

ФЕДЕРАЛЬНОЕ АГЕНТСТВО ПО ОБРАЗОВАНИЮ
Государственное образовательное учреждение
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Кафедра иностранных языков

ЭКОНОМИКА – МОЯ ПРОФЕССИЯ

Методические указания
на английском языке для магистрантов
экономических специальностей

Иваново 2009

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Настоящие методические указания рассчитаны на студентов старших курсов, магистрантов, а также аспирантов экономических факультетов, совершенствующих свои профессиональные умения и навыки при чтении специальной литературы на английском языке.

Цель указаний — развитие и совершенствование у обучаемых взаимосвязанных профессиональных навыков чтения и монологической речи.

Указания включают в себя материал некоторых актуальных тем экономики и предназначено для студентов, имеющих определенные знания основ экономической науки, а также базовые знания грамматики английского языка.

Предлагаемые тексты предназначены для изучающего и поискового чтения и направлены на развитие навыков чтения и говорения по специальности на иностранном языке.

Составители: доц. И.В. Галкина
ст.преп. М.В.Яблокова

Научный редактор канд. филол. наук, доц. А.А. Абызов

Редактор И.Н. Худякова

Корректор К.А. Торопова

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Копировально-множительное бюро
153000 г. Иваново, пр.Ф.Энгельса, 21

UNIT 1

1. Economics as Science

2. Grammar Revision. Participle II

Ex. 1. Read the text paying particular attention to the words in bold type. Consult a dictionary if necessary.

Voluntary exchange - добровольный обмен;

Opportunity cost(s) - альтернативные издержки;

Trade-off - выбор, альтернатива, компромисс;

Scarcity - нехватка, дефицит, недостаток;

Marginal cost(s) - предельные издержки;

Marginal benefit - предельная выгода.

This is Economics

We depend on many people we never meet to produce our breakfast foods or other goods and services. Like a huge team, these people work at specific tasks and do together what no person alone can understand or accomplish. Although the specific tasks are performed by people working in different regions of the country, or even in different countries, **markets** serve to coordinate production. Economists explain how people do this.

Economics is the study of people producing and exchanging to get the goods and services they want. Markets allow businesses and individuals who own their resources to exchange them voluntarily. In a system of voluntary exchange, both parties benefit.

Understanding economics involves learning about why consumers and producers are motivated to **purchase** and produce goods and services. This understanding allows you to think more analytically and make better decisions in the market place. Some of the most important ideas from economics — **scarcity**, productive resources, **opportunity costs**, and **trade-offs** — help us to think more accurately about the decisions we make and the **competing** world we live in.

Scarcity is the inability to satisfy all of everyone's wants. All wants can't be satisfied because there are not enough natural resources — capital, human, natural — to produce all people want. Because the resources are scarce, we make choices about how to use them best. Each choice has an opportunity cost, the best alternative given up when making a choice. Economists often focus on the additional or extra costs or benefits of a choice. Technically these are called **marginal costs and benefits**. By focusing on marginal costs and benefits, consumers and producers often give up some of one thing to have more of another. This is a trade-off.

The choices people make as consumers, employees, business owners, and government officials create the economy. All these choices can be grouped into one of the three issues: what goods and services will be produced, how they should be produced, and who will get to use them. In many industrial countries people rely primarily on markets to make the basic what, how, and who choices. Thus, such economic systems are called a **market economy**.

Ex. 2. Agree or disagree to the following.

1. Economics is the study of the production of wealth and its distribution.
2. The opportunities of people making voluntary exchange are limited.
3. Markets develop because there is scarcity.
4. An opportunity cost is determined by the best alternative one can make at the moment.
5. One of the main functions of a market is to serve for an exchange of goods or services.

Ex. 3. Answer the questions.

1. What does economics study?
2. What are markets for?
3. Why are *what*, *how*, and *who*- questions the basic ones in any economic system?
4. Would a society benefit if there were no scarcity?
5. What is a marginal cost? a marginal benefit?

Ex. 4. Using a special dictionary study the following words and their combinations. Match the Russian word-combinations with the English ones.

