual fund
7. To commit (money or capital) in order to gain a financial return – to put one’s money into a business or project to make more money is to ... .  
 a) borrow                      b) invest                      c) bankrupt



**A.** Listen to Richard Mahoney, a Vice-president with J. P. Morgan and Co. in New York and answer the following questions:

1. What is the difference between bonds and stocks, in terms of income and repayment?
2. What are the three types of investor clients mentioned?
3. Mahoney gives examples of types of investments that generally carry very low, moderate, and higher risk. What are they?
4. What causes bonds to appreciate and depreciate in price?

**B.** Before listening to Richard Mahoney again, match the words and expressions in two columns.

A	B
1) London interbank offered rate LIBOR	a) выплачивать (долг по закладной)
2) redeem	b) долговое обязательство с плавающей ставкой
3) convertible bond	c) основной капитал; фонды, доля акций, акции
4) junk bonds	d) ставка продавца на лондонском межбанковском рынке депозитов
5) floating rate note	e) «бросовые облигации»
6) equity/stock	f) конвертируемая облигация

C. Define three different types of bonds. After listening to the definitions, try to work out:

1. When would companies be interested in issuing floating rate notes?
2. When would investors be interested in buying floating rate notes?
3. When would investors be interested in buying convertible bonds?
4. Why might companies be interested in issuing convertible bonds?
5. What kind of investor would be interested in buying junk bonds?

## Discussion



1. What are the two main ways governments can raise money?
2. What are the two main ways established companies can raise money?
3. Why are bonds called “fixed-income” securities?
4. What are the advantages and disadvantages of bonds for companies and investors?
5. What type of securities, bonds or shares, would you prefer to invest your money in? What are your arguments?

## Investing in funds



*In pairs or small groups, look at the advertisements for different bond funds offered for sale by banks. Imagine that you have \$ 30, 000 or 30, 000 Euro to invest in bonds.*

- Which fund or funds would you choose? Why?
- What might be the risks associated with each fund?

*Start your arguments with: We decided to invest in ... because ... .*

## Writing



*Write a short report (100–150 words) explaining and justifying your choices.*

*This could begin: We decided to invest in ... because ... .*



1. <https://www.khanacademy.org/economics-finance-domain/core-finance/stock-and-bonds/stocks-intro-tutorial/v/bonds-vs-stocks>.
2. [www.youtube.com/watch?v=Jj0V01Arebk](http://www.youtube.com/watch?v=Jj0V01Arebk).
3. [www.youtube.com/watch?v=oVVt6P2q-6](http://www.youtube.com/watch?v=oVVt6P2q-6).

4. [www.youtube.com/watch?v=eivHyzJ0eN4](http://www.youtube.com/watch?v=eivHyzJ0eN4).
5. <https://www.youtube.com/watch?v=cWzGk-8QHKk>.
6. <https://www.youtube.com/watch?v=KQ2bfwHMrnM>.
7. <https://www.boundless.com/finance/textbooks/boundless-finance-textbook/>
8. [bond-valuation-6/advantages-and-disadvantages-of-bonds-65/advantages-of-bonds-296-3887/](https://www.boundless.com/finance/textbooks/boundless-finance-textbook/bond-valuation-6/advantages-and-disadvantages-of-bonds-65/advantages-of-bonds-296-3887/).

## Unit 7. FUTURES, OPTIONS AND SWAPS

Anything that gets people to think harder about their financial security and take some responsibility is a good thing.

*Suze Orman*



- Consider the essence of derivatives.
- Analyze the differences between futures, options and swaps.
- Consider the pros and cons of using derivatives.

### Lead in



- 1 Can you explain what fact the name “derivative” comes from?
2. What can be used as an underlying asset?
3. Can derivatives be used as hedging instruments only or can they also be used for speculation? Can you give any examples to illustrate this?

## Reading



*Before reading the text about futures, options and swaps, check your understanding of some basic terminology by matching up the following English words or word combinations with their Russian equivalents.*

- |                          |   |
|--------------------------|---|
| 1) underlying price      | a) хеджирование, страхование от потерь  |
| 2) strike/exercise price | b) цена, лежащая в основе (базовая цена)  |
| 3) spot price            | c) компенсирующая позиция (рыночное обязательство, которое противоположно какому-либо другому и поэтому нейтрализует его) |
| 4) hedging               | d) производная ценная бумага  |
| 5) derivative            | e) цена при условии немедленной уплаты наличными  |
| 6) offsetting position   | f) цена исполнения/цена-страйк/страйк-цена  |
| 7) future contract       | g) клиринговая (расчетная) палата   |
| 8) forward contract      | h) форвардный контракт/форвард  |
| 9) clearing house        | i) фьючерсный контракт  |

### Derivatives: Futures, Options and Swaps

#### 1. Derivatives.

In finance, a derivative is a financial instrument (or, more simply, an agreement between two parties) that has a value, based on the expected future price movements of the asset to which it is linked – called the underlying – such as a share or a currency. Derivatives are tools for transferring risk. Hedging is a technique that attempts to reduce risk. Hedging occurs when an individual or institution buys an asset (like a commodity, a bond that has coupon payments, a stock that pays dividends, and so on) and sells it using a futures contract. The individual or institution has access to the asset for a specified amount of time, and then can sell it in the future at a specified price according to the futures contract. Of course, this allows the individual or institution the benefit of holding the asset while reducing the risk that the future selling price will deviate unexpectedly from the market's current assessment of the future value of the asset. Futures, options and other derivatives exist in order that companies and individuals may attempt to diminish the effects of, or profit from, future changes in commodity and asset prices, exchange rates, interest rates, and so on.

## **2. Futures.**

Every weekday, enormous amounts of commodities, currencies and financial securities are traded for immediate delivery at their current price on spot markets. Yet there are also futures markets on which contracts can be made to buy and sell commodities, currencies and various financial assets, at a future date (e.g. three, six or nine months ahead), but with the price fixed at the time of the deal. Futures/Forwards are contracts to buy or sell an asset on or before a future date at a price specified today. *A futures contract differs from a forward contract.* The futures contract is a standardized contract written by a clearing house that operates an exchange where the contract can be bought and sold, whereas a forward contract is a non-standardized contract written by the parties themselves.

## **3. Options.**

*Options are contracts that give the owner the right, but not the obligation, to buy (in the case of a call option) or sell (in the case of a put option) an asset.* The price at which the sale takes place is known as the *strike* or *exercise price*, and is specified at the time the parties enter into the option. *A call option* gives the right to buy securities (or a currency, or a commodity) at a certain price during a certain period of time. *A put option* gives the right to sell an asset at a certain price during a certain period of time. These options allow organizations to hedge their equity investments.

The option contract also specifies a maturity date. In the case of a European option, the owner has the right to require the sale to take place on (but not before) the maturity date; in the case of an American option, the owner can require the sale to take place at any time up to the maturity date. If the owner of the contract exercises this right, the counter-party has the obligation to carry out the transaction

For example, if you think a share worth 100 will rise, you can buy a call option giving the right to buy at 100, hoping to sell this option, or to buy and resell the share at a profit. Alternatively, you can write a put option giving someone else the right to sell the shares at 100: if the market price remains above 100, no one will exercise the option, so you earn the premium.

On the contrary, if you expect the value of a share that you own to fall below its current price of 100, you can buy a put option at 100 (or higher): if the price falls, you can still sell your shares at this price. Alternatively, you could write a call option giving someone else the right to buy the share at 100: if the market price of the underlying security remains below the option's exercise price or strike price, no one will take up the option and you can earn the premium.

#### 4. Swaps.

Options are merely one type of derivative instrument, based on another underlying price. Many companies nowadays also arrange currency swaps and interest rate swaps with other companies or financial institutions. *Swaps are contracts to exchange cash (flows) on or before a specified future date based on the underlying value of currencies / exchange rates, bonds/interest rates, commodities, stocks or other assets.*

For example, a German company that can borrow euro at a preferential rate, but which also will need yen, can arrange a swap with a Japanese company in the opposite position. Such currency swaps, designed to achieve interest rate savings, are of course open to the risk of exchange rate fluctuations. A company with a lot of fixed interest debt might choose to exchange some of it for another company's floating rate loans. Whether they save or lose money will depend on the movement of interest rates.

### Comprehension



#### 1. Answer the questions.

1. What are derivatives? What assets are they linked to?
2. What is hedging? When does it take place?
3. Can you explain the difference between a spot price and a strike price?
4. What are futures? What is the difference between forwards and futures?
5. What are options? How do they differ from futures? What are two types of options? What rights do they give to their owners?
6. What are swaps? Do they deal only with securities?

*Complete the following sentences.*

1. The difference between futures and forward contracts is ... .
2. Producers and buyers often choose to hedge because ... .
3. Speculators can make money on currency futures if ... .
4. If you believe that a share price will rise, possible option strategies include ... .
5. On the contrary, if you think a share price will fall, possible option strategies include ... .
6. The risk with currency and interest rate swaps is that ... .



## 2. Match up the following words and definitions:

- |                |  |
|----------------|--|
| 1) futures     | a) contracts giving the right but not the obligations to buy or sell a security, a currency, or a commodity at a fixed price during a certain period of time.                  |
| 2) options     | b) contracts to buy or sell fixed quantities of a commodity, currency or a financial asset at a future date, at a price fixed at the time making the contract.                 |
| 3) commodities | c) a general name for all financial instruments whose price depends on the movement of another price.  |
| 4) derivatives | d) buying securities or other assets in the hope of making a capital gain by selling them at a higher price (or selling them in the hope of buying them back at a lower price. |
| 5) hedging     | e) making contracts to buy or sell commodity or financial asset at a pre-arranged price in the future as a protection or “insurance” against price changes.                    |
| 6) speculation | f) raw material or primary products (metals, cereals, coffee, etc.) that are traded on special markets.  |

## 3. Match two halves of word collocations:

- |                |                      |
|----------------|----------------------|
| 1) to hedge    | a) instrument        |
| 2) call        | b) contract          |
| 3) strike      | c) instruments       |
| 4) to transfer | d) price             |
| 5) derivative  | e) risk              |
| 6) futures     | f) equity investment |
| 7) saleable    | g) option            |

## 4. Open the brackets, use the appropriate derivatives.

(*To hedge*) is a technique that attempts to reduce risk. In this respect, derivatives can be considered a form of (*to ensure*). Derivatives allow risk about the price of the underlying asset to be transferred from one party to another. For example, a wheat farmer and a miller could (*signature*) a futures contract to exchange a specified amount of cash for a specified amount of wheat in the future. Both parties have reduced a future risk: for the wheat farmer, the (*uncertain*) of the price, and for the miller, the (*available*) of wheat. However, there is still the risk that no wheat will be available because of events unspecified by the contract, like the weather, or that one party will renege on the contract. Although a third party, called a clearing house, insures a futures contract, not all derivatives are (*to ensure*) against counter-party risk.



Listen to Teresa La Thangue of the Financial Services Authority, which regulates the financial industry in Britain, talking about hedge funds and structured products, and answer the questions.

1. Why can't individuals (retail investors) invest in hedge funds in Britain?
2. In what way have hedge funds changed since they began?
3. What are the five forms of investment that Teresa La Thangue mentions in relation to hedge funds?
4. Retail investors can buy structured products from banks. What constraint must banks obey when developing these products?

## Discussion



5. What could the following people or companies do, using futures and derivatives?

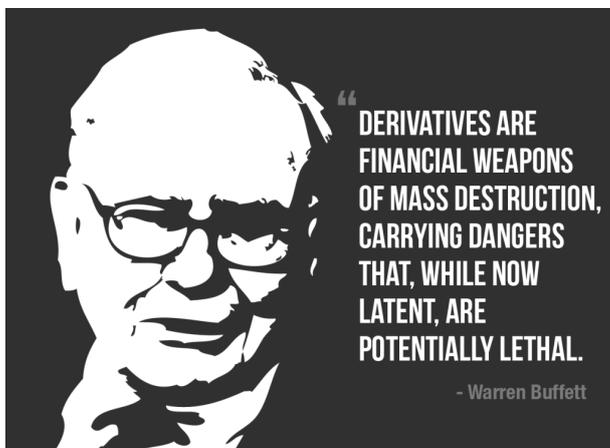
1. A cocoa grower who thinks the price might drop and a chocolate manufacturer who thinks the price might rise.
2. A company with a lot of fixed interest debt that expects interest rates to fall.
3. The investor who expects the price of a stock to fall in the next few weeks or months.
4. An investor who expects the price of a stock to rise in the next few weeks or months.
5. Are the financial instruments in your answers to 1–4 what people call “win-win situations” or “zero-sum games”? Can you explain these terms?

6. Comment on the following quotations. Whose point of view do you share?

A. “Overwinding happens when hedge funds destroy companies by attempting to leverage *derivatives* against otherwise productive long-term assets.”

*Douglas Rushkoff*

B.



C. “Derivatives in and of themselves are not evil. There’s nothing evil about how they’re traded, how they’re accounted for, and how they’re financed, like any other financial instrument, if done properly.”

*James Chanos*

### Financial instruments



Trainees in an investment bank are being tested on their knowledge of financial instruments (bonds, stocks, derivatives, etc.). The training manager gives them questions to answer.

#### Questions (1)

1. What income do investors expect from bonds?
2. In which ways can companies and investors guarantee future prices?
3. What factors determine the amount of interest paid by bonds?

#### Questions (2)

1. What income do investors expect from shares?
2. What might change the yield an investor receives from a bond?
3. In what ways can companies and investors try to protect themselves against changes in interest rates or exchange rates?

### Writing



*Write the answers to one of the sets of questions, either as a short training memo for junior bank staff, or as an information leaflet for bank customers.*



1. <https://www.youtube.com/watch?v=FLGRPYAtReo>.
2. <https://www.youtube.com/watch?v=EfmTWu2yn5Q>.

## Unit 8. VENTURE CAPITAL

Venture capital is about capturing the value between the start-up phase and public company phase.

*Fred Wilson*



Development of the new economy calls for a constant inflow of capital. However, the unique characteristics of technological industrialization – long cycles, high risks and high returns – make it difficult for start-ups to receive financing from banks, stock markets and other traditional financing channels. They have choices beyond bank loans for their financing. Online lending, angel investment, venture capital and crowd funding are among them.



- Consider the essence of venture capital.
- Compare different possible investments.
- Analyze merits and demerits of two types of venture capital financing.
- Define *startups* and explain the reasons for their success.

## Lead in



**1.** What conditions are important for people starting new businesses? Choose the three most important from the list. Explain why.

- |                              |                       |                   |
|------------------------------|-----------------------|-------------------|
| low taxes                    | good transport links  | skilled staff     |
| training courses             | low interest rates    | cheap rates       |
| high unemployment            | a strong currency     | a healthy economy |
| a stable political situation | easy access to credit |                   |

**2.** If you have money to invest, what sectors will you be interested to put it in? Why?

computer and video game technology	DNA sequencing and genetic medicine
genetically modified food	high-speed rail transport
hybrid (petrol and electric battery) automobile technology	mobile telephone technology
nuclear energy	solar energy technology
wind energy technology	other?

**3.** What are the advantages and disadvantages for a private individual of borrowing money from these sources:

- |              |                         |
|--------------|-------------------------|
| a bank       | a friend or colleague   |
| a loan shark | a member of your family |
| a pawnbroker | a credit-card company   |

**4.** If you were setting a business in your country, how would you raise the finance? Why?

## Reading

### The New Economy and Venture Capital

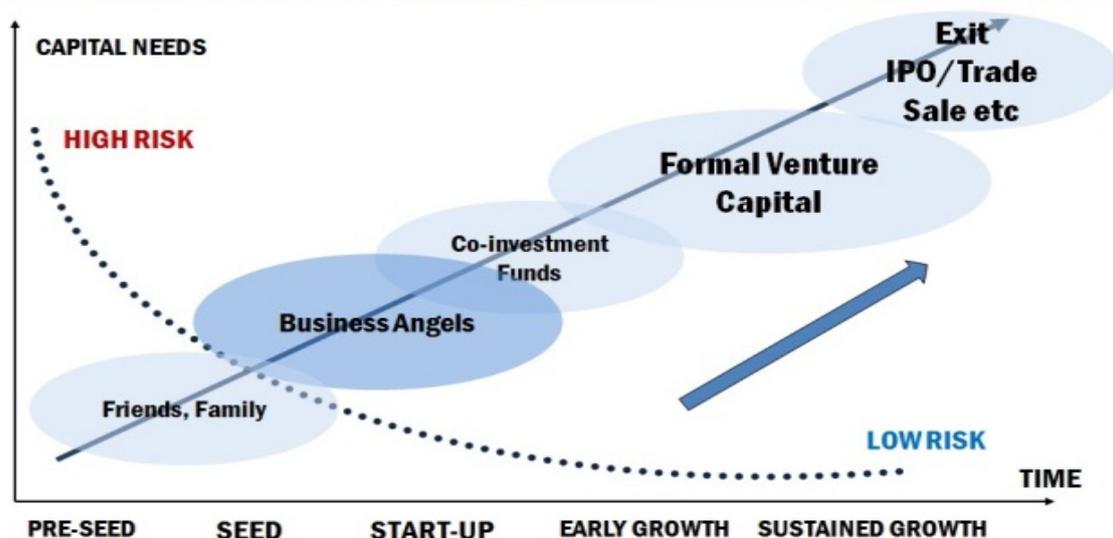


*Before reading the text check your understanding of some basic terminology by matching up the following English words or word combinations with their Russian equivalents.*

- |                         |  |
|-------------------------|--|
| 1) track record         | a) доходы  |
| 2) capital inflow       | b) рисковое финансирование с активным участием инвестора непосредственно в осуществлении проекта |
| 3) capital appreciation | c) не котирующаяся на фондовом рынке компания  |
| 4) hands-on approach    | d) прединвестиционный аудит  |

- |                                |  |
|--------------------------------|--|
| 5) feasibility <i>n</i>        | e) институциональный инвестор          |
| 6) due diligence               | f) рентабельность инвестиций           |
| 7) capital injection           | g) достигнутые результаты деятельности |
| 8) unquoted company            | h) выполнимость, осуществимость        |
| 9) institutional investor      | i) прирост капитала                    |
| 10) return on investment (ROI) | j) приток капитала                     |

## The New Economy and Venture Capital



## The New Economy and Venture Capital

Read the text below and summarize the key points of the text.

**Venture capital/VC** (sometimes called “risk capital” or “development capital”) is the money and resources invested in projects (businesses) where there is a substantial element of risk relating to the future creation of returns and capital appreciation. Venture capital provides long-term, committed share capital to help start-ups and unquoted companies (mostly in the areas of hi-tech, biotechnology, etc.) grow and succeed.