Scarce, scarcity, scarcely

to face scarcity

be scarce

a scarcity of money

scarce commodity

natural scarcity

scarce resources

scarcity of supplies

to contrive scarcities

нехватка денег

недостаточное снабжение

создавать дефицит (намеренно)

естественная ограниченность ресурсов

недостаточные ресурсы

столкнуться с дефицитом

быть в дефиците

дефицитный товар

Benefit, beneficial, beneficiary, beneficence, to benefit

marginal benefits	предельная выгода
benefits of a choice	дополнительные выплаты
fringe benefits	выплаты по соцстрахованию
incidental benefits	пособие по соцобеспечению
public assistance benefits	пособие по безработице
social insurance benefits	попутная выгода
unemployment benefits	преимущества выбора

Cost, costs, costly, to cost, cost-effectiveness, costing

opportunity cost	прожиточный минимум
marginal costs	аварийные затраты
cost and freight	калькуляционная ведомость
at any cost	остаточная стоимость
cost of borrowing	накладные расходы
inventory holding costs	издержки хранения материальных запасов
cost of living	расходы, вычитаемые из облагаемой налогом суммы
accident costs	издержки регулирования
adjustment costs	издержки, связанные с охраной окружающей среды
burden costs	предельные издержки
deductible costs	ожидаемые затраты
depreciated costs	стоимость и фрахт
environmental costs	ссудный процент
expected total costs	любой ценой
a costing sheet	издержки вследствие простоя
idle time costs	альтернативные издержки

To compete, competitor, competitive, competition, competing, competitiveness

at a competitive price	быть втянутым в конкуренцию
competing companies	вступить в соревнование
to be drawn into competition	столкнуться с конкуренцией
to enter a competition	честная конкуренция
to meet with a competition	монополистическая конкуренция
fair competition	предложить более выгодные условия (по сравнению с конкурентами)
imperfect competition	тайная ценовая конкуренция
to outbid the competitors	конкурирующие компании
tacit price competition	по конкурентоспособной цене

To employ, employer, employee, employed, employment, unemployment, underemployment

the rate of unemployment	инженерно-технические работники
full-time employee	фактическая занятость
technical and engineering employees	занятость по данным платежных ведомостей
actual employment	нехватка рабочей силы
contractual employment	уровень безработицы
overfull employment	работник на полный рабочий день
pay-roll employment	используемая рабочая сила
employed labor	работа по контракту

Exchange, to exchange, exchangeability

voluntary exchange	курс обмена валюты
the rate of exchange	фондовая биржа
in exchange for	в обмен на
the Stock (Securities) Exchange	биржа труда
Commodity Exchange	валюта, покупаемая (продаваемая) на срок
employment (labor) exchange	добровольный обмен
forward exchange	товарная биржа

Purchase, to purchase, purchasing, purchaser, purchasable, purchasing

purchasing power	покупка в кредит
to purchase by samples	оптовая закупка
to purchase on account	покупка в рассрочку
bulk purchase	покупательская способность
hire purchase	закупки инвестиционных товаров производственного назначения
outright purchase	покупка с оплатой наличными
scheduled purchases	закупка по образцам
capitalized purchase	запланированная покупка

Ex. 5. Match each term in column A with its definition in column B.

A	B
1. Economics	a) items of value that can be exchanged.
2. Economic system	b) an arrangement that allows people to make exchanges with one another.

- | | |
|----------------------|---|
| 3. Entrepreneur | c) another name for a market economy. |
| 4. Goods | d) how people in a society make the what, how, and who decisions. |
| 5. Opportunity cost | e) items of value that cannot be seen or touched. |
| 6. Scarcity | f) machinery and tools. |
| 7. Services | g) taking business risks in hopes of earning a profit. |
| 8. Market | h) the inability to satisfy all of everybody's wants. |
| 9. Capital resources | i) study of people producing and exchanging things they want. |
| 10. Free enterprise | j) the best alternative one gives up when making choice. |

Ex. 6. Arrange the letters in brackets into definitions of given statements.

1. An arrangement that allows people to make exchanges with one another (takrme).
2. The basic elements used to produce goods and services (oocerusr).
3. The study of people producing and exchanging to get the goods and services they want (mcnceoois).
4. The result of inability to satisfy all of everyone's wants (criysact).
5. A choice that involves giving up some of one thing to have more of another (fof-redta).
6. The imagination, innovative thinking, and management skill needed to start and operate a business (phreunnereistrnp).

Ex. 7. Insert the words from the ones given below.

1. You face ... when you have more things to do during the day than time to accomplish them.
2. If you value the basketball shoes more than having your TV repaired, then the basketball shoes are your ... of buying the CD player.
3. The first idea in economics is that our resources — equipment, materials, and skilled workers used to produce the food, clothing, shelter, and other things we want -are ...
4. When ... in markets is the primary way of organizing the production of goods and services, the result is a market economy.
5. ... is often defined as the study of people producing and exchanging things of value to get the goods and services they want.

6. Some economists include management or... on the list of productive resources.
7. You are making ... if you are not making an all-or-nothing choice.
8. You are making a trade-off based on marginal benefits and marginal ... you expect.
9. ... simply means the extra or additional costs or benefits of a decision.
(costs, marginal, opportunity costs, entrepreneurship, scarcity, voluntary exchange, tradeoff, economics, scarce).

Ex. 8. Read and translate the sentences paying particular attention to the words in bold type (participles II).

1. Having **been destroyed** by the Great Depression of the 1930s and World War II, international trade reached its level of 1928 only by the 1960s.
2. Any person can find himself in one of three situations: employed, unemployed, or out of the labour force.
3. Lenders are likely to be hurt by inflation.
4. People who have just faced unemployment try to reduce in their savings to some extent.
5. Cost production depends greatly on the technology chosen and the price factors employed.
6. Closed economy is an economic abstraction used to analyze a country with no relationship with the rest of the world.
7. Fees earned from the license rights help to fund one's manufacturing costs.
8. Advertising campaigns, name recognition, and reputation bring increased sales to franchisees.
9. Organized as sole proprietorships, partnerships, or corporations businesses develop ways to make more efficient use of resources.
10. Management and ownership are separated through the use of such devices as boards of directors, proxy voting, and annual reports to the stockholders.

Ex. 9. Put the verb in the proper form.

1. A market economy (*to calf*) a free enterprise system or capitalism.
2. Market economies (*to build*) on a set of important ideas and principles often called the "pillars of free enterprise".
3. If available resources are fully (*to employ*) the production will (*to increase*).
4. Three types of human resources (*to use*) to produce goods and services.
5. Making choices is not easy because information about their costs and benefits cannot (*to acquire*) easily.

6. In any country the people answer the questions what (*to produce*), how things (*to produce*), and who receives them describes the type of economic system they have.
7. How many people (*to employ*)!
8. Voluntary exchange could (*to define*) as the primary means of organizing and coordinating production.
9. Whenever a purchase (*to make*) one may speak of an exchange.
10. Scarcity will (*to face*) if consumers want more they can afford.

Ex. 10. Read the text. Answer the following questions.

1. What conclusion can you come to after reading it?
2. Speak about the development of economics as a specific job.

Economics as a Profession

In the 19th century, economics was the hobby of gentlemen of leisure and the vocation of a few academicians; economists wrote about economic policy but were rarely consulted by legislatures before decisions were made. Today, there is hardly a government, international agency, or large corporation that does not have its resident economist. According to an estimate of the National Science Foundation (U.S.), for instance, there were 11,000 economists in 1966. Clearly, much depends on how one defines the job of an economist: the list of the National Science Foundation is confined to persons whose chief competence is any one of the recognized economic specialties. Of the 11,000 professional economists, about 4,500 were employed as teachers of economics; the rest worked in various research or advisory capacities, either for themselves, for industry, or for government. This leaves out of account many others employed in accounting, commerce, marketing, and business administration; they may think of themselves as economists, but their professional expertise falls within their fields. There are perhaps another 10,000 economists in the rest of the world - their numbers have never been counted. It would be reasonable to estimate the total number of professional economists was growing at about 5 per cent per year. There were about 75 English-language journals in economics and another 25 in various foreign languages, with few ones appearing every year. This implies the publication of about 1,500 scientific papers per year, not to mention the 700 new books on economics published every year. This is indeed "the age of economists", and the demand for their services seems insatiable (ongoing).

Ex. 11. Translate the text into Russian without using a dictionary. Entitle it. Write the annotation.