The main sources of venture capital funding are venture capital firms (or venture capitalists) and “business angels” (private investors).

**Angel investors** (or business angels) are most often wealthy individuals (friends, relatives or entrepreneurs) who use their own personal funds to help other entrepreneurs get their businesses off the ground – and earn a high return on their investment. Business angels usually provide a one-time injection of seed money or ongoing support. An angel investor’s capital is a high-risk investment since the new company has not yet established a solid track record of success. However, it is more appealing for angels to invest at early stages be-

cause more equity is available at a lower price. They are characterized by flexible business agreements as they have a practical (or *hands-on approach*) to building a company as they have vast industry knowledge and professional investment experience. They can provide desired support, expertise or contacts in making a business grow. Angels do not require high monthly fees and agree to receive much slower and modest returns over their entire portfolio. They are characterized by their community involvement and choose to invest locally, which creates employment opportunities and helps stimulate economic growth by encouraging consumers to purchase their products.

**Venture capital firms** are *institutional investors* who either provide capital to startup ventures or support small companies that wish to expand but do not have access to equities markets. They raise capital for investment from external sources, such as pension funds, financial firms, insurance companies, foundations and university endowments – all of which put a small percentage of their total funds into high-risk investments.

They take “*hands-off*” *approach*. Venture capitalists typically employ small teams with technology backgrounds (scientists, researchers), consultants / associates (they are involved in due diligence on potential deals), wealthy investors, investment bankers (they provide additional sources of financing for their portfolio companies) or managers (have deep industry experience and have access to high-rank legal counsel to help structure investments) to analyze the potential and viability of the company. They believe in the “home run theory” of investing, in which later-stage companies (mature, high market capital companies) will minimize their risk of loss.

They look for opportunities in industries they are familiar with, and the chance to own a large percentage of the company so that they can influence its direction. VCs invest in companies with a proven track-record of business success. They also prefer businesses that have a competitive advantage or a strong value proposition in the form of a patent, a proven demand for the product, or a very special (and protectable) idea. The investor will require a higher “rate of return” to compensate him for the risk.

Return on venture capital investments (*ROI*) is neither liquid nor repayable. It means that venture capitalists maintain their ownership of a company only until the company is ready to issue an IPO (Initial Public Offering) or be sold to a buyer for the proceeds. However, if the venture capitalist feels that his investment in a company will yield consistent, high returns year after year, he is likely to maintain his share of ownership in the company (*follow-on investment*).

Venture capital firms want to be sure that the technical and financial feasibility of the investing company can bring them profit. To get capital from in-

investors entrepreneurs have to demonstrate a good track record of success by preparing several critical documents: business executive summary, business plan, due diligence, marketing material, etc.

A good product and a comprehensive, realistic appraisal of the market opportunities combined with bold strategic plans will get you in the door – but only thorough preparation and a professional, memorable presentation will close the door and raise funds

## Comprehension



**5.** Flip through the text the answer these questions.

1. What is venture capital?
2. What industries are attractive to business angels and venture capitalists?
3. What is the difference between venture capitalists and business angels?
4. What sums of money do business angels and venture capitalists invest?
5. What does a hands-on approach of business angels mean?
6. Who uses a hands-off approach to control businesses? What does it assume?
7. What stages of company's development do venture capitalists and business angels invest? Why?
8. What are the three ways of getting a return on venture capital investments (*ROI*)?
9. What are the requirements to attract venture capital financing?

**6.** What factors make a startup successful? In pairs, discuss and compare the factors below and put them in order from 1 (most important) to 5 (least important).

timing	idea	team/execution
business model	funding	

**7.** After matching the sources of financing for start-up businesses with their definitions, get ready to explain the difference between them.

- |  |  |   |
|--|--|---|
| <ol style="list-style-type: none"> <li>1) bank loan</li> <li>2) online lending/peer-to-peer lending (P2P lending)</li> <li>3) crowd funding</li> </ol> | <ol style="list-style-type: none"> <li>a)</li> <li>b)</li> <li>c)</li> </ol> | <ol style="list-style-type: none"> <li>a) practice of funding a project of venture by raising monetary contributions from a large number of people performed via internet-mediated.</li> <li>b) amount of money given, usually by a government or nonprofit organization, to fund certain projects.</li> <li>c) early stage financing of new and young enterprises seeking to grow rapidly in exchange for an ownership share of the business.</li> </ol> |
|--|--|---|

- |                      |   |
|----------------------|---|
| 4) angel investor    | d) an amount of money loaned at interest by a bank to a borrower, usually on collateral security, for a certain period of time. |
| 5) government grants | e) early stage investors to business. They provide capital and valuable guidance to entrepreneurs.                              |
| 6) venture capital   | f) practice of lending money to individuals or businesses through online services that match lenders directly with borrowers.   |

**8.** What quote do you agree with? Choose and discuss in pairs.

1. “The myth is that venture capitalists invest in good people and good ideas. The reality is that they invest in good industries – industries that are more competitively forgiving than the market as a whole.” (Bob Zider).

2. In essence, the venture capitalist buys a stake in an entrepreneur’s idea, nurtures it for a short period of time, and then exits with the help of an investment banker.

3. An economy that does not have a strong venture capital sector is one that displays symptoms of deeper economic problems.



**9.** Match the words from A with their equivalents from B.

A	B
1) foster <i>v</i>	a) capital infusion
2) returns <i>n</i>	b) support <i>v</i>
3) venture capital	c) yields, proceeds <i>n</i>
4) capital injection	d) realizability <i>n</i>
5) back <i>v</i>	e) practical approach
6) unquoted company	f) risk capital
7) feasibility <i>n</i>	g) unlisted company
8) hands-on approach	h) facilitate <i>v</i>

**10.** Insert the correct preposition.

Securing venture capital typically means that you have to **1.** give ... something **2.** ... exchange ... the funding. Most venture capital firms are not interested in merely receiving the capital that they have invested along with a standard interest rate. In fact, there are some things that venture capital firms may **3.** ask ... that may surprise you. These include:

*Management Position* – In many cases, a venture capital firm will want to add a member of their team **4.** ... the start up company's management team. This is generally to ensure that the company can be successful, though this can also create internal problems.

*Equity Position* – Most venture capital firms require that the company give up an equity position to them in return for their funding. This amount is not small, in many cases it can be as much as 60 percent of the equity in the company. In effect, this means that the entrepreneur is not controlling their business; it is being controlled **5.** ... the venture capital firm.

*Decision Making* – One of the biggest problems that many entrepreneurs face when they agree to accept venture capital is they often are giving up many key decisions **6.** ... how their company will operate. Venture capital firms that have taken an equity position want a "seat at the table" when any major decision is made and they often have the power to override decisions.

*Business Plans* – When a business plan is written and submitted **7.** ... financing considerations, most finance companies will agree to sign a non-disclosure agreement. Venture capital firms will nearly always refuse to sign a non-disclosure agreement due to the legal ramifications of doing so. This can put ideas from an entrepreneur at risk.

*Funding Plan* – If an entrepreneur writes their business plan and determines they need money to get the business launched, they may be **8.** lulled ... thinking that these funds will come up front. Venture capital firms almost always set goals and milestones for releasing funds. Funding from venture capital firms is typically done **9.** ... stages with an eye **10.** ... the expansion of the business.

**11.** Match the words in the box to the definitions from 1 to 7 below.

<b>A</b> institutional investor	<b>C</b> cash injection	<b>E</b> unquoted company
<b>B</b> IPO	<b>D</b> due diligence	<b>F</b> capital appreciation
	<b>G</b> track record	

1. A large organization, such as a bank, pension fund, labor union, or insurance company, that makes substantial investments on the stock exchange.
2. It is the first sale of stock by a company to the public. If the company has never issued equity to the public, it's known as ... .
3. Investment generally in the form of equity into a company. It is made in exchange for an equity stake in the company into which capital is being infused.
4. A record of actual performance or accomplishment of business.
5. A company with issued shares of stock that are not traded or quoted on formal exchanges, but are traded over-the-counter.
6. A rise in the value of an asset based on a rise in market price.
7. An investigation or audit of a potential investment. It serves to confirm all material facts in regards to a sale.

**12.** Advantages of venture capital can be grouped into three broad categories. Distribute the following advantages to these three categories:

1. Economy-oriented	..... ..... ..... .....
2. Investor-oriented	..... .....
3. Entrepreneur-oriented	..... ..... .....

1. helps in industrialization of the country;
2. provides profit to venture capital companies;
3. an investor has a wide network of contacts in many areas that can add value to the company;
4. helps in developing entrepreneurial skills;
5. investors are invited to inject money after company starts earning profit so the risk is less and healthy growth of capital market is entrusted;
6. an investor is a partner, sharing the risks and rewards;
7. generates employment;
8. investors inject long-term equity finance which provides a solid capital base for future growth;
9. helps in the technological development of the country.

**13.** Does the following refer to a venture capital firm or a business angel?

1. ... is attracted by more equity at a lower price in the market.
2. ... pretends to be a co-owner of the company.
3. ... helps his friend get business off the ground.
4. ... applies hands on approach in his practice.
5. ... applies hands off approach in his practice.
6. ... pools money from different sources.
7. ... will receive modest returns.
8. ... makes follow-on investment.
9. ... has no national recognition.
10. ... minimizes the risk by investing later-stage companies with a proven track record.
11. ... has vast industry knowledge and professional investment experience.
12. ... is seen in limited industries.

## Discussion



1. What products/industries do you associate with Belarus? Can you think of successful startups? Why do you think they were successful?
2. Which factors were important in recent success (or lack of it) in companies of your country?
3. How attractive is your country for potential investors? Describe advantages and disadvantages using vocabulary from the lesson.
4. Venture Capital is the engine fueling innovation in the economy. Do you agree?



*Match the sentence halves and then discuss the difference between business angels and venture capitalists.*

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1) If you need money for your business to expand, ...</li> <li>2) Venture capital firm contacts to strategic suppliers, customers etc. can be invaluable as ...</li> <li>3) Venture capital firm contacts in financial services that ...</li> <li>4) A venture capitalist brings the experience of the firm to the table because ...</li> <li>5) A venture capitalist continuously searches for new deals and ...</li> <li>6) Venture capital firms normally employ technical assistance grants and hire experts that ...</li> <li>7) Companies that have well-known and reputable shareholders are treated differently. ...</li> <li>8) Many venture capital firms have hundreds of limited partners that ...</li> <li>9) Venture capital firms can bring a sense of organization and structure to the business. They have experience in what is attractive for investors ...</li> <li>10) A great venture capital manager could do a lot ...</li> </ol> | <ol style="list-style-type: none"> <li>a) ... and what needs to be done to make a company trade at a higher multiple on the exchange.</li> <li>b) ... VCs often have a background in the industry or consulting.</li> <li>c) ... can create value for the company across the globe.</li> <li>d) ... VC managers often come from a variety of backgrounds.</li> <li>e) ... bring expertise to the company by providing recommendations and contacts.</li> <li>f) ... actively participates in managing the company.</li> <li>g) ... to make the business successful.</li> <li>h) ... may allow the company to attract debt finance at attractive rates.</li> <li>i) ... the most obvious benefit of having it is to involve a venture capital fund.</li> <li>j) ... having a big name on the major owners list can open doors to new opportunities.</li> </ol> |
|--|---|

## Listening 1

### Background experience

*Listen to Chris Smart of Acacia Capital Partners, a venture capital firm, talking about investments his company makes. Answer the questions.*

1. What fields do Acacia Capital Partners invest in?
2. Which industries does he mention that the partnership doesn't invest in?
3. What happened when Chris Smart previously ran a non-specialized multi-disciplinary fund, and why?

## Listening 2

### Investing for ten years

1. Where does Chris Smart say venture capitalists get most of their money from? Fill in the gaps.

... so they equally have to raise that money from a 1. \_\_\_\_\_, and that in the most general terms is the insurance, it's the insurance industry, so 2. \_\_\_\_\_ and 3. \_\_\_\_\_ provide 4. \_\_\_\_\_ funding to venture capitalists. It is actually a very small percentage, so they will put one to three per cent of their 5. \_\_\_\_\_, and no more, into venture capital.

2. Chris Smart says "they've got five years to reap" – what does he mean by this?
3. What is (in theory) the ten-year investment cycle?
4. What does Chris Smart say 'actually happens'?
5. What should happen at the end of the cycle?

## Listening 3

### Managing new companies

1. How does Chris Smart describe the sector he works in?
2. What does he say about the managers in this sector?
3. What can the venture capital industry provide apart from capital?
4. What should a start-up do if they do not have the right managerial skills in the company?

## Listening 4

### Successes and failures

1. What term does Chris Smart use that means knowing that some investments will fail?

2. How does he describe the average technology venture capital portfolio?
3. Which very successful businesses does he mention?
4. What are the names of the venture capital companies that helped them, and made “phenomenal returns”?

## Discussion



1. From what Chris Smart says in the four extracts, what kind of skills do you think you would need to be successful in venture capitalism?
2. Would you be good at it?



The manufacturer of a range of high-quality herbal tea products, sold under the brand name Quality Leaf, meets a business angel to get additional investment to develop its business. The business owner has already borrowed € 100,000 from a family member, and in return has given that person a 5 % stake in the business.

### Student A

*You are the business owner. You want to:*

- Get an equity investment of €500,000 to extend the range of your products and enter a new overseas market – France or Germany.
- Keep a shareholding of at least 50 % so that you continue to own and control your business.
- Get management advice from the angel when necessary.
- Keep control over recruiting senior manager.

*In return you expect to:*

- Offer an angel a 25 % stake in the business.
- Give the angel a seat on your board of directors, with voting rights.
- Offer the angel a 10 % share in the profits of any future business development.

Negotiate a good deal for your business.

### Student B

*You are the business angel. You want to:*

- Invest €1 million of equity capital in the herbal tea products business.
- Help to expand business in Europe and the United States.

- Provide excellent contact with sales outlets in France and Germany.
- Put the owner in touch with other potential investors in the business.
- Encourage the manufacturer to grow the business internationally.

*In return you expect to:*

- Have a 55 % of equity stake in the business.
  - Be offered a seat on the board of directors, with voting rights.
  - Have a 30 % share in the profits of any future business development.
  - Advice on future recruitment of senior managers as the business expands.
- Negotiate a good deal for yourself.

## Writing



*Write an essay under the heading “Venture capital as an integral part of the economy in the XXI century”. Follow the structure of a good essay: introduction, the main body (3–4 paragraphs) and the conclusion. Use the topic sentence to introduce the subject of each paragraph; write well-developed paragraphs, giving reasons/examples; use sequencing (e.g. Firstly, Secondly, etc.) and linking words (e.g. however, although); make references to other sources and use quotations.*

### Make your pitch



*Entrepreneurs with business ideas take part in a TV program to persuade wealthy people to invest in their project.*

### Background

BNT is an American TC channel specializing in business news. Currently it has a weekly programme called *Make your pitch*. In the programme, entrepreneurs of any age can make a pitch (a persuasive sales presentation) to two wealthy business people (tycoons) asking for money to help them develop a business idea, a product or service. If the tycoons think the ideas will be profitable, they invest some of their own money in the project. However, they usually ask for a large stake in the entrepreneurs’ business in return for their investment.

### Rules of the competition

*Read the rules that the entrepreneurs are given before they make their pitch.*

1. Introduce yourself and state the name of your business.
2. Tell the tycoons how much you want them to invest and on what terms.

3. Make short presentation (2–3 minutes) describing your idea/product/service.
4. Say who the product is aimed at: for example, the type of person and age range.
5. Mention any research you have done or actions you have taken to sell the product/service or develop your idea.
6. Try to convince the tycoons that your idea/product or service will be profitable and make money for them.

CD 1. Listen to an entrepreneur ending a presentation of the product, a storage device, that he and his partner want the tycoons to invest in. tick the correct statements.

1. The product can be adapted to any space.
2. It can be used to store different kinds of household objects.
3. It looks impressive.
4. It can only be used once.
5. The entrepreneurs want the tycoons to invest €200,000 in their business.
6. If the tycoons accept to invest in entrepreneur's offer, they will end up owning 20 % of the business.

CD 2. Listen to the questions and answers following the entrepreneur's pitch. In groups discuss these questions.

1. If you were one of the tycoons, what other questions would you ask the entrepreneur before negotiating a stake in their company?
2. Do you think you would invest in this product? Why? Why not?
3. If you decided to invest, what stake in the business would you ask for?
4. Apart from investing money, how else could you add value to their business? For example, personal qualities? Business experience?

*In tonight's programme, there will be four pitches to the tycoons by entrepreneurs.*

1. 100 sculptures of famous people.
2. New Formula XF anti-wrinkle cream.
3. Alfresh lunch box with cooler.
4. On-the-Spot car cleaning.

### **Task**

Tycoons listen to a short pitch (2–3 minutes) from each of the entrepreneurs. Then they ask questions to get additional information. Finally, they decide whether or not they will invest in the project and on what terms.

1. Work in groups of four. Take turns playing the roles of tycoons and entrepreneurs.

## ***Tycoons***

The entrepreneurs will give a short presentation of their product/service, then they will answer your questions. You decide whether to invest in the project and on what terms. You normally ask for a bigger stake than the amount the entrepreneurs offer.

Here are some suggested questions. Try to add three questions to the list.

- Tell us about your background.
- Where did you meet?
- Do you have a business plan?
- How would you describe the market for your product?
- What is special about your product/service? What are the USPs (unique selling points)?
- Do you have a patent for it?
- How much of your own money have you spent on it?
- What about competitors?
- What are your forecasts of turnover and profit?
- What do you want from us, in addition to money?
- Who will make your product?
- How will you market your product / service?

*Note: If you are working with another tycoons, you may wish to offer the whole of the stake yourself in order to make as much profit as possible. You don't have to divide the stake between the two of you.*

### ***Entrepreneurs: choose one of the following products***

#### **Sculptures of famous people**

##### **Description**

You make sculptures of famous people, e.g. Mohammed Ali, Michael Jackson, George Clooney, etc. The average price of a sculpture is \$ 30, 000. A recent sculpture of Nelson Mandela was bought for \$ 55,000. The sculptures are aimed at all art lovers, but especially wealthy collectors.

##### **Why you want the money**

To finance and market exhibitions of 100 sculptures in New York and San Francisco galleries next year.

##### **Advantages for tycoons**

The sculptures are very popular. The tycoons will be allowed to own nine of the sculptures at the end of the exhibitions.

##### **Negotiating terms**

You want the tycoons to invest \$ 200, 000 in 100 sculptures. You offer 10 % of the total sales revenue.