People work at jobs to earn money- growing corn, playing professional basketball, writing novels, programming computers, or building skyscrapers – and make exchanges to get things they want from people working in other jobs and businesses.

A voluntary exchange takes place in a market which is an arrangement that allows people to make exchanges with one another. People can make exchanges in places like supermarkets or over the phones. They are in a market, even if they do not actually visit a store. Similarly people can order goods and services they want by mail or using their computer shop on the Internet, where they trade with people all over the world. They are still in the market because they are making voluntary exchange. When voluntary exchange in markets is the primary way of organizing the production of goods and services, the result is a market economy.

The study of markets and other ways of organizing production of goods and services is an important task of economics. Economists usually study the choices of an individual, a family, or a business separately, rather than grouping all of these choices together. They even have specific names for each area of study — macroeconomics and microeconomics. *Macroeconomics* is the study of the economy as a whole; *microeconomics* is the study of individual consumers and businesses.

As one can see, an economy comprises all of the people in it. In any country the way people answer the questions *what is produced, how things are produced, and who receives them* describes the type of economy they have. If answers to these questions are determined by the individual choices of consumers, workers, savers, and producers then one can speak of a market economy, which is called a free enterprise system or capitalism. Whatever label you prefer, market economies are built on a set of important ideas and principles often called "the pillars of free enterprise".

Ex. 12. Questions and assignments for economic reasoning and discussion.

1. Research the steps in producing a product you purchase regularly. Which individuals and businesses are necessary to produce it and bring it to the market?
2. Are there any alternative uses of resources used in the product? How do markets provide information producers and consumers need to allocate resources?
3. List in one column on a sheet of paper things that you would buy with a \$100 gift. Then in a second column list the things you would buy if the \$100 "reappeared". Cite the items in column 2 as the opportunity costs of the goods in column 1.
4. Select economic issues facing your community. Identify possible options for solving the problem. Discuss the opportunity costs and trade-offs associated with each option.

UNIT 2

1. Market Economy and other Systems

2. Grammar Revision. Participle II. The Infinitive

Ex. 1. Read the text paying particular attention to the words in bold type. Study the words given before the text. Consult a dictionary if necessary.

Incentive - стимул;

Entrepreneurship - предпринимательство;

Private property - частная собственность;

Circular flow - циркулирующий поток (материалов, товаров, вложений и т.д.);

Medium of exchange - средство обмена;

Store of value - средство сбережения;

Measure of value - мера стоимости;

Equity - акция, часть капитала;

Full employment - полная занятость.

The Basic Elements of a Market Economy

The pillars of free enterprise - **private property**, the **price** system, market **competition**, and **entrepreneurship** - are essential to the operation and success of a market economy system. The rights to own and exchange property and to make a profit give individuals and businesses incentives to use their resources wisely. Prices provide consumers and producers with the information they need to make economic decisions. Market competition, like private property, provides incentives to use resources wisely and produce goods and services people want and will pay for.

Entrepreneurship is the willingness and ability to see opportunities and to develop them into new products for the market. It involves risk taking, innovation, and good management practices. Entrepreneurship flourishes when the other pillars are in place, and it is important for the growth of an economy over time.

Economists use a circular flow model to highlight basic elements of a market economy. The model shows how the voluntary exchanges between households and businesses answer the what, how and who questions and create flows of money, products and resources.

Money makes exchange of products and resources easier. Money is a medium of exchange, a store of value, and a measure of value. Through history people have sought and used many things as money. Today, we use paper currency and electronic records, but whatever form money takes, it helps make exchanges.

Most nations agree on several broad economic goals. These include full employment, economic growth, price stability, economic freedom and security, equity and efficiency.

Ex. 2. Agree or disagree to the following.

1. Market competition can hardly be considered one of the pillars of free enterprise. Why?
2. Resources are used wisely only if they are privately owned.
3. Entrepreneurship is the willingness of the owner to make as much profit as he can.
4. The basic elements of a market economy are shown generally in the form of a triangle.
5. Most economists agree that money is not the best means of exchange.

Ex. 3. Answer the questions.

1. What are the basic pillars of a free enterprise system? Why?
2. What basic feature of this system do you think is the most important?
3. What does the circular flow model show?
4. Why is money considered a medium of exchange? Which forms of money do you know?
5. Is making profit the main economic goal of most economic systems?