*You may invent any other information you wish. Note: it is likely that the tycoons will ask for a bigger stake in your business. You must decide if it is worth increasing your offer. Try to predict what questions they will ask you.*

### **New Formula XF anti-wrinkle cream**

#### **Description**

The anti-wrinkle cream is based on a secret formula. You visited a tribe in the Amazon jungle last year. The women had beautiful skin because of a cream they put on their faces. They taught you how to make the cream. The product will be aimed at women over 30.

#### **Why you want the money**

To manufacture the product, launch and market it.

#### **Advantages for tycoons**

You tested the cream with 200 women volunteers. 90 % said the cream smoothed their skin and got rid of their wrinkles. The product should be a world-beater.

#### **Turnover / profit projections**

You don't have a business plan or turnover/profit projections. You want the tycoons to provide you with expertise in these areas.

#### **Negotiating terms**

You want the tycoons to invest \$ 400, 000 for a stake of 30 % in your business.

*You may invent any other information you wish. Note: it is likely that the tycoons will ask for a bigger stake in your business. You must decide if it is worth increasing your offer. Try to predict what questions they will ask you.*

### **Alfresh lunch box with cooler**

#### **Description**

You have your own company, Wang Li Products. It makes a range of products for the leisure and food industries. The lunch box has sections for food, such as cheese and fruit, and small and large pots for milk, yogurt, fruit, juice, etc. There's a space for cooler bags.

Alfresh is aimed mainly at schoolchildren, but will also be used by adults.

#### **Why you want the money**

You have cashflow problems at present. You need additional finance to launch and market the new product.

#### **Advantages for tycoons**

The unique design of the box, its shape and colourful appearance will ensure it will be a winner!

#### **Turnover/profit projections**

Year 1: \$ 100,000 / \$ 20,000

Year 2: \$ 500, 000 / \$ 260, 000

Year 3: \$ 3.5 m. / \$ 1.2 m.

#### **Negotiating terms**

You want the tycoons to invest \$ 200, 000 for a stake of 10 % in our business.

*You may invent any other information you wish. Note: it is likely that the tycoons will ask for a bigger stake in your business. You must decide if it is worth increasing your offer. Try to predict what questions they will ask you.*

### **On-the-Spot car cleaning**

#### **Description**

Two years ago you started a business, hiring and training unemployed youngsters to clean cars in car parks and garages in Atlanta. You provide modern, high-powered equipment. This enables your workers to clean car interiors and exteriors quickly and to a high standard.

#### **Why you want the money**

To expand your cleaning service to other cities in Georgia.

#### **Advantages to tycoons**

The business is providing work for unemployed people. This would be good for the tycoons' image.

It is a very successful local business. Last year's turnover was \$ 1.5 million. Profit: 0.3 m.

#### **Turnover/profit projections**

Year 1: \$ 2.5 m. / \$ 0.5 m.

Year 2: \$ 4 m. / \$ 0.8 m.

Year 3: \$ 6 m. / \$ 1.4 m.

#### **Negotiating terms**

You want the tycoons to invest \$ 500, 000 for a stake of 20 % in your business.

*You may invent any other information you wish. Note: it is likely that the tycoons will ask for a bigger stake in your business. You must decide if it is worth increasing your offer. Try to predict what questions they will ask you.*

2. Work as one group. Discuss all four projects. Rank them according to how good an investment they are for the tycoons (1= excellent investment, 4 = poor investment). If you can't agree, take a vote.

*Write an e-mail to the most successful entrepreneur confirming the investment which the tycoons will make in their project. Give reasons for the tycoon's decision.*

#### **Role play I. Investing in start-ups.**

Imagine that you are investment managers for a large financial institution such as a pension fund or an insurance company that has decided to invest up to 2 % of its assets in start-up companies.

It will not be difficult to find companies in which to invest, because you regularly receive propositions from venture capital firms. But first, you want to establish a strategy. Which industries or industry sectors do you think you should invest in? Which industries have the most potential? Which industries or technologies probably present the fewest risks? If you are going to invest in companies in your own country, in which industries does it have expertise or a competitive advantage?

Choose three of the sectors listed. Prepare a short presentation of your strategy in small groups. Then change groups and explain your strategy to your colleague, and then present your decisions to the class.

### **Industry sectors and their production**

- computer and video game technology
- DNA sequencing and genetic medicine
- fuel-efficient aeroplane (Br.E) or airplane (AmE) technology
- genetically modified food
- high-speed rail transport
- hybrid (petrol and electric battery) automobile technology
- microprocessors using nanotechnology
- mobile telephone technology
- nuclear energy
- nuclear medical imaging
- solar energy technology
- wind energy technology
- other?

*After presenting your ideas in class, write a 100–150 word summary of your group's investment decisions.*

### **Role play II. Venture Capital and Entrepreneurial Management.**

Imagine you are a venture capitalist, and an entrepreneur approaches you with a pitch for a new business. He wants to create an online marketplace for chemicals used by researchers in labs at universities, businesses and government agencies. The website would operate like Amazon. But instead of linking buyers and sellers of books, compact discs and other consumer goods, it would link scientists with sellers of substances such as proteins and antibodies. In order to do it you need to evaluate the online chemical marketplace first. Would you invest?



*Watch one of these videos and prepare a short report on it (200–300 words). Be ready to discuss it in class.*

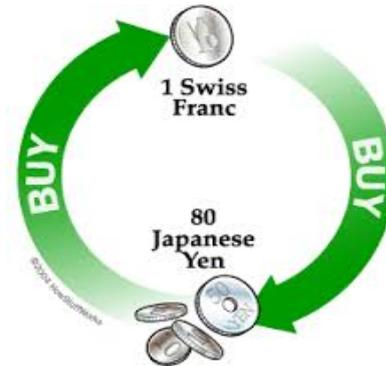
1. Heesen Sees Challenges for Venture Capital Industry  
<http://www.youtube.com/watch?v=A8GB78aYhM0>.
2. venture capital and private equity  
[http://www.youtube.com/watch?v=t63\\_0Jxv2jw](http://www.youtube.com/watch?v=t63_0Jxv2jw).

3. raising money for a start-up  
[http://www.youtube.com/watch?v=8OCjwBkJ\\_E&list=PLAEBBC59835B3E2376](http://www.youtube.com/watch?v=8OCjwBkJ_E&list=PLAEBBC59835B3E2376).
4. Venture Capital Stages.mp4  
<http://www.youtube.com/watch?v=oLh4FTdkje0>.

## Unit 9. EXCHANGE RATES

I believe a strong role on exchange rate issues is central to stability and health of the international economy.

*Tom Adams*



In today's global economy, weaknesses in economic policies and institutions are punished more swiftly and severely by markets than in the past. And, as conditions change, long-standing sources of vulnerability may suddenly become the focus of a financial crisis. While fluctuations and corrections are a normal part of the functioning of markets, we do need to find ways to make the financial system of a country less crisis-prone.

The main challenge of globalization for exchange rate policy refers to the choice of an appropriate exchange rate regime. Exchange rate policy is constrained by the financial instability tendency effect of globalization insofar as intermediate exchange rate regimes tend to be very unstable. However, globalization may also create the desire to change the focus of monetary policy. Globalization is sometimes argued to reduce inflationary pressures and therefore to "ease" the job of central banks.

Maybe you've traveled to Mexico or Canada, and exchanged American dollars for pesos or Canadian dollars. If so, you have experienced exchange rates in action. But, do you understand how they work? This unit presents some basics of the nature of exchange rate and its types.



- Consider the essence of exchange rate.
- Analyze types of exchange rates and the causes of exchange rate fluctuations on the financial markets.

### Lead in



1. Are you a risk-taker? What risks have you taken?
2. If you keep a banknote (e.g. a dollar) in your pocket, you know that it will almost certainly be worth less after a few months (although a dollar will still be a dollar). If you deposit it in a bank, it will be worth a little more. Why?
3. Is the value of the money (the exchange rate) in your pocket determined by the following factors? Explain why.

supply and demand	monetary and financial variables (interest rate)
inflation rate (price level)	balance of payment
trade balance (export or import)	business cycle

4. Which item below carries the most and the least risk in finance markets? Why?

angel investor  
bank finance  
equity financing

venture capital fund  
insurance company  
debt fund raising

## Challenges for Exchange Rate Policy



Before reading about Challenges for Exchange Rate Policy, check your understanding of some basic terminology by matching up the following English words or word combinations with their Russian equivalents.

- |                                    |  |
|------------------------------------|--|
| 1) freely floating rate            | a) фиксированный валютный курс         |
| 2) revaluation <i>n</i>            | b) девальвация                         |
| 3) currency quotation              | с) управляемый плавающий валютный курс |
| 4) nominal exchange rate           | d) фактор, показатель                  |
| 5) depreciation <i>n</i>           | e) валютная котировка                  |
| 6) conversion factor               | f) обесценивание (валюты)              |
| 7) fixed rate                      | g) номинальный валютный курс           |
| 8) forex market                    | h) рост обменного курса                |
| 9) devaluation <i>n</i>            | i) ревальвация                         |
| 10) variable <i>n</i>              | j) переводной коэффициент              |
| 11) managed floating exchange rate | к) валютный коридор                    |
| 12) appreciation <i>n</i>          | l) свободно «плавающий» валютный курс  |
| 13) currency band                  | m) рынок иностранной валюты            |

## Reading

### Challenges for Exchange Rate Policy



The author organizes the following reading by describing currency exchange rate in today's global economy. Read the text below and decide which paragraph could be given the following headings.



- A. Types of exchange rate regimes.
- B. Determinants of exchange rate.
- C. Definition of exchange rate.
- D. Types of exchange rates.

(1) ... *Exchange rate* is the rate at which the currency of one country is exchanged for the currency of another country. A *reserve currency* is a currency held in significant quantities by many governments and institutions as a means of international payment. Major reserve currencies are the US dollar, Euro, British pound sterling, Japanese yen and Chinese Yuan.

(2) ... When discussing international trade and foreign exchange, two types of exchange rates are used. *Nominal exchange rate* is the rate at which currency can be exchanged. It is established on currency financial markets called “forex markets”. *Real exchange rate* is nominal rate adjusted for inflation.

(3) ... There are two regimes of exchange rate – fixed (or pegged) and floating (or flexible). *Fixed exchange rate* means that government (central bank) try to keep the value of an exchange rate within certain currency bands. A set price will be determined against a major world currency, e.g. the US dollar or a basket of currencies. *Currency band* is a currency system that establishes a trading range that a currency’s exchange rate can float between. It’s used to adjust its floating currency value if the exchange rate is beyond the range. Such system is used to stabilize its currency during times of exchange rate volatility. This ensures an appropriate money supply, fluctuations in the market (inflation/deflation) and the exchange rate. Under this regime, a loss of currency value, usually forced by market or a purposeful policy action, is called *devaluation*, whereas an increase of international currency value is *re-valuation*.

In contrast, a *floating / flexible exchange rate* is determined by the private market through supply and demand. A floating rate is often termed “self-correcting”, as any differences in supply and demand will automatically be adjusted in the market. It includes both *freely* and *managed floating* (or *dirty float*) exchange rate regimes. If a country has *freely floating exchange rate regime*, foreign exchange rates are purely subject to the rules of supply and demand. A *managed floating exchange rate/dirty float* is a rate that is basically floating but is subject to intervention from time to time by the monetary authorities to resist fluctuations that they consider to be undesirable. Central banks sometimes intervene to steady the market at times of widespread economic uncertainty or to support a currency that is under attack by a hedge fund or any other speculator. Under a floating exchange rate regime a loss in currency value is called *depreciation*, whereas an increase of currency’s international value is called *appreciation*.

(4) ... The exchange rates differ from country to country. There are a number of factors that determine these rates all of which are related to the trade conducted between these two countries. They are:

*Terms of trade.* Exports, imports and their difference (trade balance) influence the demand of currency aimed at real transactions. A rising trade surplus will increase the demand for country's currency by foreigners, so that there should be a pressure for appreciation. A trade deficit should weaken the currency.

*Interest rates differentials.* Manipulating interest rates, central banks exert influence over both inflation and exchange rates. Higher interest rates which are sure to benefit investors attract more foreign investors. This results in the increase in foreign capital with the country and increased foreign exchange rates. Low interest rates will create an opposite scenario.

*Inflation rate differentials.* Country with constantly lower inflation rates has greater purchasing power against other currencies and so displays rising currency value. Higher rate of inflation obviously lowers currency value. The *balance of payments* can highlight pressures for devaluation or revaluation, reflected in large and systematic trend of foreign currency reserves at the central bank.

*Current Account Deficit (CAD)* includes details of trade transactions with other nations and reflects payments made and received for dividends, interests, goods and services. *Deficit* would mean that the country needs more foreign currency than it receives from different sources and over supply's own currency than foreigners demand for its products. Increased demand results in lowered foreign exchange rates for the country. *Excess demand for foreign currency* lowers the country's exchange rate until domestic goods and services are cheap enough for foreigners, and foreign assets are too expensive to generate sales for domestic interests.

*Public Debt.* Nations incur large *public debts* to pay for government funding and public welfare projects. Though domestic economy seems to be stimulated with this, international economy suffers. Thus they attract less foreign investors as large public debt bolsters inflation and high inflation means debt will be paid off with cheap real dollars. It is also possible that the government prints more currency to pay some part of the debt. This will further increase supply of money in the market which will ultimately result in inflation. Economic conditions which make the country less attractive to foreign investors ultimately affect its foreign exchange rates.

*Fears and confidence* in a currency are heterogeneously distributed across forex specialists, with special events (as unexpected news) aligning them and generating large investments in the exchange rate.

These factors in evaluating currency exchange rates can change in a matter of hours. That is one thing that makes investing in currency exchange such an exciting venture. The level of challenge with currency exchange rates can be

heightened when such issues as *political turnovers* and *natural disasters* also impact the economic nature of a country, and thus dictate a change in currency exchange rates for that nation's currency.

Exchange rates play a significant role in trade and capital flows. They are an important concept in macroeconomics as they define a monetary relationship within and among countries. Knowing the value of your home currency in relation to different foreign currencies helps investors to analyze investment perspectives.

## Comprehension



**1.** Flip through the text the answer these questions.

1. What is exchange rate?
2. What types of currency exchange are there? Describe them.
3. What exchange rate regimes are there? What is the difference between them?
4. Should government or central bank intervene in currency markets?
5. What factors determine exchange rate? Comment on each of them.
6. What other factors may change currency exchange rates?
7. Why is investing in currency exchange so risky?

**2.** Are the following sentences True or False?

1. The real exchange rate index is nominal exchange rate index adjusted for the terms of trade.
2. Under floating exchange rates, if the dollar price of pounds rises, the pound price of dollars will fall.
3. An advantage of a fixed exchange rate system is that governments are not constantly required to intervene in the foreign exchange market to maintain exchange rates within specified boundaries.
4. In a free market, exchange rates are determined by market fundamentals and market expectations.
5. If a company believed that a nation was preparing to devalue its currency, the company should reduce monetary assets and borrow extensively in that particular currency.
6. Market forces are determinants of exchange rates in a freely floating exchange rate system.
7. If the dollar depreciates, US exports and imports will eventually rise.



**3.** Match up the words below into pairs with similar meanings.

- |                            |                         |
|----------------------------|-------------------------|
| 1) depreciation <i>n</i>   | a) tie, peg <i>v</i>    |
| 2) floating rate           | b) support <i>v</i>     |
| 3) domestic <i>adj</i>     | c) devaluation <i>n</i> |
| 4) appreciation <i>n</i>   | d) internal <i>adj</i>  |
| 5) maintain <i>v</i>       | e) deficit <i>n</i>     |
| 6) factor <i>n</i>         | f) increase in price    |
| 7) deal <i>n</i>           | g) flexible rate        |
| 8) shortage <i>n</i>       | h) determinant <i>n</i> |
| 9) anticipated <i>adj.</i> | i) transaction <i>n</i> |
| 10) a adjust <i>v.</i>     | j) expected <i>adj</i>  |

**4.** Fill in the gaps with a suitable derivative of the given words in brackets.

A “**currency crisis**” is a rupture of fixed exchange rates with an/a **1.** ... (will) devaluation or even the end of that regime in favour of a **2.** ... (float) exchange rate. It can dominate the attention of the public, policymakers and entrepreneurs, both in advance and after. For instance, people expecting a crisis can borrow inside the country, convert in a foreign currency, lend that money (e.g. by **3.** ... (purchase) bonds). When the crisis comes, they sell the bonds, convert to the **4.** ... (nation) currency, pay back their loans, and gain a hefty profit.

**Competitive devaluation** refers to a scenario in which an abrupt national currency **5.** ... (devalue) by one nation is matched by a currency devaluation of another, especially if they both have managed exchange-rate regimes rather than floating exchange rates determined by market forces. Competitive devaluation is considered a “beggar-thy-neighbor” type of economic policy, since it amounts to a nation trying to gain an economic advantage without **6.** ... (consider) for the ill-effects it may have on other countries. It improves a nation’s export **7.** ... (compete) because it **8.** ... (low) the cost of goods exported from that nation for overseas buyers. Competitive devaluation is viewed as being **9.** ... (harm) to the global economy, because it may set off a round of currency wars that may have unforeseen adverse consequences, such as increased **10.** ... (protect) and trade barriers. It may also lead to greater currency **11.** ... (volatile) and higher hedging costs for **12.** ... (import) and ... (export), which may impede a higher level of international trade.

**5. Complete the sentences using the right prepositions.**

1. The most influential participants involved ... the forex market are the central banks and governments.
2. Since interest rate, inflation and exchange rate are all highly correlated, central banks can intervene ... both inflation and exchange rates ... manipulating interest rates.
3. Instead of hedging ... changes in exchange rates or exchanging currency to fund international transactions, speculators attempt to make money ... taking advantage ... fluctuating exchange rate levels.
4. Currencies ... higher interest rates attract investors seeking a better return ... investment and contribute ... greater overall demand for the currency.
5. Trade balance (net exports) measures the ratio of exports ... imports for a given economy.
6. The more goods a country exports, the greater the demand ... its currency is.
7. ... a fixed exchange rate regime, a country's current account short-term surplus or deficit has little effect ... the exchange rate.
8. Countries pay ... public sector projects and government funding ... a large-scale deficit financing.
9. Appropriate level of speculation contributes ... an active foreign exchange market.
10. Adding ... the supply of the currency through quantitative easing could result ... a devaluation of the currency.
11. A falling exchange rate can be beneficial if the economy is uncompetitive and stuck ... a recession. A devaluation helps to increased demand ... exports and create jobs.