Ex. 4. Using a special dictionary study the following words and their combinations. Match the Russian word-combinations with the English ones.

Consumer, consumerism, to consume, consumption, consumptive, consumable, consumership, consumerist

large scale consumer	потребление на душу населения
intermediate consumer	показное потребление (чтобы произвести впечатление)
capital consumption	внутреннее потребление
conspicuous consumption	износ основных производственных фондов
consumption per capita	оптовый потребитель
domestic consumption	промежуточный потребитель

Private, privacy, privately, privatization, privatize

in private	личная жизнь
private property	конфиденциальная информация
private enterprise	личный счет
a private account	частная собственность
private information	ваучерная приватизация
one's private life	частным образом, неофициально
voucher privatization	частное предприятие

Profit, to profit, profitable, profitability, profiteer, profitless, profiteering

profit on capital	средний доход
profit per unit	нераспределенная прибыль
to derive a profit	прибыль на акцию
to share in profits	извлекать доход
average profit	фиктивная прибыль
equity profit	прибыль на капитал
fictitious profit	участвовать в прибылях
target profit	прибыль на единицу продукции
retained profit	плановая прибыль

Value, valuable to evaluate, valued, valuator, valuation, value-free, valueless, to value

at value	первоначальная стоимость
value in exchange	прибавочная стоимость
value of shipments	стоимость объема отгрузок
surplus value	номинальная стоимость активов
asset value	себестоимость
collateral value	стоимость обеспечения
cost value	номинальная стоимость
face value	ценность в условиях дефицита
scarcity value	меновая стоимость
undepreciated value	по цене
accounting valuation	оценочная стоимость
assessed valuation	оценка материальных запасов
inventory valuation	объявленная стоимость
valuation of risk	оценка риска
agreed valuation	оценка стоимости по бухгалтерским книгам

To secure, security, secured, securitization

the Security Council	особо надежные ценные бумаги
security police	гарантия долга
against security	под гарантию (обеспечение)
security for a debt	выступать поручителем
security of employment	предоставить гарантии (обеспечение)
to become security	гарантия занятости
to provide security	имущественное обеспечение
interest-bearing securities	личное поручительство
collateral securities	Совет безопасности
gilt-edged securities	передаваемые ценные бумаги
negotiable securities	процентные ценные бумаги
personal security	служба безопасности

Ex. 5. Match each item in column A with its definition in column B.

A.	B.
1. Resource markets	a) simplified representation or map of an economy.
2. Circular flow	b) where you exchange your labor for money to spend on goods and services.
3. Competition	c) authority to use or trade a good or resources.
4. Economic growth	d) rivalry among businesses for the consumer's dollar.
5. Medium of exchange	e) a function of money, which enables people to make exchanges more easily one with another.
6. Model	f) money remaining after deducting costs from sales.
7. Consumers	g) increased production of goods and services.
8. Price system	h) providing signals for what will be produced.
9. Property right	i) those who use goods and services.
10. Profit	j) the movement of money, products, and resources between household and business.

Ex. 6. Arrange the letters in brackets into definitions of given statements.

1. Something that remains after the costs of doing business have been met (tfriop).
2. The rivalry among buyers and sellers in the purchase and sale of resources and products (titpemoncoi).
3. A reason (profit, interest, wages) for doing something is called (vctenie).
4. The capital or other resources owned by individuals or by government (rpoytper).

Ex. 7. Insert the words from the ones given below.

1. The right to own and control ... property gives owners a large incentive to use the resources as efficiently as possible.
2. Many people believe that tax increases on income create ... for people to earn more.
3. Those who succeed to earn a ..., which is the money remaining after deducting total costs from total revenues, fail in their business and go out of it.
4. Producers continually introduce new products and start new businesses without any guarantee that... will buy what they offer.
5. They also try to satisfy those wants efficiently by providing the variety and quality of goods and services that... prefer at a price that they are willing to pay. (consumers, profit, customers, disincentive, private).

Ex. 8. Put the verb in the proper form.