**6. Give the term using the words for reference below.**

1. Institution responsible for determining the monetary policy of a nation or a group of nations.
2. Generally accepted form of money, including coins and paper notes which is issued by the government and circulated within the economy.
3. A contract between two or more parties whose value is based on and agreed-upon underlying financial asset, index or security.
4. The system that a country's monetary authority, generally the central bank, adopts to establish the exchange rate of its own currency against other currencies.
5. Assets held by central banks as a safety net against abrupt changes in foreign exchange markets.
6. The difference between the monetary value of exports and imports of goods in the economy over a certain period.

7. An increase in general price level for goods and services.
8. The regime when the government doesn't intervene, but allows the value of the currency to be determined by market forces.
9. It is a monetary authority that makes decisions about the valuation of a nation's currency, specifically whether to peg the exchange rate of the local currency to a foreign currency, an equal amount of which is held in reserves.

Word for reference: *currency board, inflation, floating exchange rate, derivative, central bank, trade balance, currency, reserves, fixed exchange rate.*

## Discussion



*A. Comment of the pros and cons of exchange rate regimes given below. Add other characteristics if any.*

<b><i>Advantages</i></b>	
Fixed exchange rate	Floating exchange rate
<ul style="list-style-type: none"> <li>✓ eliminates uncertainty and risk (stability);</li> <li>✓ reduces speculation;</li> <li>✓ curbs government policy and speculative activity ;</li> <li>✓ makes producers more disciplined;</li> <li>✓ stimulates international trade and economic growth in the long-run.</li> </ul>	<ul style="list-style-type: none"> <li>✓ provides flexibility and quick adjustment to changing market conditions;</li> <li>✓ allows government to introduce separate monetary and fiscal policies;</li> <li>✓ protects from external shocks;</li> <li>✓ provides automatic correction (self-correction) of balance of payments, interest rates;</li> <li>✓ more effective control of the economy.</li> </ul>
<b><i>Disadvantages</i></b>	
Fixed exchange rate	Floating exchange rate
<ul style="list-style-type: none"> <li>× decreases credibility of the currency;</li> <li>× provides less flexibility;</li> <li>× unable to respond to supply shocks quickly;</li> <li>× has problems with reserves;</li> <li>× restrains 'healthy' level of inflation;</li> <li>× high vulnerability of the economic system to speculative attacks;</li> <li>× difficult to adjust to economic changes quickly.</li> </ul>	<ul style="list-style-type: none"> <li>× instability;</li> <li>× less incentives to develop trade and production;</li> <li>× may lead to economic crises;</li> <li>× high rate of speculation;</li> <li>× no constraints on domestic policy;</li> <li>× impact on the level of unemployment and inflation.</li> </ul>

B. Answer the following questions.

- What happens when \$ or Euro changes in value in your country / the USA?
- What is the economic situation in currency exchange market of your country at the moment? Has the value of your currency increased or decreased in the past few weeks or months? Why?
- The bank cannot disregard the exchange rate because the exchange rate can exercise considerable influence on developments in inflation. Do you agree?
- Why might a government want to have a lower exchange rate?
- What do you know about currency wars, quantitative easing?



### Floating Exchange Rates Versus a Common Currency

*Professor Jean-Christian Lambelet is an economist who teaches at the universities of Lausanne and Geneva, in Switzerland. You will hear him talking about exchange rates.*

a) What do you think the following words mean? In pairs match them to their correct definitions.

- |                         |  |
|-------------------------|--|
| 1) diverge <i>v</i>     | a) движение, поток капитала  |
| 2) debatable <i>adj</i> | b) искусственно поддерживаемый   |
| 3) cushion <i>v</i>     | c) отклоняться, отходить, отличаться   |
| 4) pegged <i>adj</i>    | d) прецедент   |
| 5) capital flow         | e) изменчивость, непостоянство   |
| 6) muddling <i>adj</i>  | f) спорный, оспариваемый   |
| 7) volatility <i>n</i>  | g) слишком остро реагировать (на что-л.)   |
| 8) precedent <i>n</i>   | h) запутанный  |
| 9) overreact <i>v</i>   | i) ослаблять, смягчать (уменьшать действие чего-л.);<br>оградить (от действия чего-л.) |

b) Before listening to the interview, look at this list of expressions. Underline the ones you would expect to hear in this context.

Accelerated* depreciation* appreciated* capital flows* cash flow* common currency* floating rate note* flotation* freely floating* gold standard* managed floating* managed fund* off-the-peg* pegged* pure floating*
--

c) Now listen to the interview. According to what Jean-Christian Lambelet says, are the following statements TRUE or FALSE?

1. It seems likely that a world currency would be good for business.
2. A world central bank is a highly unlikely prospect.

3. There is often very little economic coordination between different countries.
4. A global tax system would be necessary to counter any serious global economic problems.
5. A common European currency is inevitable.
6. Floating exchange rates were first introduced in 1953.
7. In 1978, speculators attacked the Swiss franc.
8. The system we have is not perfect, but is the best that we can expect in an imperfect world.

*d) Now look at the half-sentences below, which have been extracted from the interview. Match up the halves, and then listen again to the interview to see if you were right.*

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1) If you had a world currency you'd have no exchange rates</li> <li>2) It would mean, like under the gold standard,</li> <li>3) It would not be enough to have a world central bank</li> <li>4) In Europe at one point there wick have to be a jump</li> <li>5) Pure floating maybe would be</li> <li>6) Pegged exchange rates</li> <li>7) Central banks do intervene</li> </ol> | <ol style="list-style-type: none"> <li>a) to a common currency</li> <li>b) because you'd also need to have some kind of world fiscal system</li> <li>c) a very stable and certain economic environment.</li> <li>d) and that presumably would be good for trade</li> <li>e) too unstable a system</li> <li>f) and try to calm things down</li> <li>g) run into severe problems with capital flows</li> </ol> |
|--|--|

## Discussion



Many people today argue that currency speculators rather than governments or central banks are able to determine exchange rates, interest rates and levels of investment, trade and growth. Around the world, over \$1.8 *trillion* dollars are traded every day by currency speculators. Opponents of currency are calling for governments around the world to introduce a tax on international currency transactions. A Tobin Tax – named after the economist James Tobin who first suggested the idea – would be an excise tax on cross-border currency transactions. A tax of 0.1 to 0.25 per cent of volume (10 to 25 cents per 100 dollars) would discourage short-term speculative currency trades, without affecting long-term productive investments. Such a tax, its defenders claim, would make financial markets less volatile, and could generate hundreds of billions of dollars a year for international development, such as basic environmental and human needs in poor countries.

*Do you agree with the idea of such a tax, or with constraints on speculative currency trades, or do you think that people should have the right to do what they like with their assets?*



Economic indicators of the Republic of Belarus, 2015	
inflation	18 %
unemployment rate	0,6 %
trade balance	\$ 868 m

**Group A:** *using pros and cons of floating exchange rate regime and economic indicators in the table above, your economic fundamentals, prove the necessity to use this exchange rate regime in Belarus.*

**Group B:** *using pros and cons of fixed exchange rate regime and economic indicators in the table, your economic fundamentals, prove the necessity to use this exchange rate regime in Belarus.*

## Writing



*Write an essay “Exchange rates in the 21<sup>st</sup> century economy” trying to find the arguments to the following questions.*

- Why do exchange rates fluctuate as sharply as they do?
- How do anticipated policies impact on exchange rates?
- What is the difference between anticipated effects and bubbles?

### A Currency Transaction Tax



A proposal has been made to impose a currency transaction tax (CTT) that would be collected from dealers in international currency markets, by financial clearing or settlement systems.

The idea behind the Tobin Tax was to slow down capital flows across borders, to make governmental monetary policy more effective, and to prevent or manage exchange rate crises. The CTT, on the contrary, is not designed to change foreign exchange market behavior, but only to raise money without disrupting the market. But of course taxing foreign exchange transactions would increase the spread, or the difference between bid (buying) and ask (selling) prices at which trades would be profitable, and so would reduce the number of transactions. It is estimated that this would be by 14 %.

The proposed tax rate is 0,5 basis points. A basis point is 1/100<sup>th</sup> of 1 %, so the tax would be 0,005 % of the amount of currency traded. Buying and then selling a currency would involve a tax of 1 basis point.

It is calculated that a CTT of a 0,5 basis points on all major currencies would yield an annual revenue of over \$33 billion. Taxing only transactions involving the US\$ against all other currencies would raise over \$28 billion, as most foreign exchange transactions involve the dollar.

*In small groups, imagine that you have been invited to advise the government on how the proceeds of a currency transaction tax should be spent, and where.*

*Select five of the following suggestions, and number them in order of priority:*

- Clearing up pollution.
- Developing alternative energy installations.
- Disaster aid (future earthquakes, hurricanes, floods, etc.).
- Disease prevention (AIDS and other diseases).
- Education and literacy (for children and adults).
- Funding microfinance schemes.
- Health clinics and hospitals.
- Humanitarian aid for refugees from wars, famine, or political prosecution.
- Land preservation and environmental restoration (planting trees, etc.).
- Monitoring and protecting endangered species.
- Removing landmines.
- Other.

***Write a brief summary (150–200 words) of your group's decision.***



*Watch one of these videos and prepare a short report on it (200–300 words). Be ready to discuss it in class.*

1. (Macro) Episode 33 – Exchange Rates.  
<http://www.youtube.com/watch?v=xwtgByffoUw>.
2. What Causes Drastic Currency Changes.
3. Economics: Floating and Fixed Systems.  
<http://www.youtube.com/watch?v=72DYtXLZOvI>.  
<http://www.youtube.com/watch?v=-x99PAwJ2tc>.



# ASSESSMENT TESTS

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## 21<sup>st</sup> Century economy

### 1. Say whether the statements are True or False.

1. Getting the capital to the individual and the small businesses more directly is one of the issues for the 21<sup>st</sup> century.
2. The 21<sup>st</sup> Century Economy is an economy driven by an extensive growth, which is a key element of the new paradigm.
3. Venture capital, initial public offerings, and junk bonds enable new ideas to get funded in a very complicated way.
4. Basic components of technological progress in the 21<sup>st</sup> century are information revolution, biotechnology, nanotechnology and intellectual property protection.
5. Venture capital and initial public offerings are examples of smart financing.
6. Investment in knowledge based capital (KBC) is an example of the efficient organization of work places.
7. Innovative property includes patents, copyrights, designs and trademarks.
8. Gentrification is concerned with gender inequality.

### 2. Choose the best word that fits the context.

1. The term “New Economy” describes aspects or sectors of an economy that are producing or ... using innovative or new technologies.  
a) intensive                      b) extensively                      c) intensely
2. The 21<sup>st</sup> Century Economy is an economy driven by ... progress, which is a key element of the new paradigm.  
a) technique                      b) technologist                      c) technological
3. The price of one country's currency expressed in another country's currency is the ... .  
a) exchange rate                      b) interest rate                      c) exchange price

4. Productivity in the 21st century is enhanced by ... employees.  
a) empowering      b) limiting      c) rewarding
5. A commitment to free trade and relatively ... immigration is an essential part of a pro-innovation policy.  
a) vacant      b) increasing      c) open
6. The goal of the new economy would be .. a desirable quality of life by facilitating relationships among people and between people and their natural environment.  
a) to contain      b) to sustain      c) to suspend
7. In the 21<sup>st</sup> century the best use of local efforts and resources must ... .  
a) pursuit      b) be pursued      c) be scheduled

**3. Choose the right word for the following definitions.**

1. The funds controlled by investors who should have special knowledge of the right kinds of investments to make.  
a) smart finance      b) toxic investments      c) mutual funds
2. The study of the controlling of matter on an atomic and molecular scale.  
a) Atomic technology      b) Nanotechnology      c) Nuclear technology
3. A high yield bond that is rated below investment grade at the time of purchase.  
a) Guilt-edged security      b) Government bond      c) Junk bond
4. The situation when a company issues common stock or shares to the public for the first time.  
a) Takeover      b) Initial public offering      c) Floating
5. The use of microorganisms such as bacteria or biological substances such as enzymes, to perform industrial or manufacturing processes.  
a) Information technology      b) nanotechnology      c) Biotechnology
6. An intangible asset, such as a copyright or patent.  
a) Intellectual property      b) Intelligent property      c) Intellectual ownership
7. An intangible asset that comprises the information and skills of a company's employees, their experience with business processes, group work and on-the-job learning.  
a) entrepreneurship      b) knowledge based capital      c) venture capital
8. Development that satisfies the needs of the present without compromising the ability of future generations to satisfy their own needs.  
a) sustainability development      b) sustainable development      c) sustained development
9. The commercial value that derives from consumer perception of the brand name of a particular product or service, rather than from the product or service itself.  
a) brand recognition      b) brand loyalty      c) brand equity

#### 4. Fill in the gaps with the correct prepositions.

1. Economies, like living organisms, always evolve in response ... challenges and opportunities.  
a) for                      b) on                      c) to
2. Biotechnology is ... the verge of having a major economic impact.  
a) at                      b) on                      c) by
3. Today economic growth requires that we transit away from fossil fuels and squeeze waste ... our production processes.  
a) out of                      b) away from                      c) out in
4. A commitment ... free trade and relatively open immigration is an essential part of a pro-innovation policy.  
a) on                      b) to                      c) with
5. The solutions ... the challenges facing advanced and emerging countries are closely linked.  
a) to                      b) of                      c) for
6. ... sustainability education, we must have shared and mutually respected values ... all members of the community.  
a) By, between                      b) With, among                      c) Through, amongst
7. Sound framework conditions ... a well-constructed IPR regime are indispensable.  
a) in                      b) to                      c) for
8. While poverty is seen ... rural areas, extreme poverty resulting ... homelessness is generally associated ... the high cost ... living in large cities.  
a) in, at, with, for                      b) in, in, with, of                      c) through, in, with, in

#### 5. Insert articles if necessary.

1. ... Knowledge Age is ... new, advanced form of development in which knowledge and ideas are ... main source of ... economic growth
2. With ... advent of ... Internet, ... information revolution seems to be spreading and accelerating rather than slowing down.
3. ... second key element of ... new paradigm is green economics – ... recognition that ... conservation of ... resources and ... reduction of waste have become economic necessities.
4. One of ... top priorities for ... governments today is to shift financial ... resources to ... innovative sectors.
5. Growth in ... modern economies is increasingly driven by investment in ... knowledge based capital (KBC).
6. Another key element of ... new paradigm in pursuing ... “high road” is ... organization of work places.

7. Other elements of ... new paradigm include ... focus on ... problem of providing high quality care – health services, child care, education, and services for ... elderly.
8. While poverty is seen in ... rural areas, ... extreme poverty resulting in homelessness is generally associated with ... high cost of living in ... large cities.

**6.** Match the words and word combinations from **A** with those from **B** to make Verb + (Adjective+) Noun partnerships.

A	B
1) distribute	a) waste
2) transform	b) the global challenges
3) squeeze	c) benefits
4) use	d) goods and services
5) pursue	e) efficiency
6) address	f) industries
7) yield	g) innovation
8) increase	h) renewable energy
9) insure	i) productive investments
10) empower	j) employees



## Sustainable Development

**1.** Say whether the statements are True or False.

1. The idea of sustainable development stems from the environmental and conservation movement of the 1970's and was largely centered on the environment.
2. Today's successful businesses are not measuring their impact on the environment as well as their progress in reducing it.
3. Sustainable development focuses on improving the quality of life for all of the Earth's citizens without increasing the use of natural resources beyond the capacity of the environment to supply them indefinitely.
4. Sustainable development refers to the harmony between the environment and economy.
5. Sustainable development stresses upon a development that takes into consideration the needs of future generations.

6. Action to implement the concept of sustainable development is already taking place at a reasonable pace.
7. The UN sets the goal to promote inclusive and sustainable industrialization and, by 2020, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share.

## 2. Choose the best word that fits the context.

1. Sustainable development is defined as development that satisfies the needs of the present without \_\_\_\_\_ the ability of future generations to satisfy their own needs.  
a) composing                      b) compromising      c) combating
2. Polluting and destroying ecosystems and landscapes on our Planet must be \_\_\_\_\_.  
a) ceased                              b) increased              c) cultivated
3. Activities and processes which use materials in continuous cycles must be \_\_\_\_\_.  
a) promotioned                      b) ceased                      c) promoted.
4. \_\_\_\_\_ sustainability education, we must have shared and mutually respected values amongst all members of the community.  
a) Thought                              b) Through                      c) Though
5. Small businesses are sources of employment and providers as well as consumers of goods and services that sustain the local \_\_\_\_\_.  
a) economist                              b) economics                      c) economy
6. Corporate \_\_\_\_\_ to collaborate is among some of the barriers to sustainable development.  
a) reluctance                              b) reluctant                      c) reality
7. Without \_\_\_\_\_ prosperity and individual wealth, we will not have the ability to consider the preservation of our future.  
a) continued                              b) continuous                      c) continue

## 3. Fill in the gaps with the correct prepositions if necessary.

1. Currently sustainability is related \_\_ the quality \_\_ life \_\_ a community.  
a) By, of, in                              b) to, for, in                      c) to, of, in
2. Today's successful businesses are measuring their impact \_\_ the environment as well as their progress \_\_ reducing it.  
a) on, in                                      b) to, by                              c) on, for
3. Ecological decision-making must be employed \_\_ ecological limits.  
a) by    b) with                                      c) within

4. People are entitled \_\_\_ safe working conditions and an adequate level \_\_\_ income.  
 a) for, in                                      b) to, of                                      c) to, \_
5. It would be naïve to suggest a list \_\_\_ anticipated outcomes \_\_\_ a sustainable economy \_\_\_ some consideration \_\_\_ possible barriers \_\_\_ success.  
 a) of, to, with, for, of                                      c) of, of, without, for, to  
 b) of, for, without, of, for
6. Sustainable development requires action \_\_\_ the part \_\_\_ world states, governments and people.  
 a) on, of                                      b) from, of                                      c) by, of
7. Green development is generally differentiated \_\_\_ sustainable development \_\_\_ that Green development prioritizes what its proponents consider to be environmental sustainability \_\_\_ economic and cultural considerations.  
 a) from, by, over                                      b) from, in, over                                      c) with, in, over

**4. Match the words in column A with those in column B to make collocations.**

A	B
1) essential	a) of life
2) quality	b) sources of energy
3) pursuit of	c) energy systems
4) renewable	d) needs
5) alternative	e) energy use
6) minimize	f) intervention
7) government	g) the common good

**5. Read the text and then type the correct form of the word in CAPITALS to complete the gaps. There is an example at the beginning.**

**21<sup>st</sup> Century Workplace**

The economy of the 21<sup>st</sup> century is based on skills and (0) *knowledge* according to a recent report. KNOW  
 The study shows that throughout this century there will be more jobs for those with the right qualifications and the right skills, and fewer jobs for those with none.  
 The best employee will be one with a (1) ... level of academic or (2) ... achievement that can enable the individual to support their CV with evidence of desirable personal qualities. As (3) ... increases and technological advances make typical working practices redundant, (4) ... employees will need to show various personal attributes. DEMONSTRATE  
VOCATION  
  
GLOBE  
  
PROSPECT

As well as wanting people who are flexible, companies are also looking for evidence of (5) ...  
It is also (6)..... necessary to be an excellent communicator as the majority of companies make their profits from the skills of people selling their goods as much as from the producers themselves.