1. Since the beginning of the 20th century new entrepreneurial ideas and technologies (*to develop*).
2. Money (*to invent*) to make it easier for people to exchange.
3. Businesses (*to encourage*) teams of workers to search for better and more efficient methods.
4. These workers (*to minimize*) costly inventories, and they (*to develop*) highly efficient retail stores.
5. When money (*to use*) in exchange, each product or resource has a single money price.
6. Economic security means that their needs should (*to meet*).
7. If people want to buy more gasoline at a certain price it means that the demand (*to increase*).
8. In a barter system a product would have as many different prices as there are other products that could (*to change*) for it.

Ex.9. 1. Translate the sentences paying particular attention to the infinitive forms.

1. Economics is supposed to study people producing and exchanging goods and services.
2. Economics is supposed to have studied people producing and exchanging goods and services.
3. Economics is supposed to be studying people producing and exchanging goods and services.
4. Economics is supposed to have been studying people producing and exchanging goods and services.
5. Economics is supposed to be studied by people producing and exchanging goods and services.
6. Economics is supposed to have been studied by people producing and exchanging goods and services.

2. Make up the sentences on the analogy of the given ones using: *to believe, to think, to consider, to say, to regard* (instead of *to study*).

Ex. 10. Pick out the sentences in which the infinitive is translated in a similar way and translate them.

1. **To know** what economic problems are expected in the future is of importance for every society.
2. **To research** the market it is necessary to analyze it from different sides.
3. **To study** whether the human resources are scarce is an important part of economics.
4. **To calculate** the marginal profits of a transaction is **to take into consideration** all the factors of its sale.
5. To **get** an idea of an opportunity cost is very important for understanding market economy.
6. **To think** more accurately about the decisions the economists make they are not to forget about the most important ideas of economics.

Ex. 11. Translate the text into English using infinitive constructions wherever possible.

Адам Смит считается одним из основателей экономической науки. Он родился в 1723 г. в Шотландии. В 14 лет он поступил в университет в Глазго и закончил его в 17. Говорят, что следующие шесть лет он изучал экономические науки самостоятельно. Считается, что именно в это время он начал разрабатывать

свои взгляды на развитие экономики. И хотя Адам Смит никогда не употреблял слово «экономика» в своих трудах, вполне вероятно, что он разрабатывал понятия экономики как науки. Пишут, что он был профессором этической философии, а не экономики.

Книга «Расцвет нации», опубликованная им в 1776 г., давала ответ на вопрос, как можно совместить экономические интересы нации и отдельного человека. Идея альтернативного выбора, стремления человека получить наибольшую выгоду для себя, несомненно, сказалась бы и на всем обществе. Чтобы сделать общество более процветающим, необходимо обогатить себя. Альтернативный выбор стимулирует людей к развитию новых товаров, созданию новых видов производства, изобретению новых способов производства и удовлетворению альтернативных запросов. «Невидимая рука» экономики должна была стимулировать индивидуальные интересы, таланты и способности, чтобы удовлетворить потребности покупателей на рынке.

Мысль о том, что альтернативный обмен может организовывать и координировать деятельность людей, была одной из величайших экономических идей Адама Смита.

Ex. 12. Read the text. What conclusion can you come to after reading it? Speak about the problem of Internet marketing.

Despite Europe's goals of borderless commerce and recent hype from politicians that claim to embrace the "new Internet economy", the old habits are severely restraining e-commerce. Even as a growing number of Europeans go online — about 16% of them are now hooked up to the Internet compared with 6% only two years ago — e-commerce is burdened with a Byzantine maze of rules, regulations and tax laws from another area.

Online auto sales are inhibited by an exemption from European Union rules, which allows automakers to dictate retail prices and to bar dealers from competing with each other. German regulations, in a nod to mom-and-pop stores, prohibit most price discounting on consumer goods except for two fortnights a year.

So far, there have been few efforts by governments to attack obstacles to e-commerce. Moreover some established industries are fighting to preserve their advantages under the old system. But even as such 19th century relics frustrate would-be online entrepreneurs, consumers are fighting back. Internet companies, meanwhile, are fighting in the courts to crack barriers to Internet business (from "A Web of Red Tape", The Wall Street Journal, January, 2000).

Ex. 13. Translate the text into Russian. Entitle it. Write the annotation.