ADAPT  
INCREASE

The recruitment of the very best people is crucial. Unless businesses show the (7) ... to adapt they may find they are (8) ... according to the authors of the report.

WILL  
SUSTAIN



## Green Economy

**1.** Match the terms from column A with their Russian equivalents in column B.

A	B
1) eco-efficiency	a) оксид углерода/углекислый газ
2) low-carbon goods	b) экоэффективность
3) emission permit	c) внешние экологические эффекты
4) ecological damage	d) возобновляемые природные ресурсы
5) environmental externalities	e) разрешение на выброс
6) renewable resources	f) товары с малым содержанием углерода
7) carbon dioxide	g) переработка
8) recycling	h) экологический ущерб
9) greenhouse gases	i) природоохранное проектирование
10) sustainable design	j) парниковые газы

**2.** Match the words from A with their synonyms from B.

A	B
1) to accumulate	a) to decrease
2) to implement	b) a result
3) to spin off	c) to gather
4) an outcome	d) to derive
5) to cut down	e) unavoidable
6) inevitable	f) to carry out

**3. Insert prepositions if necessary.**

1. For two centuries, the quest to accumulate money or capital drove a powerful industrialization process that actually did spin \_\_\_\_\_ many human benefits
2. The latest breakthrough \_\_\_\_\_ the negotiations \_\_\_\_\_ global warming is the Paris Agreement dealing \_\_\_\_\_ greenhouse gases emissions.
3. The agreement \_\_\_\_\_ the Paris treaty was negotiated the representatives of 195 countries in Paris and adopted \_\_\_\_\_ consensus on 12 December 2015.
4. The US and China – together are responsible \_\_\_\_\_ 40 % of the world’s carbon emissions – have both formally joined \_\_\_\_\_ the Paris global climate agreement.
5. Eco-efficiency applies \_\_\_\_\_ all business aspects, \_\_\_\_\_ purchasing and production \_\_\_\_\_ marketing and distribution
6. Green economy is closely associated \_\_\_\_\_ the term “*eco-efficiency*”, which was created \_\_\_\_\_ the World Business Council \_\_\_\_\_ Sustainable Development (WBCSD) in 1992.

**4. Fill in the gaps with a suitable derivative of the words in brackets.**

Green economics and green politics both emphasize the *(to create)* \_\_\_\_\_ of positive alternatives in all areas of life and every sector of the economy. Green economics does not prioritize support for either the “public” or the “private” sector. It argues that BOTH sectors must be *(transformation)* \_\_\_\_\_ so that markets express social and *(ecology)* \_\_\_\_\_ values, and the state becomes merged with grassroots networks of community *(to innovate)* \_\_\_\_\_. For this to happen, new economic processes must be designed, and new rules of the game written, so that incentives for *(ecology)* \_\_\_\_\_ conduct are built into everyday economic life. The state can then function less as a policeman, and more as a *(coordination)* \_\_\_\_\_. This is a very different kind of “self-regulation” than current profit-driven market forces.

**5. Complete the sentences with the words given below.**

1. ... is low-carbon, resource efficient, and socially inclusive.
2. ... is an increase in the capacity of an economy to produce goods and services, compared from one period of time to another.
3. A recognition of perspectives that fosters a comprehensive understanding of the natural environment is ... .

4. ... generates more value through technology and process changes whilst reducing resource use and environmental impact throughout the product or service's life.
5. An ability to recover from or adjust easily to a change is ... .
6. Any naturally occurring, theoretically inexhaustible source of energy, as biomass, solar, wind, tidal, wave, and hydroelectric power, that is not derived from fossil or nuclear fuel is ... .

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Words for reference: *renewable energy, eco-efficiency, resilience, ecological awareness, green economy, economic growth.*

## 6. Choose the correct variant.

1. Sustainable development has three parts. Which option describes them?
  - a) Waste, air quality and biodiversity.
  - b) Social equality, human rights and health.
  - c) Wealth, economic growth and poverty.
  - d) Social, environment and economic.
2. What does the Kyoto agreement look at?
 

a) Nuclear waste.	c) Rising sea levels.
b) Climate change.	d) Access to healthcare.
3. Which gas causes global warming?
 

a) Carbon dioxide.	c) Nitrogen dioxide.
b) Chlorine.	d) Sulfur dioxide.
4. What is the best option for sustainable dealing with waste?
 

a) Recycle it.	c) Incinerate it and generate electricity.
b) Reduce the amount produced.	d) Re-use the waste.
5. Which option best describes social sustainability?
 

a) Meeting people's needs.	c) Making sure people have jobs.
b) Providing clean drinking water.	d) Giving people good healthcare
6. Electric cars are environmentally-friendly. Why were they not sustainable?
  - a) They were not economically sustainable.
  - b) They did not meet people's needs.
  - c) They did not perform as well as petrol cars.
  - d) All of the above options.
7. Which option does economic sustainability meet?
  - a) Helps to make products cheaper.
  - b) Company profits go to shareholders.
  - c) Creates wealth to improve living standards.
  - d) Recycles materials to save on costs.

8. The field of sustainable development can be conceptually broken into three constituent parts: environmental sustainability, \_\_\_\_\_ sustainability and sociopolitical sustainability.

- a) economic
- b) commercial
- c) labor
- d) production

**7. Are the following statements True or False?**

1. Green economics means a direct focus on meeting human and environmental need.
2. In a green economics, growth in income and employment are driven only by public investments.
3. The key aim for a transition to a green economics is to enable economic growth and investment while increasing environmental quality and social inclusiveness.
4. The enabling conditions consist of introduction of government regulations and policies, changes in international economics structure and society participation.
5. Government has no means to favour the transition to green economics.
6. Through provision of information, businesses can influence consumer behaviour and support them in making greener choices in their respective markets.
7. Human activities have nothing to do with global warming.
8. The Paris agreement on global warming was signed by the representatives of 195 countries in Paris in December 2015.



## Information Technology

**1. Say whether the statements are True or False.**

1. The Internet is a huge information and message network that connects smaller networks around the world.
2. Advances in information technology slow down economic and social changes in the modern world.
3. Information technology does not have any impact on macroeconomic changes in the world.

4. E-business is a part of e-commerce.
5. Customer-focused processes include procurement, ordering and replenishment of stocks; processing of payments; electronic links with suppliers; and production control processes.
6. Internal management processes include employee services, training, internal information-sharing, video-conferencing, and recruiting.
7. Cloud computing allows a company to have access to its data and software over the internet.
8. It is not taking the orders online, that causes the problems for e-tailers, it is the operational costs of fulfilling those orders.

**2. Choose the best variant that fits the context.**

1. This laptop can \_\_\_\_\_ (= function on) battery power for about 2.5 hours.  
a) run off                      b) turn on                      c) use
2. LG Electronics recently \_\_\_\_\_ (= presented) a smartphone chip which can offer a connectivity speed that's eight times faster than that of current smartphones.  
a) unraveled                      b) unveiled                      c) underestimated
3. LTE (Long Term Evolution) technology will probably be used by many next-\_\_\_\_\_ (= future, the newest) mobile devices.  
a) generation                      b) generations                      c) generalization
4. Many new mobile devices use a touch \_\_\_\_\_ instead of a real keypad.  
a) interface                      b) interaction                      c) intercom
5. New products often \_\_\_\_\_ space better than their predecessors. =  
New products often make better use of space than their predecessors.  
a) minimize                      b) use up                      c) maximize
6. A: Is your web host \_\_\_\_\_? B: No, it's very expensive!  
a) low price                      b) affordable                      c) costly
7. SEO (Search Engine Optimization) is all about making your site easier to \_\_\_\_\_ in searches.  
a) search                      b) discover                      c) find
8. \_\_\_\_\_ refers to how easy it is for people to navigate the site.  
a) Users                      b) Usability                      c) Usefulness
9. Social networking websites are often used by companies to communicate with their customers, to solve problems or to \_\_\_\_\_ a brewing crisis.  
a) defuse                      b) turn on                      c) erupt
10. Some companies have used social media such as Twitter to \_\_\_\_\_ out public relations fires before they spread.  
a) take                      b) throw                      c) put

11. The company's social media team attempts to track down dissatisfied customers and then contacts them in order to \_\_\_\_\_ amends for poor service or faulty products.
  - a) give
  - b) make
  - c) hold
12. By \_\_\_\_\_ discount alerts on Twitter, Dell has generated more than \$1m in sales.
  - a) emitting
  - b) activating
  - c) broadcasting
13. The company's blog resolution team \_\_\_\_\_ the Web for comments, both positive and negative, on our products and services.
  - a) trawl
  - b) click
  - c) tweet
14. The extraordinary expansion of social media has brought about a radical \_\_\_\_\_ in the way companies communicate with their customers.
  - a) solution
  - b) shift
  - c) crash
15. A growing number of companies are putting together teams of high-level employees whose role is to \_\_\_\_\_ with social media.
  - a) familiarize
  - b) involve
  - c) engage
16. eBay, an online \_\_\_\_\_ site which was founded in 1995, enables Internet users to trade with each other.
  - a) booking
  - b) search
  - c) auction

**3. Choose the right answer for the following.**

1. In computer terms, what are cookies?
  - a) The free biscuits given out at vendors' booths at hi-tech trade shows.
  - b) Tiny text files installed on your computer when you visit websites so they can remember you.
  - c) Temporary workers who grind out computer code for a living and are hired and fired as needed.
2. If you had Bluetooth on your mobile phone would that be
  - a) a good thing. It's a short range radio technology that lets you swap data with others.
  - b) a bad thing. It means the phone has crashed.
  - c) a very bad thing. It's a virus that eats all your contacts.
3. What is the name of the huge electronic library with lots of information?
  - a) E-mail
  - b) World Wide Web
  - c) Chat Room
4. What is a place where people can write back and forth in real time?
  - a) E-mail
  - b) World Wide Web
  - c) Chat Room
5. What type of e-commerce do 80 % of companies have?
  - a) B2B
  - b) business-to-consumer
  - c) business-to-government

6. Which is not a benefit of cloud computing?
  - a) dependency on your Internet connection
  - b) scalable
  - c) up-to-date
7. One purpose of a network is
  - a) sharing software
  - b) compiling program
  - c) changing software
8. What is a network?
  - a) A set of software used to send information.
  - b) A collection of computers and devices connected by communication channels.
  - c) A set of hardware that is used to save information.

**4. Fill in the gaps with the correct prepositions if necessary.**

1. Information technology (IT) refers \_\_ anything related \_\_ computing technology, such as networking, hardware, software, the Internet, or the people that work \_\_ these technologies.
  - a) to, with, with
  - b) to, to, with
  - c) with, to, with
2. Advances \_\_\_\_\_ information technology reinforce economic and social changes \_\_\_\_\_ the modern world.
  - a) in, in
  - b) of, in
  - c) in, of
3. \_\_ 1997 the PC maker Dell announced a single day sales record \_\_ a million dollars \_\_ its website.
  - a) In, of, at
  - b) In, of, on
  - c) Since, for, on
4. \_\_ 2003 Amazon had its full year \_\_ profit \_\_ online sales.
  - a) In, of, in
  - b) In, with, from
  - c) By, of, of
5. \_\_ 2004 Mark Zuckerberg launched Facebook \_\_ Harvard University. \_\_ 2009, the site boasted \_\_ 200 million active uses. By January 2016 Facebook climbs \_\_ 1.59 billion users and crushes Q4 estimates with \$5.8B revenue.
  - a) In, in, in, over. At
  - b) By, in, by, above. To
  - c) In, at, by, over. To
6. Viber is an instant messaging and Voice over IP (VoIP) app \_\_ smartphones developed \_\_ Viber Media.
  - a) for, by
  - b) in, with
  - c) for, at
7. \_\_ addition \_\_ instant messaging, users can exchange images, video and audio media messages.
  - a) In, with
  - b) By, to
  - c) In, to
8. Viber works both \_\_ 3G/4G and Wi-Fi networks. It first requires installation \_\_ a phone \_\_ order to work \_\_ a desktop operating system environment.
  - a) on, on, in, on
  - b) with, in, in, with
  - c) on, to, with, on



rect, which is exploiting the untapped market for 9) \_\_\_\_\_ spectacle sales. Video games are another popular investment. Online video-gaming services such as Playfish are offering their games (and selling products related to them) on 10) \_\_\_\_\_ sites such as Facebook.

1	a) housing	b) bubble	c) dotcom
2	a) e-commerce	b) e-commercial	c) e-sales
3	a) sights	b) sites	c) carts
4	a) Web	b) search	c) net
5	a) personal	b) personality	c) personalized
6	a) advertising revenues	b) advertising costs	c) advertising income
7	a) browse	b) search engine	c) cookie
8	a) digit media	b) digital medium	c) digital media
9	a) inline	b) online	c) web
10	a) social networking	b) community networking	c) society networking

## 6. Read the following text and do the comprehension questions.

### Information Technology

If you want a brief history of information technology, here is one. Humans were the first “computers”. Then machines were invented to carry out the computational tasks. Now these machines have given way to new form of information technology. Information has become accessible from anywhere.

Information technology deals with the acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications. Thanks to the continuous development of computers, the original computing systems became minicomputers and later personal computers took the lead. Nowadays, mobile phones are dethroning the personal computer and computing is evolving faster to become disembodied more like a cloud, becoming accessible more easily whenever needed. Information technology in this sense has transformed people and companies and has allowed digital technology to influence society and economy alike.

- Information technology is changing principally because of:
  - the changing needs
  - new technological advances
- According to the author the first computers were:
  - calculators
  - humans
- Development of information technology is the result of:
  - advances in computing systems
  - development of machinery in general

4. Computing systems are taking the form of clouds means:  
 a) computers have become smaller  
 b) computing power will be disembodied.



## Shares

### 1. Match the terms from column A with their Russian equivalents in column B.

A	B
1) clearing house	a) гарантировать размещение ценных бумаг
2) offsetting position	b) компенсирующая позиция
3) blue chip company	c) «голубая фишка»
4) flotation/IPO	d) клиринговая (расчетная) палата
5) residual value	e) первичное размещение акций на фондовой бирже
6) preference shares	f) остаточная стоимость/стоимость актива за вычетом амортизации
7) to underwrite the issue	g) льготы акции

### 2. Guess the term:

- 1) a type of equity financing;
- 2) the income received from the ownership of shares;
- 3) the issue of new shares for shareholders instead of paying dividends;
- 4) the issue of new shares, which are normally offered first to existing shareholders at less than their market price;
- 5) shares in large, well-established companies with a good reputation for quality and profitability;
- 6) a firm whose shares are quoted on a stock exchange for public trading.

### 3. Fill in the gaps with prepositions.

1. Ownership ... shares carries the right to receive a proportion ... the company's profits
 

a) -, of;	c) -, -;
b) of, of;	d) of, in.
2. Shareholders can sell their shares ... the secondary market ... any time.
 

a) on, by;	c) on, at;
b) to, for;	d) in, in.

3. The act ... issuing shares ... the first time is known as floatation.
  - a) of, for;
  - b) of, at;
  - c) for, on;
  - d) to, for.
4. Companies usually use an investment bank to underwrite the issue, i.e. to guarantee to purchase all the securities ... an agreed price ... a certain day.
  - a) on, on;
  - b) at, on;
  - c) at, at;
  - d) on, at.
5. Companies wishing to raise more money ... expansion can sometimes issue new shares, which are normally offered first ... existing shareholders ... less than their market price.
  - a) to, in, for;
  - b) by, to, at;
  - c) for, to, at;
  - d) for, to, in.
6. You can buy stocks ... a new company ... it hits the stock exchange, however, you need a lot of money, because these shares are sold ... bulk quantities.
  - a) for, after, at;
  - b) of, before, in;
  - c) of, before, at;
  - d) of, before, of.

**4. Fill in the gaps with a suitable derivative of the words in brackets.**

If you want to (*investment*) \_\_\_\_\_ in stocks and shares, there are extensive online resources to take advantage of. From (*look*) \_\_\_\_\_ at an interactive glossary of trading terms to monitoring the latest market (*move*) \_\_\_\_\_ in real-time, technology (*able*) \_\_\_\_\_ anyone to make a profit from (*invest*) \_\_\_\_\_.

The government's policy in UK is aimed at (*accelerator*) \_\_\_\_\_ sustainable economic growth. Therefore, it is perhaps no surprise to hear that the UK's tech sector continues to fuel (*economy*) \_\_\_\_\_ growth. With past and present funding opportunities for things like cross-platform production in digital media, intelligent data insights, and solar powered irrigation pumps, the UK's tech sector shows no signs of (*slow*) \_\_\_\_\_ down.

**5. Choose the correct variant.**

1. You might want to buy shares because:
  - a) You believe the price of the shares will rise.
  - b) You believe the price of the shares will fall.
  - c) You don't want to become eligible for dividend payouts.
2. The price of a large, established company's stock probably won't fluctuate too much. What does "fluctuate" mean?
  - a) Lose value.
  - b) Gain value.
  - c) Stay the same.
  - d) Move up and down unpredictably.

3. Which of these factors most influences whether a company's stock price goes up or down?
  - a) The amount of money its executives earn.
  - b) The number of people who own its stocks.
  - c) The number of employees who work there.
  - d) The amount of money it makes, compared to the amount it spends.
4. Investors should “buy low and sell high.” What does it mean?
  - a) They should buy low-risk stocks, and sell high-risk ones.
  - b) They will make money if they buy stock at a low price and sell it after the price goes up.
  - c) They should buy a small number of shares, and sell a high number of shares.
  - d) They should buy shares of small corporations, and sell shares of large corporations.
5. Fungible, negotiable instruments representing financial value are
  - a) Securities.
  - b) Commodities.
  - c) Stock exchange.

**6.** Complete the sentences with the words given below.

The world’s major **1**... recorded large losses yesterday because of fears about the U.S. economy. Many American home-owners are having problems **2**... their housing **3**..., and this is making investors worry that the US economy is **4** ... There was a large **5**... on Wall Street, which saw its second-biggest drop in four years. This sent waves of panic around Asian and European markets, where **6** ... also fell sharply. Stocks in Japan, Hong Kong and South Korea **7**... by more than two percent. Other Asian countries experienced bigger losses. Values in India, Singapore and the Philippines **8** ... over three percent.

David Cohen, chief economist of the Action Economics consultancy in Singapore, said the current mini-crisis is only because of nervousness among investors.

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Words for reference: *tumbled, dropped, slowing down, sell-off of shares, share prices, stock markets, repaying, loans.*





## Bonds

### 1. Match the terms from column A with their Russian equivalents in column B.

A	B
1) residual value	a) привилегированные акции
2) secondary market	b) руководить корпорацией
3) ordinary shares/equities	c) вторичный рынок (рынок, на котором перепродаются ценные бумаги после их первичного выпуска)
4) preference shares	d) остаточная стоимость/стоимость актива за вычетом амортизации
5) to run a corporation	e) обычные акции
6) institutional investors	f) институциональный инвестор / учреждение-вкладчик
7) negotiable	g) долговое финансирование, финансирование за счет облигаций
8) debt financing	h) оборотный

### 2. Match the words from A with their definitions from B.

A	B
1) Maturity date	a) The date on which the issuer has to repay the amount borrowed.
2) Equity financing	b) High risk, high yield bonds.
3) Bonds	c) Fixed-income securities as you know the exact amount of cash you'll get back on the maturity date.
4) Junk-bonds	d) Part ownership of the company in the form of stocks and shares.
5) Principal	e) Issuing new shares to shareholders instead of paying dividends.
6) Bonus issue	f) Investors loan money to corporations.
7) Shareholders	g) The people who have an equity stake in the company.
8) Corporate bonds	h) The original investment.

### 3. Complete the sentences with the words given below.

Corporations need 1. ... for the purchase of assets and the payment of expenses. The corporations can 2. ... shares in exchange for money or property. Sometimes it is called as equity funding. The holders of the shares form the 3. ... of the company. Each share is represented by a stock certificate, which is

4. ... . It means that one can buy and sell it. The 5. ... of a share is determined by the net assets divided by the total number of shares outstanding.

The greater the success, the more value the shares have. A 6. ... can also get capital by borrowing. It is called 7. ... funding. If a corporation borrows money, they give notes or bonds. They are also negotiable. But the interest has to be paid out whether business is 8. ... or not. When running the corporation, management must consider both the outflow and inflow of capital. The outflow is formed by the purchase of inventory and supplies, payment of salaries. The inflow is formed by the sale of goods and services. In the 9. ... run the inflow must be greater than the outflow. It results in a 10. ... . In addition, a company must deduct its costs, expenses, losses on bad debts, interest on borrowed capital and other items. The amount of 11. ... involved is also an important factor. It determines the fund raising and it shows if a particular corporation is a good 12. ... .

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Words for reference: *Investment, profit, negotiable, financing, issue, ownership, value, corporation, long, risk, debt, profitable.*

#### 4. Insert the necessary prepositions.

Have you ever borrowed money? Of course you have! Whether we hit our parents up for a few bucks to buy candy as children or asked the bank ... a mortgage, most of us have borrowed money ... some point in our lives.

Just as people need money so do companies and governments. A company needs funds to expand ... new markets, while governments need money for everything ... infrastructure ... social programs. The problem large organizations run ... is that they typically need far more money than the average bank can provide. The solution is to raise money ... issuing bonds (or other debt instruments) ... a public market.

#### 5. Match the words below to make word partnerships:

- |                  |               |
|------------------|---------------|
| 1) debt          | a) issue      |
| 2) bonus         | b) security   |
| 3) ownership     | c) bond       |
| 4) joint-stock   | d) bid        |
| 5) corporate     | e) stake      |
| 6. quote         | f) company    |
| 7) to underwrite | g) securities |

**6. Match the words from A with their synonyms from B.**

A	B
1) IPO	a) listed
2) shares	b) stocks
3) quoted	c) flotation
4) shareholders	d) scrip issue
5) bonus issue	e) coupon
6) original investment	f) stockholders
7) interest payments	g) principal

**7. Choose the correct variant.**

- High risk, high yield bonds are called:  
a) junk bonds;            c) government bonds;  
b) corporate bonds;    d) Treasury notes.
- Bonds with a maturity of ten to 30 years are called:  
a) junk bonds;            c) Treasury notes;  
b) corporate bonds;    d) Treasury bonds.
- Shares in a company that are owned by people who have a right to vote at the company's meetings and to receive part of the company's profits after the holders of preference shares have been paid are called:  
a) junk bonds;            c) stock dividend;  
b) ordinary shares;    d) rights issue.
- A type of equity financing is called:  
a) shares;                    c) stock dividend;  
b) bonus issue;            d) scrip issue.

**8. Are the following statements True or False?**

- When a company issues stock, it is selling a piece of itself in exchange for cash.
- Bond-issuing companies use investment banks to find investors.
- Stocks are simply bonds of individual companies.
- Bondholders get their money back if a company goes bankrupt.
- When an entity issues a bond, it promises to pay interest for the use of the money.
- Governments systematically finance public spending by issuing shares.
- Large corporations have a lot of flexibility as to how much debt they can issue: the limit is whatever the market will bear.





## Derivatives

**1.** Match the Russian word combinations from **A** with their English equivalents from **B**.

A	B
1) купонные выплаты	a) futures contract
2) фьючерсный контракт	b) forward contract
3) особо надежные ценные бумаги корпорации	c) coupon payments
4) цена, лежащая в основе (базовая цена)	d) clearing house
5) форвардный контракт	e) hedging
6) хеджирование, страхование от потерь	f) underlying price
7) клиринговая (расчетная) палата	g) gilt edged securities

**2.** Match the words below to make word partnerships:

1) financial	a) rate
2) underlying	b) house
3) future/forward	c) date
4) clearing	d) premium
5) reducing	e) contract
6) exchange/interest	f) markets
7) spot/futures	g) swaps
8) option	h) asset
9) maturity	i) instrument
10) to earn	j) risks
11) currency	k) put

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

A	B
1) value	a) to gain
2) to diminish	b) remuneration
3) speculation	c) commitment
4) to earn	d) tradable
5) payment	e) to reduce
6) obligation	f) profiteering
7) exchange	g) cost
8) saleable	h) trade

**4. Complete the sentences with the words given below.**

1. ... is a financial security the value of which is derived in part from the value and characteristics of another security or commodity, so called underlying asset.
2. An ... is an agreement giving the right, but not the obligation, to buy or sell a security or commodity at a particular price at a particular future time, or in a period of future time.
3. A ... is an agreement giving an obligation to sell a fixed amount of an asset at a particular price on a particular future date.
4. Individual, non-standard, "over-the-counter" deals between two parties are called ... .
5. A ... is a derivative in which two counterparties agree to exchange one stream of asset against another stream.
6. A ... gives the right to sell an asset at a certain price during a certain period of time.
7. A ... gives the right to buy securities (or a currency, or a commodity) at a certain price during a certain period of time.

---

Words for references: *call option, derivative, forward contracts, put option, options contract, futures contract, swap, to hedge.*

**5. Fill in the gaps with prepositions.**

1. A derivative is a financial instrument (or, more simply, an agreement between two parties) that has a value, based ... the expected future price movements ... the asset.  
a) on, of                                      b) at, of                                      c) on, in                                      d) of, in
2. The individual or institution has access ... the asset ... a specified amount of time, and then can sell it ... the future at a specified price according ... the futures contract.  
a) —, for, on, of                                      b) —, —, —, —                                      c) to, for, in, to                                      d) to, at, on, to
3. Enormous amounts ... commodities, currencies and financial securities are traded ... immediate delivery ... their current price on spot markets.  
a) in, for, in                                      b) of, from, at                                      c) of, for, at                                      d) of, —, on
4. A put option gives the right to sell an asset ... a certain price ... a certain period of time.  
a) for, for                                      b) on, during                                      c) at, from                                      d) at, during
5. The owner of a European option has the right to require the sale to take place ... (but not before) the maturity date.  
a) in                                      b) on                                      c) up to                                      d) at
6. The owner of an American option can require the sale to take place at any time ... the maturity date. If the owner of the contract exercises this right.  
a) in                                      b) on                                      c) up to                                      d) at

## 6. Match the words from A with their definition from B.

A	B
1) derivatives	a) an agreement between two parties for the sale of an asset at an agreed upon price
2) put option	b) an option, which gives the right to buy securities (or a currency, or a commodity) at a certain price during a certain period of time
3) futures contract	c) generally accepted form of money, including coins and paper notes, which is issued by a government and circulated within an economy
4) currency	d) the date on which the principal amount of a note, draft, bond or other debt instrument becomes due and is repaid to the investor and interest payments stop
5) call option	e) a contract between two parties in which the contract's value is determined by the fluctuation in value of an underlying asset
6) maturity date	f) an option, which gives the right to sell an asset at a certain price during a certain period of time

## 7. Write the English equivalents:

клиринговая (расчетная) палата – ...  
производная ценная бумага – ...  
фьючерсный контракт – ...  
форвардный контракт – ...  
(дата) платежа (погашения) ценных бумаг – ...  
компенсирующая позиция – ...  
опцион – ...  
цена исполнения – ...  
актив, лежащий в основе сделки – ...  
опцион на продажу – ...  
опцион на покупку – ...

## 8. Are the following statements True or False?

1. In finance, a derivative is a financial instrument that has a value, based on the expected future price movements of the asset to which it is linked.
2. Hedging is a technique that attempts to maximize risk.
3. Every weekday, enormous amounts of commodities, currencies and financial securities are traded for immediate delivery at their current price on spot markets.

4. Options are contracts that give the owner the obligation to buy or sell an asset.
5. A put option gives the right to sell an asset at a certain price during a certain period of time.
6. Swaps are contracts to exchange cash (flows) on or before a specified future date based on the underlying value of currencies/exchange rates, bonds/interest rates, commodities, stocks or other assets.



## Venture Capital

### 1. Choose the correct variant.

1. Venture capital is also known as ... .
  - a) risk capital
  - b) non-risk capital
  - c) angel capital
2. There are two basic types of venture capital investors, such as ...
  - a) institutional investors and business angels
  - b) institutional investors and business devils
  - c) aesthetical investors and business angels
3. The most attractive areas for venture capitalists are ... .
  - a) property, IT, oil industry
  - b) space industry
  - c) hi-tech, bio- and nanotechnologies
4. To attract venture capital, start-ups need to prepare several critical documents. Among them are ...
  - a) business executive summary, business plan, due diligence, marketing material, etc.
  - b) business executive summary, essay about your future plans, due diligence, a list of your competitors, etc.
  - c) business executive summary, shop list, due diligence, marketing material.
5. Investors are interested in companies with ... prospects.
  - a) high risk
  - b) high costs
  - c) high growth
6. Development of the new economy calls for a constant ... of capital.
  - a) deflux
  - b) inflow
  - c) circulation
7. A record of actual performance or accomplishment of business is ... .
  - a) due diligence
  - b) track record
  - c) executive summary

**2.** Match the words with their synonyms.

- |                        |                               |
|------------------------|-------------------------------|
| 1) venture capital     | a) facilitate, boost <i>v</i> |
| 2) capital injection   | b) revive <i>v</i>            |
| 3) foster <i>v</i>     | c) yields                     |
| 4) unquoted company    | d) development capital        |
| 5) returns <i>n</i>    | e) capital infusion           |
| 6) revitalize <i>v</i> | f) unlisted company           |

**3.** Insert correct preposition where necessary.

An active venture capital market can boost 1. ... economic growth. Economic growth is driven by innovation, spearheaded by young entrepreneurial firms, where financing 2. ... firms can be difficult because of moral hazard and asymmetric information. Venture capitalists specialize 3. ... solving these problems, thereby connecting idea-rich entrepreneurs with cash-rich investors. Ensuring funding for innovative firms has positive externalities 4. ... the economy, so it makes sense for governments to promote an active venture capital market. The argument 5. ... supporting the venture capital markets starts 6. ... standard macroeconomic theory: to produce output, capital and labour need to be available. How capital and labour are combined is central to how much output is produced. To increase output given the inputs, productivity needs to increase 7. ... innovations. Innovations are often brought 8. ... the market and dissipated through the economy by young entrepreneurial firms. Small firms tend to be more important 9. ... less concentrated immature industries. New smaller firms also choose more risky product introduction strategies compared with more established firms.

- |            |          |            |
|------------|----------|------------|
| 1. a. out  | b. on    | c. –       |
| 2. a. in   | b. of    | c. –       |
| 3. a. in   | b. at    | c. –       |
| 4. a. to   | b. on    | c. –       |
| 5. a. for  | b. about | c. against |
| 6. a. from | b. with  | c. in      |
| 7. a. with | b. in    | c. through |
| 8. a. to   | b. from  | c. at      |
| 9. a. in   | b. on    | c. at      |

**4.** Match the English terms from column A with their Russian equivalents from column B.

A	B
1) hands-on	a) рентабельность инвестиций (капиталовложений)
2) ROI (return on investment)	b) инвестиции на модернизацию изделия в процессе эксплуатации

3) break-even	c) контрольный пакет акций над управлением компании
4) follow-on investment	d) рисковое финансирование с активным участием инвестора непосредственно в осуществлении проекта
5) pilot production	e) послужной список, достижения
6) equity stake	f) опытное производство
7) track record	g) безубыточность, самоокупаемость

### 5. Guess the sentences as True or False.

1. Venture capital is an insignificant source of financing for startups that don't have access to capital market.
2. Venture capitalists are willing to invest in unquoted companies because they can earn a massive return on their investment if these companies are a success.
3. Business plan is an oral detailed description of how a new business is going to achieve its goals.
4. Traditional financing channels provide sufficient funds for high-risk and long-term investments in new technologies.
5. Institutional investors support mature companies that wish to expand more and that have access to public funding.
6. A venture capitalist continuously searches for new deals and actively participates in managing the company.
7. The venture capitalist's return is unlikely to depend on growth and profitability of the business.

### 6. Guess and choose the term from the box below.

due diligence	angel investor	startup	venture capitalist	IPO
venture capital	venture capital fund	investment fund		

1. ... is money provided to seed early stage, emerging companies.
2. ... is an analyses of a business or a person prior to signing a contract.
3. ... is the first sale of stock by a private company to the public.
4. ... is an ... that manages money from investors seeking private equity stakes in startup and small- and medium-size enterprises with strong potential.
5. ... is a company that is in the first stage of its operations.
6. ... is an investor who either provides capital to startup ventures or supports small companies that wish to expand but don't have access to equities markets in return for a part of their company.
7. ... are most often individuals who want to help other entrepreneurs get their business off the ground and earn a high return on their investment.



## Exchange rate

### 1. Choose the correct variant.

1. A ... is a service that is able to accept currencies of different countries and provide currency for a particular country in exchange.
  - a) economic service
  - b) currency exchange
  - c) intangible currency rate
2. With a pegged exchange rate, an initial target exchange rate is set and the actual exchange rate will be allowed to ... in a range around that initial target rate.
  - a) volatile
  - b) function
  - c) fluctuate
3. One of the major determinants of exchange rate movements is ... .
  - a) public debt
  - b) credit standing
  - c) insolvency
4. For a managed floating system, exchange rate is also determined by the free movement of ... but the monetary authorities intervene at certain times to “manage” the exchange rate to prevent high volatilities.
  - a) market forces
  - b) supply and demand
  - c) prices
5. Under a fixed exchange rate system, a country that increases its money supply would see its inflation rate ... and its trade deficit ... .
  - a) rise, shrink
  - b) rise, widen
  - c) fall, shrink
  - d) fall, widen
6. A reduction of a fixed exchange rate is a ... , and an increase in a fixed exchange rate is a ... .
  - a) revaluation; devaluation
  - b) devaluation; revaluation
  - c) appreciation; depreciation
  - d) depreciation; appreciation
7. Fixed exchange rates are chosen by ... .
  - a) financial markets
  - b) central banks
  - c) both
8. In “freely” and “managed” floating regimes a loss in currency value is conventionally called ... .
  - a) devaluation
  - b) depreciation
  - c) depression
9. Real exchange rates are nominal rates corrected by ... measures.
  - a) inflation
  - b) public debt
  - c) economic growth
10. Freely floating exchange rate is also called ... .
  - a) fixed
  - b) constant
  - c) flexible
11. If the central bank timely and significantly intervenes on the currency market, a ... floating exchange rate regime takes place.
  - a) freely
  - b) managed
  - c) dirty

**2.** Match the words from column A with their synonyms from column B.

A	B
1) floating <i>adj.</i>	a) transform <i>v</i>
2) foster <i>v</i>	b) deter <i>v</i>
3) decrease <i>n</i>	c) flexible <i>adj.</i>
4) pegged <i>adj.</i>	d) boost <i>v</i>
5) convert <i>v</i>	e) fixed <i>adj.</i>
6) constrain <i>v</i>	f) depreciation <i>n</i>
7) quote <i>v</i>	g) set <i>v</i>
8) correction <i>n</i>	h) economic activity
9) quoted currency	i) adjustment <i>n</i>
10) Economic performance	j) listed currency
11) competitive devaluation	k) currency war

**3.** Fill in the correct prepositions.

- In order to maintain the local exchange rate, the central bank buys and sells its own currency ... the foreign exchange market ... return ... the currency to which it is pegged.  
 a) in, on, of                      b) on, in, for                      c) on, in, to
- Exchange rate expresses the national currency's quotation ... respect ... foreign ones.  
 a) at, of                              b) in, to                              c) with, for
- Central banks declare a fixed exchange rate, offering to supply or buy any quantity ... domestic or foreign currencies ... that rate.  
 a) of, at                              b) in, on                              c) from, in
- Changes ... floating rates or pressures ... fixed rates will derive ... different determinants.  
 a) at, to, out of                      b) in, at, of                              c) in, on, from
- Balance of payments can highlight pressures ... devaluation or revaluation, reflected ... large and systematic trend of foreign currency reserves at the central bank.  
 a) for, in                              b) on, at                              c) at, on
- It's customary to distinguish nominal exchange rates ... real exchange rates. Nominal exchange rates are established ... currency financial markets which are similar ... stock exchange markets.  
 a) from, on, for                      b) from, on, to                      c) for, on, for
- Fixed regimes can often lead ... severe financial crises since a peg is difficult to maintain ... the long run.  
 a) to, on                              b) for, for                              c) to, in

8. Sometimes the governments could not meet the demands to convert the local currency ... the foreign currency ... the pegged rate.
  - a) into, to
  - b) into, at
  - c) onto, of
9. A large debt may prove worrisome to foreigners if they believe the country risks defaulting ... its obligations.
  - a) on
  - b) in
  - c) at
10. A large debt encourages inflation, and if inflation is high, the debt will be serviced and ultimately paid ... with cheaper real dollars ... the future.
  - a) off, by
  - b) off, in
  - c) of, at

#### 4. Make the following statements as True or False.

1. Exchange rate expresses the foreign currency's quotation in respect to national one.
2. Under fixed exchange rate regime, a loss of value, usually forced by market or a purposeful policy action, is called depreciation.
3. Fixed exchange rates are chosen by central banks.
4. Nominal exchange rates are real rates corrected by inflation measures.
5. If the central bank timely and significantly intervenes on the currency market, a floating rate regime takes place.
6. Exchange rate can be called a price.
7. A decrease in the exchange rate which is infrequent is called devaluation.
8. The reasons to peg a currency are linked to stability.
9. A floating exchange rate may be termed as "self-correcting".
10. A pegged currency can also cause the inflation rate to increase, which results from greater stability of the currency.
11. A pegged exchange rate means the value of the currency is fixed relative to a reference currency, such as the U.S. dollar.
12. An increase in the exchange rate is called revaluation.