In the developed world and particularly the Western Hemisphere, the automobile entered the transportation market as a toy for the rich at the beginning of the 20th century. It became increasingly popular because it gave travelers important new freedoms: to visit many different places (while mass transportation served only fixed routes), to make trips at any convenient time (while mass transportation operated on a predetermined schedule), and to carry several people and their packages for one fixed price (while mass transportation charged fares for each person in a family or group). As a result, in Europe and North America the automobile became mass transportation competitor.

Automobile ownership grew rapidly after World War 11, particularly in the United States and Western Europe. During the war, automobile motors, fuel, and tires were in short supply. There was an unsatisfied demand when the war ended and plenty of production capacity as factories turned off the war machine. During the war workers relied heavily on mass transportation and longed for the freedom and flexibility of the automobile.

In many western European countries, postwar automobile growth was constrained by government policies, which heavily taxed both cars and their fuels. Mass production systems were maintained and expanded with government subsidies, and public policies kept central areas strong or fostered suburban growth in carefully designed higher-density nodes, in some cases (particularly in Britain and Sweden⁴) in the form of systematically designed new towns linked to older central cities by high quality mass transit lines. In less developed parts of the world, mass transportation was shielded from automobile competition by the inability of citizens to afford cars and by government policies that kept both automobile and gasoline prices high.

Ex. 14. Questions and assignments for economic reasoning and discussion.

- I. Develop a map of the neighbourhood business district and analyze different types of businesses located there. Say, please:
 1. What goods and services are provided by these businesses?
 2. Why did the owners select those locations?
 3. What are the costs and benefits of locating in that neighbourhood?
 4. Are the answers to these questions related to the "pillars of free enterprise"?
- II. What kind of business would you start in your neighbourhood and why?

UNIT 3

1. Forms of Business

2. Grammar Revision. Participle I

Ex. 1. Read the text paying particular attention to the words given in bold type. Study the words given before the text. Consult a dictionary if necessary.

Sole proprietorship - единоличное владение;

Partnership - компания, товарищество, партнерство;

E-commerce - торговля с помощью электронных средств;

State charter - устав компании (товарищества);

Share of stock - доля в акционерном капитале;

Raise sums of money - брать ссуду;

Limited liability - ограниченная ответственность;

Proxy voting - голосование по доверенности.

The Business of a Market Economy

Enterprising individuals who put their creativity to work into both big and small companies are the masterminds for a new and larger menu of goods and services. They are **entrepreneurs**, developing ways to make more efficient use of resources. They see opportunities and take risks in hopes of earning profits. Adding to the efforts of entrepreneurs in recent years has been the birth of e-commerce, which is rapidly changing the way businesses operate.

Most business firms are organized as sole proprietorships, partnerships and corporations.

A sole proprietorship is a business owned by one person. This form of business is the easiest and typically the least costly to start, and gives one full control over operations. Sole proprietorships are the most numerous kinds of business organizations, but most are very small.

A partnership is a business organization owned by two or more people who share ownership and control over business. Proprietorships and partnerships outnumber corporations by almost four to one. They have been a major source of new ideas and jobs in the economy, but corporations continue to produce more goods and set-vices.

A corporation is a business organization managed on behalf of its owners, who provide the funds. The law requires a corporation to obtain a state charter to operate. Ownership of a corporation is represented by shares of stock, so stockholders are its owners. Corporations have the advantages of unlimited life and limited liability. This enables them to raise sums of money well beyond the limits of partnerships and proprietorships.

The organization of large corporations enables them to run efficiently despite having thousands of owners called stockholders. Management and ownership are separated through the use of such devices as boards of directors, proxy voting, and annual reports to the stockholders. Stockholders can influence management decisions through the buying and selling of a company's stock.

Ex. 2. Agree or disagree to the following.

1. Entrepreneurs are individuals whose purpose in business is to enrich the society.
2. Sole proprietorship is the most profitable kind of business.
3. Corporations are not many as they are costly and not easy to manage.
4. Stockholders can hardly be considered owners of a corporation.
5. In a corporation management and ownership are not separated.

Ex. 3. Answer the questions.

1. Who do you call an entrepreneur? Should he possess special qualities?
2. What are the most widely spread types of business? Why?
3. What are the advantages of a sole proprietorship? Partnership? Corporation?
4. Which of the businesses is the easiest to start and expand? Which one would you like to work for? Why?
5. Do you know how corporation is managed?
6. Who do you call a stockholder?