#### 5. Guess the term.

1. An increase in the foreign exchange value of a currency that is pegged to other currencies or gold.
2. The market in which participants are able to buy, sell, exchange and speculate on currencies.
3. A monetary authority which is required to maintain a fixed exchange rate with a foreign currency.
4. A country's exchange rate regime under which the government or central bank ties the official exchange rate to another country's currency.
5. An increase in value of a property or other asset.

**6.** Explain the following:

1. race to the bottom;
2. quantitative easing (QE);
3. capital flight;
4. currency revaluation;
5. currency depreciation.



**capital** *n* – капитал

~ appreciation прирост капитала (увеличение рыночной стоимости акций инвестиционного фонда; для многих фондов прирост капитала является основной долгосрочной задачей)

~ inflow – приток капитала (за счет увеличения иностранных инвестиций в данную страну или за счет уменьшения капиталовложений данной страны в другие страны)

~ injection (also capital infusion) – денежное вливание

~ expenditure – капитальные расходы (затраты, издержки)

**certificate** *n* cert/certif. – сертификат (свидетельство о праве собственности на что-л.)

bearer ~ – предъявитель облигации

**clearing house** – клиринговая (расчетная) палата

**comply** *v* (with) – подчиняться (требованиям, правилам), соответствовать (стандартам)

**concise** *adj* – краткий, сжатый, лаконичный

**creditworthiness** – кредитоспособность

**current account deficit** – дефицит текущего баланса; пассивное (отрицательное) сальдо текущих операций

**contract** *n* – контракт

forward ~ – форвардный контракт, форвард

future ~ – фьючерсный контракт

**conversion factor** коэффициент перевода (конверсии) (используется для пересчета определенной величины из одной системы измерения в другую)

**commensurate** [kə'men(t)ʃ(ə)rət] соответственный, соответствующий, соразмерный, соизмеримый

**cloud computing** – облачные вычисления

**compatible** *adj* – (compatible with) совместимый, сочетаемый

**computer nerd** – компьютерный фанат

**currency band/exchange rate band** валютный коридор (интервал, в пределах которого допускается колебание курса национальной валюты)

**customer value** – воспринимаемая (потребительская) ценность

**customization** *n* – модификация в соответствии с требованиями заказчика

**debt financing** – долговое финансирование, финансирование за счет облигаций

**deplete** *v* – истощать, исчерпывать

**depletion** *n* – уменьшение, истощение (ресурсов)

ozone ~ – истощение озонового слоя

**derivative** *n* – производная ценная бумага (стоимость которой частично определяется стоимостью другой, основной ценной бумаги)

**determinant** детерминант, решающий / определяющий фактор  
**developmental** *adj* – связанный с развитием, эволюцией  
**disposal** *n* – ликвидация, утилизация  
**due diligence** – должная проверка, надлежащее обследование (внутренний анализ кредитором выданных кредитов с целью определения или переоценки кредитного риска)  
**eco** – 1) short for ecology; 2) (as modifier) an eco efficiency  
~ efficiency *n* – экоэффективность  
commitment to ~ – приверженность экоэффективности  
**ecology** *n* – экология  
**ecological** *adj* – экологический  
~ damage – экологический ущерб  
~ constraints – экологические ограничения  
**ecosystem** *n* – экосистема, экологическая система, биогеоценоз  
**EDI** – электронный обмен данными (ЭОД); набор стандартов для пересылки финансовых документов по телекоммуникационным сетям (разработан ассоциацией DISA).  
**emit** *v* – испускать, выделять (свет, тепло, запах); выбрасывать, извергать (пепел, дым, лаву)  
**emission** *n* – выброс / выделение  
hazardous ~ опасное распространение / выброс  
**empower** *v* – уполномочивать, снабжать полномочиями, поручать  
**endure** *v* – вынести, вытерпеть, выдержать  
**enhance** *v* – увеличивать, усиливать, улучшать (обычно какое-л. положительное свойство)  
**entitle** *v* – давать право (на что-л.)  
**environmentally-friendly** *adj* – экологически благоприятный  
**environment** *n* – окружающая среда  
to clean up the ~ – очищать окружающую среду  
to preserve/protect the ~ – охранять окружающую среду  
to pollute the ~ – загрязнять окружающую среду  
**environmental** *adj* – относящийся к окружающей среде; относящийся к борьбе с загрязнением окружающей среды  
Environmental Protection Agency – Управление по охране окружающей среды  
**equity** *n*  
~ financing – долевое финансирование, финансирование за счет акций  
**expertise** *n* – экспертные знания  
**greenhouse effect** – парниковый эффект  
**grid computing** – сетевые (коллективные, параллельные, распределенные) вычисления, «решетки» вычислительных ресурсов

**feasibility** *n* – выполнимость, осуществимость

~ study – технико-экономическое обоснование (ТЭО) (изучение осуществимости и экономической целесообразности проекта перед принятием решения о финансировании, производстве нового продукта или создании совместного предприятия)

**fluctuation** *n* – 1) колебание, неустойчивость; 2) изменение (цен, спроса)

**flotation / IPO** – первичное размещение акций на фондовой бирже

**halt** *v* – останавливать(ся)

**hands-on** – практический, активный (принимающий активное участие, напр. прямой контакт с работниками организации, прямое участие в работе организации), рисковое финансирование с активным участием инвестора непосредственно в осуществлении проекта

**hands-off** – основанный на невмешательстве, пассивный (не принимающий участия, не вмешивающийся, напр., в управление, позволяющий другим людям принимать решения и избегающий прямых контактов с персоналом), рисковое финансирование без активного участия инвестора непосредственно в осуществлении проекта

**heighten** [ˈhaɪt(ə)n] *v* 1) повышать, усиливать; 2) повышаться, усиливаться

**institutional investor** институциональный инвестор; юридическое лицо, активно инвестирующее в акции и другие финансовые активы (страховые компании, пенсионные и паевые фонды, корпорации)

**inflationary pressure** – инфляционное давление

**inclusive** *adj* – инклюзивный, без дискриминации

~ness – 1) всеохватность; 2) отсутствие дискриминации

**initial public offering (IPO)** – первоначальное публичное предложение акций (первый выпуск компанией своих акций на рынок, т. е. выпуск на первичный рынок акций новой компанией или компанией, которая преобразуется из закрытой в открытую)

**inventories** (*n; pl*) – 1) наличные товары; 2) материально-производственные запасы

**investment grade** – категория капиталовложений (рейтинг доходности облигаций)

**issue** *n* – эмиссия, выпуск

bonus ~ – бонусная эмиссия

right's ~ – выпуск новых акций, предлагаемых акционерам компании по льготной цене; to underwrite the ~ – гарантировать размещение ценных бумаг

**holistic** *adj* – холистический, глобальный, единый, целостный

**junk bond** – мусорная (бросовая) облигация (облигации с высоким процентом и высокой степенью риска, выпускаемые обычно государством)

с сомнительной платежеспособностью или компанией с плохой финансовой репутацией)

**lag** *v* – отставать, запаздывать

**maturity** *n* – срок погашения ценных бумаг

~ day – (дата) платежа (погашения) ценных бумаг

**moderate** *v* – 1) умерять; 2) смягчать

**networking** *n* – 1) объединение в сеть, создание сети, подключение к сети; 2) установление (деловых) контактов, налаживание связей: *networking opportunities* – возможности для налаживания контактов; *perfect time to do some networking* – идеальное время для установления деловых контактов

~ technologies – сетевые технологии

**offsetting position** – компенсирующая позиция (рыночное обязательство, которое противоположно какому-л. другому и поэтому нейтрализует его)

**option** *n* – опцион (разновидность срочной сделки, которую необязательно исполнять)

**paradigm** *n* – образец, пример, экземпляр

**peg** *v* – 1) искусственно поддерживать (курс, цену); 2) охранять от колебаний (курс, цену); 3) устанавливать цены/стоимость

**pegged currency** привязанная валюта, валюта с привязанным курсом (валюта, курс которой фиксирован по отношению к другой валюте или корзине валют)

**pervasive** *adj* – распространяющийся

**pictorial** *adj* – графический, сделанный в форме рисунков

**pitch** *n* – партия товара, выброшенного на рынок

**price** *n* – цена

underlying ~ – цена, лежащая в основе

strike / exercise ~ – цена исполнения, цена-страйк, страйк-цена

spot ~ – цена при условии немедленной уплаты наличными

**pollute** *v* – загрязнять

**pollution** *n* – загрязнение

environmental ~ – загрязнение окружающей среды

~ permit – разрешение на загрязнение окружающей среды

**principal** *n* – основная сумма, капитал (сумма, на которую начисляются проценты)

to repay the ~ – выплатить основную сумму капитала

**procurement** *n* – поставка, снабжение

**productivity gain** – повышение производительности

**quantify** *v* – определять количество, измерять, мерить

**rate of return** – уровень доходности, доходность, рентабельность (выраженное в процентах отношение фактически полученного, ожидаемого или желаемого дохода от инвестиции к стоимости инвестиционного актива или затратам на реализацию инвестиционного проекта)

**rebalancing** *n* – восстановление равновесия

**recycle** *v* – повторно использовать, возвращать в оборот (отходы производства)

**reluctance** *n* – нежелание, нерасположение

**renewable resources** – возобновляемые (восполнимые) природные ресурсы

**residual value** – остаточная стоимость/стоимость актива за вычетом амортизации

**resilience** *n* – устойчивость (к внешним воздействиям), способность быстро восстанавливать прежнее состояние

**restraint** *n* – ограничение

**retrieval** – поиск, извлечение;

data/information ~ – поиск информации, поиск данных, информационный поиск

**return on investment (ROI)** – рентабельность инвестиций

**secondary market** – вторичный рынок (рынок, на котором перепродаются ценные бумаги после их первичного выпуска)

**shares / equities**

ordinary ~ – обычные акции

preference ~ – льготные акции

**securities** – ценные бумаги

gilt edged ~ – особо надежные ценные бумаги корпорации

**scalability** *n* – расширяемость, масштабируемость

**smart finance / money** – «умные деньги» (инвестиции, которые делаются знающими (имеющими дополнительную информацию) инвесторами в нужное время)

**stakeholders** *n* – заинтересованные стороны, заинтересованные круги

**streamline** *v* – 1) рационализировать; 2) упрощать

**sustain** *v* – способствовать (осуществлению чего-л.), обеспечивать

~ability *n* – устойчивость, устойчивое развитие

~able *adj* – (экологически) устойчивый (не наносящий ущерба окружающей среде)

**sustained** *adj* – длительный, стабильный

**swap** *n* – сделка/операция одновременной покупки или продажи иностранной валюты за наличные и продажи или покупки ее на срок

**tax shield** – налоговый щит (уменьшение платежей по налогу)

**toxic substances** – отравляющие/токсичные вещества

**track record** – послужной список

**value-added service** – дополнительная услуга (повышающая стоимость предлагаемого комплекса услуг), более дорогое обслуживание (с расширенными возможностями)

**variable  $n$**  – показатель, фактор

**volatility  $n$**  – изменчивость, непостоянство, нестабильность

**waste products** – отходы (производства)

**yield  $n$**  – доход, выручка, прибыль, доходность (выраженное в процентах отношение дохода по ценным бумагам, инвестициям и т. п. к номинальной или рыночной стоимости данных ценных бумаг или инвестиций)

# APPENDICES



## Appendix 1. Useful Expressions and Linking Words / Phrases

Look at the essay plans below for the three types of discursive essays, then say what features the plans have in common and how each plan differs from the others.

For and Against	Opinion	Solutions to Problems
<p><b>Introduction</b>  <b>Paragraph 1</b>                      state topic (without stating your opinion)</p>	<p><b>Introduction</b>  <b>Paragraph 1</b>                      state the topic and your opinion</p>	<p><b>Introduction</b>  <b>Paragraph 1</b>                      state the problem and its cause(s)/effect(s)</p>
<p><b>Main Body</b>  <b>Paragraphs 2–3</b>                      arguments for &amp; justifications, examples or reasons  <b>Paragraphs 4–5</b>                      arguments against &amp; justifications, examples or reasons</p>	<p><b>Main Body</b>  <b>Paragraphs 2–4</b>                      viewpoints &amp; reasons/examples  <b>Paragraphs 5</b>                      opposing viewpoint and reason/example</p>	<p><b>Main Body</b>  <b>Paragraphs 2–5</b>                      suggestions &amp; results</p>
<p><b>Conclusion</b>  <b>Final Paragraph</b>                      balanced consideration or opinion</p>	<p><b>Conclusion</b>  <b>Final Paragraph</b>                      summarize/restate your opinion</p>	<p><b>Conclusion</b>  <b>Final Paragraph</b>                      summarize your opinion</p>

### POINTS TO CONSIDER

- Present each point in a separate paragraph. A well-developed paragraph contains a clear **topic sentence**, which summarizes the contents of the paragraph, as well as clear **justification or explanation** in support of the point presented.
- Useful devices to make your composition more interesting are:  
 Well-known quotations;  
 Rhetorical questions;  
 Thought provoking statements.
- **Before** you begin writing, you should you should always make list of points you will present.
- **Do not use informal style:** contracted forms, colloquial language, etc.
- Use appropriate **linking words/phrases** to show the links between paragraphs, as well as to link sentences within the paragraph
- Use generalization (*e.g. In most developed countries education ...*)
- Make references to other sources (*e.g. Experts have proved that ...*)

## YOU SHOULD NOT

- Use very emotional language (e.g. *I absolutely detest people who ...*).
- Use overgeneralization (e.g. *All politicians are ...*).
- Use personal examples ( e.g. *In my school ...*).

## BEGINNINGS AND ENDINGS OF ESSAYS

In the **first paragraph** you should state the topic and/or your opinion, and you may use one or more of the following techniques.

- Make reference to an unusual or striking idea/scene/situation.
- Address the reader directly and/or ask a rhetorical question.
- Start with a quotation, a rhetorical question or a thought-provoking statement.

In the **last paragraph**, you should state your opinion and/or give a balanced consideration of the topic, and you may include one of the following techniques.

- Finish with a quotation.
- Ask a rhetorical question.
- Give the reader something to consider.



## Appendix 2. Useful Expressions and Linking Words / Phrases

To list points	<i>Firstly, First of all, In the first place, To begin/start with, Secondly, Thirdly, Finally</i>		
To list advantages	<i>One/Another/A further/An additional (major) advantage of ... is ... The main/greatest/first advantage of ... is ...</i>		
To list disadvantages	<i>One/Another/A further/An additional (major) disadvantage/drawback of ... The main/greatest/most serious/first disadvantage/drawback of ... Another negative aspect of ...</i>		
To add more points to the same topic	<i>In addition (to this), furthermore, moreover, besides, apart from ... what is more, as well as, not to mention (the fact) that, also, not only ... but also/as well, both ... and There is another side to the issue/question/argument of ...</i>		
To introduce points/arguments for or against	<i>One very convincing point/argument in favour of /against ... is ... A further common criticism of .../It could be argued that ...</i>		
	<i>It is</i>	<i>often widely generally</i>	<i>claimed suggested argued believed</i>
	<i>Some/Many people/Experts / Critics</i>	<i>claim/suggest/argue/feel that ... maintain/believe/point out/agree/hold that ...</i>	
		<i>are</i>	<i>advocate (+ing/noun)/support the view that ... oppose the view that ... in favour of/against ... of the opinion that/convinced that opposed to ...</i>

To make contrasting points	<i>On the other hand/However/Still/Yet/But/Nevertheless/Even so</i>	<i>it may be said/argued/claimed that ...</i>
	<i>Others/Many people</i>	<i>oppose this viewpoint ... (strongly) disagree ... claim/believe this argument is incorrect</i>
	<i>Although/though/even though/while/whereas/despite/in spite of (the fact that)/regardless the fact that ... Opponents of ... argue/believe/claim that ... The fact that ... contradicts the belief/idea that ... While it is true to say that ... , in fact ... While/Although ... , it cannot be denied that ...</i>	
To introduce example	<i>For example/for instance/such as/like/in particular/particularly/especially ... It is (clearly) illustrated/shown by the fact that ... One/a clear/striking/typical example of (this) ... The fact that ... shows/illustrates that ...</i>	
To emphasise a point	<i>Clearly/obviously/it's obvious/naturally/of course/needless to say/indeed</i>	
To express reality	<i>In fact/the fact (of the matter) is/actually/in practice/it is a fact that/in effect</i>	
To make general statements	<i>As a (general) rule/generally/in general/on the whole/by and large/in most cases</i>	
To make partially correct statements	<i>To certain extent/degree, to some extent/degree, in a way/sense, this is partly true (but), to a limited extent, there is some truth in (this), in some cases, up to a point</i>	
To explain/clarify a point	<i>In other words/that is to say/this means that</i>	
To express intention	<i>To/so as to/in order to/so that/with the intention of (+ing)</i>	
Expressions for giving opinions	<i>To my mind/To my way of thinking ... In my opinion/view ... My opinion is that ... I (firmly) believe ... I (definitely) feel/think that ...</i>	<i>I am (not) convinced that ... I am inclined to believe that I (do not) agree that/with ... It seems / appears to me ... It strikes me that ... As far as I am concerned ...</i>
To express cause	<i>Since/because/in view of/because of/owing to/due to (the fact that) .../the reason that ...</i>	
To express effect	<i>Thus/therefore/so/consequently/the result of ... would be .../would result in ...</i>	
To express purpose	<i>So that .../so as/in order (not) to .../with the purpose of/with intention of (+ing)</i>	
To express possibility/probability	<i>It can/could/may/might ... , It is possible/probable/(un)likely / certain that ... is (un)likely to ... , The likelihood/possibility of (-ing/noun) is ...</i>	

Problems and solutions	<i>Steps/Measures</i>	<i>should/must/could</i>	<i>be taken</i>	<i>so as to/in order to</i>	<i>solve/overcome/deal with ...</i>
	<i>People/Governments / We</i>	<i>should focus their/our attention on ways</i>	<i>to solve/overcome the problem of ... to improve the situation of ... to reduce the impact of ... on ...</i>		
	<i>Serious attempts to halt/prevent/solve ... must be made</i>				
Conclusion	<i>In conclusion, On balance, All things considered, Taking everything into account/consideration To conclude, To sum up, All in all, Finally/Lastly</i>	<i>it can/must be said/claimed that ... it seems/appears that ... it would seem that ... it is likely/unlikely/possible/foreseeable that ... it is clear/obvious that ... there is no/little doubt that ... the best course of action would be to ... achieving a balance between ... would be ... it is true to say that ... although it must be said that ... it may be concluded/said that ...  All things considered, the obvious conclusion to be drawn is that ... There is no absolute answer to the question of ... In the light of this evidence, it is clear/obvious/etc. that ...</i>			



### Appendix 3. Article Review

#### 1. Introduction.

<i>I want I'm going I would like</i>	<i>to speak about to give you some information to tell you a couple of words about to give a talk about to render the contents of</i>	<i>an item an article a feature story an essay</i>	<i>entitled (...)</i>
<i>The item The article The feature-story</i>	<i>under discussion under consideration under review</i>	<i>was written by was contributed by</i>	<i>(name of the author)</i>

#### 2. Source of publication.

<i>The item The article The feature-story</i>	<i>under discussion under consideration under review</i>	<i>is taken from was found in was printed in</i>	<i>(the source of the article)</i>
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### 3. Aim, main idea, problem of the article.

<i>The purpose of the article</i> <i>The aim of the article</i> <i>The article</i>	<i>is to give some information on</i> <i>is to provide a reader with some material on</i> <i>deals with</i> <i>is concerned with</i> <i>describes (examines, reveals, dwells on, explains, addresses, presents, outlines, considers looks into treats)</i>
<i>The essence of the article</i> <i>The core of the problem raised in the article</i> <i>The general/ essential/ main idea / message of the story</i> <i>The article / The author</i>	<i>is centered round</i> <i>is</i> <i>is conveyed through the presentation of</i> <i>deals with some aspects of, discusses some problems relating to, considers the problem of, presents the basic theory, provides information on, reviews the basic principles of ...</i> <i>discusses, gives his opinion on, expresses his(her) view concerning, comments on</i>

### 4. Content and structure of the article.

<i>The item</i> <i>The article</i>  <i>The feature-story</i> <i>The essay</i>	<i>can be divided into ...</i> <i>falls into ...</i> <i>is composed of ...</i> <i>consists of ...</i> <i>can be split into ...</i>	<i>parts</i>
<i>The opening part/passage ( the introductory part/passage)</i> <i>The central part (the main part)</i> <i>The following part</i> <i>The final part</i> <i>The conclusion</i>	<i>is about ...</i> <i>is devoted to ...</i> <i>is centered around ...</i> <i>is concentrated on ...</i> <i>is focused on .../... focuses on ...</i> <i>deals with ...</i> <i>tells us about ...</i> <i>touches upon ...</i> <i>shows us ...</i> <i>describes ...</i> <i>gives a description .../an account of ...</i>	

### 5. Conclusion.

<i>In a nutshell</i> <i>In conclusion</i> <i>By way of conclusion</i> <i>By way of summing up</i> <i>I want to say</i> <i>I can say</i> <i>I must say</i> <i>I would like to say</i>	<i>... is fairly interesting</i> <i>... is very instructive</i> <i>... is quite informative</i> <i>... rich in content</i>
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<i>Generally speaking</i> <i>On the whole</i>	<i>... made on me</i>	<i>... a great impression</i> <i>... a favourable impression</i> <i>... a good impression</i> <i>... an unforgettable impression</i> <i>... a pleasant impression</i>	
<i>From the item</i> <i>From the article</i> <i>From the essay</i>	<i>under discussion</i> <i>under consideration</i> <i>under review</i>	<i>I got to know</i> <i>I learned</i>	<i>a lot of interesting information/</i> <i>facts about (concerning) ...</i>



## Appendix 4. Conversational Formulas (clichés)

<b>Disagreement</b>	
Far from it. It's the other way round. Here I differ from you. I doubt it. It couldn't be further from the truth. Contrary to your agreement. Quite the contrary. I doubt that (if) ... It's really a pity, but ... I think you over/underestimate ... It's not as simple as all that. But that's not the point, the point is ... You are completely out of date. You must keep up to date.	You are mistaken. It doesn't make sense. You are completely and utterly wrong. You can't mean it. Too good to be true. On the contrary. On the other hand, ... There may be some truth in what you say but ... In fact the exact reverse is ... It's not at all the same thing. I can't accept his state when he says ... You lack imagination. At one time I thought so, too, but now ...
<b>Agreement</b>	
I (fully) agree that ... There's something in what you say ... It really looks like that. It's very well put. It would be natural to stress that ... I'd like your opinion about ... I'm sure you'll agree ...	On the whole you are right ... I accept this. That's a fine way of putting it! OK, OK, have it your own way! It looks strange, but ... I can see his point of view when he says ... You're full justified in saying ...
<b>Praise</b>	
It's magnificent (lovely, superb, amazing, fantastic, great, etc.) I'm absolutely thrilled (I'm thrilled no end). I'm crazy about ...	
<b>Disapproval</b>	
It's ridiculous (disgusting). It's below all criticism. I was shocked by ... It's a shame ... It couldn't possibly be worse.	It made me sick. Too bad for words. What's the use (good) of ...? No good at all!

<b>Persuading</b>	
Do it for my sake. I assure you it's worth it. If I were you, I should ... It's high time to ... It goes without saying that ... I don't want to impose my ideas, but I'm sure that ... I don't expect you to take it for granted, but ...	Do follow my advice and ... Just to please me. I wish you would take my advice. I wish I could convince you. If you just take a look at ... It's strange even to argue about it. I'd like to draw your attention to the following ...
<b>Refusal</b>	
I refuse absolutely. That's all very well, but ... That's easier said than done. I'm not in the mood. It isn't worth talking about ...	Don't impose on me in this way! I'd rather not. You don't seem to realize that ... Not for the world!
<b>Making suggestions</b>	
If I were you, I'd ... Don't you think it might be an idea ... I suggest that ...	Have you ever thought of ... Why don't you ... I'd like to put it to you that ...
<b>Stating preferences</b>	
As far as I'm concerned ... This one is preferable because ... I'd rather have that one because ... I like ... better than ...	I'd much prefer that one because ... From my point of view ... I'm rather more interested in ... than ... ... appeals to me more than ...
<b>Introducing a Point and Holding the Floor</b>	
I'd like to mention ... There are three points I want to make. Firstly ... , secondly ... , thirdly ... . I'm afraid the real issue is ... I feel we must discuss the issue of ... Yes, I'm coming to that in a moment.	Could I raise the subject of ...? Sorry, I'm not through yet. If I could just finish ... Sorry, I have another point to make. There's one question I'd like to raise ... That's rather a red herring (отвлекающий маневр).
<b>Correcting people</b>	
Not exact, but ... Forgive me if I keep correcting you. I'm afraid you're on the wrong track. That's not strictly true, you know.	No, I'm afraid you're mistaken. Sorry to correct you but there is something else you haven't noticed. You say there's one difference, but in fact there are two.
<b>Assuring and Reassuring</b>	
I assure you I shan't ... You shouldn't worry about that. Don't be afraid now ...	Where there is life there is hope. You can manage that. It won't be too difficult if you go on trying.
<b>Interrupting Conversation</b>	
Could I just say ... I'd like to add sth. here, if I may. Hold on a second. Don't you think ... May I put a word in?	I have a point (to make) here ... May I say sth. here? If I could stop you here for a second ...

<b>Asking for Opinion</b>	
How do you feel about? What's your opinion of?	I was wondering whether you stood on the question of ... What's your position on? What about ... ?
<b>Giving Opinion</b>	
In my opinion ... As far as I'm concerned ... Frankly (personally) I think ... I reckon ...	As far as I'm able to judge ... As I see it ... It would seem to me that ... From my point of view ...
<b>Asking for Clarification</b>	
I don't get you. I'm sorry. What are we arguing about? I'm sorry, but could you explain what you mean by ... What exactly are you driving (getting) at?	I'm afraid I don't follow ... I don't see what you mean. What exactly are you trying to say? Why should we choose between ...? I've missed the point completely.
<b>Giving Clarification</b>	
What I mean is ... Well, what I'm getting at is that ... I'd like to stress once again. True to some extent. Well, the point I'm trying to make is that ... This is not the reason why ... The last thing I mean is ...	All I'm trying to say is that ... I'd like to make a point. I want to press the point that ... The thing I want to mention is ... I'd like to point out ... The way I see it ... Now I begin to see ...
<b>Asking for More Detailed Information</b>	
Could I ask you a little more about ...? How exactly do you ...?	I'm interested in knowing more about...? I wonder if you could explain about ... in more detail?
<b>Making Generalizations</b>	
There's a tendency for doing ... In the majority of cases ... In most cases ... On the whole ...	Generally speaking ... To sum it all up ... The major point at issue is ... By and large ...
<b>Avoiding Being Misunderstood</b>	
Please don't misunderstand me. You haven't got the point I think. No ... just let me finish. Well. I didn't really mean embarrassing.	Don't get me wrong. I was about to say that in fact ... I'm not implying that you have no understanding of the problem. It's just that ...
<b>Expressing surprise</b>	
I can hardly believe it! You must be joking. That doesn't surprise me.	How on earth did you ... ? Would you believe it? No ... it can't be!

**Note:**

Never say or write **“I beg your pardon”** if you want to apologize for something, the meaning of this expression being that you haven't understood and would like the other person to repeat.

“Excuse me!” is not so much a true apology as a polite remark enabling you to make a request or cover up a slight disturbance.

“Sorry” is a true apology, i.e. when stepping on someone's foot.



## Appendix 5. Presentations: Structuring and Signaling

Opening	<p><b>1. Welcome</b>  <i>It's my (great) pleasure to be here today. My name is ...</i></p>	<p><b>2. Stating the purpose of the talk</b>  <i>My aim of today's presentation is to ...</i></p>
	<p><b>3. Get attention and interest</b>  <i>Somebody once said ... (+quotation)</i></p>	<p><b>4. Audience benefit</b>  <i>I hope this presentation will enable you to ...</i></p>
	<p><b>5. Outlining the presentation</b>  <i>My talk is in three parts/sections. I'll start with ... , move on to ... , and finish with ... .</i></p>	<p><b>6. Inviting questions</b>  <i>If there's anything you're not clear about, feel free to interrupt/to stop (me) and ask any questions.</i></p>
Main body	<p><b>1. Introducing new information</b>  <i>OK, let's begin with the first point / slide, which is ...</i></p>	<p><b>2. Discussing implications</b>  <i>I think that's interesting because ...</i></p>
	<p><b>3. Signpost</b>  <i>OK. Let's move on to .../turn our attention to .../take a look at ...            This leads me to my next point, which is ...            I'll say more about this later./I'll come back to this in a moment.            Just to digress for a moment ...</i></p>	<p><b>4. Develop a topic</b>  <i>It will give us an edge over ... .            It might be useful to give a little background here.            Let's examine this in more detail.            Let me explain with concrete example.            My own view on this is ...</i></p>
	<p><b>5. Focus</b>  <i>Basically, .../To put it simply, ...            So, for me, the main issue here is ...            I think there are three questions to focus on.            I would like to stress/emphasize that ...            I'd like to stress the importance of ...</i></p>	<p><b>6. Question – answer</b>  <i>What is the reason for this? The reason is ...            How much is this going to cost? Well, the figures show ...            So what we can do about all this? I'll tell you.            We plan to ...</i></p>
	<p><b>7. Refer to visuals</b>  <i>As you can see on this next slide, ...            I'd like to highlight two things on the table / chart / diagram ...            What is interesting on this slide is ...            I'd like to draw your attention to ...</i></p>	<p><b>8. Ask for contributions</b>  <i>Are there any questions so far?            Does anyone have any comments?            How does this relate to your own particular context?</i></p>

Closing & Questions	<p><b>1. Signal the end</b>  <i>Right, that brings me nearly to the end of my presentation.</i></p>	<p><b>4. Practical matters</b>  <i>I've got some handouts here.  Here's my email in case you want to get in touch.</i></p>
	<p><b>2. Summarize</b>  <i>Just to summarize the main points again, ...  So, to summarize, we looked at four main points. I began by telling you a little about ... Then I talked about ... After that I explained how ... Finally I ...</i></p>	<p><b>5. Invite questions</b>  <i>Do you have any questions? Yes, the gentleman / lady over there with the red tie / the black jacket.  Now, if you have any questions, I'll do my best to answer them.</i></p>
	<p><b>3. Conclude</b>  <i>I'd like to finish by saying ...  So, in conclusion, I hope that this talk has given you ...  Now we have to ... / I'm asking all of you to ... / Our job is to ...  Thank you all for coming. I hope it's been useful.</i></p>	<p><b>6. Deal with questions</b>  <i>That's a very good point. / I'm glad you asked me that. Sorry, can you explain that again?  So if I understood you correctly, you are asking ...  That's an interesting question. What's your own opinion?  Has anyone else experienced the same thing?  I think that's outside the scope of this presentation, but I'm happy to discuss it with you afterwards.  OK, I think there's time for one last question.</i></p>



## Appendix 6. Language Reference

### Numbers

Quite apart from all the concepts, everyone working in business in English will, sooner or later, need to say numbers, in meetings or in the telephone. This usually requires practice.

#### 1. Zero, oh and nought.

For the number **0** on its own, we say **zero**.

**Before** a decimal point we say either **zero** or **nought**:

0,5                    zero point five or nought point five.

**After** a decimal point we say **oh**:

0,001                nought point oh oh one.

We also say **oh** in telephone numbers, years, hotel room numbers, bus numbers, etc.

0121-602 0405 Her number is oh one two one, six oh two, oh four oh five.

1805                The Battle of Trafalgar was in eighteen oh five.

Room 802        I'm on the top floor, in room eight oh two.

(For football scores we say **nil**: Real Madrid three, Ajax Amsterdam nil (3-0); for tennis we say **love**: 15-0. Nobody knows why!)

## 2. Points and commas.

In English we use a point (.) and not a comma (,) for decimals. We only use commas when writing numbers greater than 999.

15.001 fifteen point oh oh one.

15,001 fifteen thousand and one.

## 3. Decimals.

In English, we usually read all the numbers (digits) after a decimal point separately, especially if there are more than two decimal places:

0.125 nought point one two five;

5.44 five point four four;

3.14159 three point one four one five nine;

0.001 nought point oh oh one.

Another way of saying 0.001 is **10<sup>-3</sup>** ten to the power of minus three.

If you say 0.125 as zero point a hundred and twenty-five, an English speaker will instinctively hear 125, and ignore the zero point, thinking that you have made a mistake, or changed your mind while speaking. If you are doing deals on the telephone, you could quickly lose a lot of money by getting this wrong ...

But if the number after a decimal point represents a unit (of money, etc.), it is used like a normal number:

£1.50 one pound fifty;

\$ 3.15 three dollars fifteen;

2m18 two metres eighteen.

## 4. Telephone and fax numbers.

We usually say telephone and fax numbers (and car registration numbers, bank account numbers, and so on) as individual digits:

010 41 01273 315052 oh one oh, four one, oh one two seven three, three one five, oh five two.

An exception is “**doubles**”:

0171-225 3466oh one seven one, double two five, three four double six.

## 5. Hundreds, thousands, millions and billions.

100 a hundred;

200 two hundred (*not* two hundreds);

1,000 a thousand;

100,000 a hundred thousand (*not* thousands);

1, 000 000 a million (or  $10^6$  ten to the power of six).

One difference between British and American English is that Americans do not use an **and** between the hundreds and tens.

For the British, 123,456 is:

a hundred and twenty-three thousand, four hundred and fifty-six.

For Americans it is:

a hundred twenty-three thousand, four hundred and fifty-six.

In the singular, the words hundred, thousand, or million are preceded by **a** or **one**:

We hired a hundred new workers.

There are over one million potential customers.

In imprecise numbers, hundreds, thousands or millions take a plural:  
We're selling thousands a month.  
We're earning millions of pounds.

In precise numbers, or after **several** and **a few**, hundred, thousand or million do **not** take a plural:

To be precise, we have sold eight thousand four hundred and twenty.  
Several thousand people have bought the new model.  
We expect to sell a few hundred a week from now on.

#### 6. Years.

The number 2,015 is:  
two thousand and fifteen.

The year 2015 is:  
twenty fifteen.

#### 7. Square, cube and root.

$10^2$                     ten squared,  
 $10^3$                     ten cubed,  
 $\sqrt{5}$                     the square root of five.

#### 8. Fractions.

$1/2$ ,  $1/5$ ,  $1/6$ , etc.      a third, a fifth, a sixth, etc.,  
 $3 \frac{1}{2}$                     three and a half,  
 $2 \frac{3}{4}$                     two and three quarters.

#### 9. Calculating.

$10 + 6 = 16$             ten plus six is sixteen,  
                                  ten and six equals sixteen,  
 $10 - 4 = 6$             ten minus four is six,  
                                  ten take away four equals six,  
 $10 \times 6 = 60$         ten times six is (or equals) sixty,  
                                  ten multiplied by six is / equals sixty,  
 $10 \div 6 = 1.666$       ten divided by six is one point six recurring.

Remember to pronounce the *s* – in fact */z/* – in *equals*. It is singular: the total of everything on the left side equals everything on the right side.

The verbs are to **add**, **subtract** (or **deduct**, but not deduce) **multiply** and **divide**.

Other ways of saying divide are **per**:

Fr/\$            francs per dollar,  
8 % p.a.      eight percent per annum,

and **over**:

$(x - z)/z$             *x* minus *y* over *z*,  
 $x - y/z$             *x* minus *y* over *z*.

The *per* in percent is never stressed: we say per'CENT.

#### 10. Numbers and adjectives.

When a number is used before a noun, like an adjective, it is always singular:

a fifty-minute lesson	a twelve-week term
a twenty-minute walk	a ten thousand pound car
a ninety-five dollar price cut	a six-month waiting list
a one and a half litre bottle	a twenty degree fall in temperature

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Составители

**Тихомирова Людмила Борисовна  
Рунцова Элеонора Валерьевна  
Трубочкина Инна Анатольевна и др.**

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Дизайн обложки *О. В. Гасюк*

Технический редактор *Т. К. Раманович*

Компьютерная верстка *А. А. Микулевича*

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