Ex. 4. Using a special dictionary study the following words and their combinations. Match the Russian word-combinations with the English ones.

To earn, earnings, earner, earnest

earnings per hour	почасовой заработок
earnings per share	доходы от акций
average industrial earnings	общий заработок
equity earnings	налогооблагаемый доход
gross earnings	доход в расчете на одну акцию
net earnings	средний заработок в промышленности
incentive earnings	поощрительное вознаграждение
taxable earnings	чистый доход

Advantage, advantageous, disadvantage

to take advantage of	территориальное преимущество
to turn to advantage	налоговая льгота
tax advantage	воспользоваться преимуществом
advantages of location	обратить себе на пользу

Liability, liable

liable to duty	накопившиеся обязательства
liable to taxes	отсроченные обязательства
liabilities on bills of exchange	безусловное обязательство
accrued liabilities	подлежащий обложению пошлиной
deferred liabilities	долгосрочные обязательства
fixed liabilities	ответственность за убытки потребителей
tax liabilities	подлежащие обложению налогами
public liabilities	обязательства по векселям

Stock, stockbroker, stockbroking, stockbuilding, stockholding, stocking, stockjobber, stockkeeping, stockman, stockout, stockpile, stock-watcher, stocktaking

in stock	акция, дающая право голоса
from stock	товарная наличность
stock in trade	в ассортименте
stock in transit	со склада
stock on hand	фонд зданий и сооружений
to clear the stock	не иметь на складе
to be out of stock	располагаемый запас
stock of buildings	обычная акция
stock of tangible assets	акции, допущенные к обращению
available stock	неликвидные акции
common stock	груз в пути
listed stock	наличный запас
surplus stock	освободиться от скопившихся товаров
voting stock	фонд материальных активов

Ex. 5. Match each term in column A with its definition in column B.

- | A. | B. |
|-----------------------|--|
| 1. Board of directors | a) seeing new opportunities and assuming risk to pursue them. |
| 2. Dividends | b) license allowing a business to operate as if it were part of a larger chair. |
| 3. Entrepreneur | c) owners of a corporation who may share in the profits. |
| 4. Non-for-profit | d) obligation to cover debt is limited to the extent of ownership. |
| 5. Insurance | e) profits distributed to the owners of a corporation. |
| 6. Stockholders | f) a share of ownership in a corporation. |
| 7. Franchise | g) type of business organization that typically uses revenue for charitable or religious purposes. |
| 8. Limited liability | h) business organization that enables many owners to hire specialists to manage it for them. |
| 9. Stock | i) method of turning the risk of a big loss into the certainty of a small periodic one. |
| 10. Corporation | j) elected representatives of a corporation shareholders. |

Ex. 6. Arrange the letters in brackets into definitions of given statements.

1. A share of ownership in a corporation or goods ready for sale (toskc).
2. A group of organizers in control of a business (sdcotrer fo oardb).
3. Be subject to paying a tax or a tariff (ableli).
4. A way of protecting one's business from damage or loss (iuercsnan).
5. An organization owned by two or more people who share ownership and control business (ipshnerpart).

Ex. 7. Translate the sentences paying particular attention to the translation of words in bold type (participle I, ing-forms).

1. Looking for an opportunity of setting up one's own business a man is to think about many things.
2. Managing a corporation is executed by a Board of Directors.
3. Being an entrepreneur means possessing a creative spirit in producing goods and serving other people.
4. The shareholders owning the company may have different number of shares.
5. Having taken advantage of the situation on the market the manufacturing company raised the prices for its goods.
6. Often businessmen become accomplished in business without special training or start their own business after working in a large corporation.
7. Hiring professional consultants may help decide many problems.
8. A legally **binding** partnership agreement among all the partners can clarify the amount of time and energy spent by each partner in the business.
9. The top three problems **facing** small business are related to **financing**—insufficient capital, slow sales, and heavy debt.
10. Large firms can anticipate future **hiring** needs.
11. **Organizing** a corporation is more complicated and costly than other forms of business.
12. **While creating** new products and **inventing** new methods of production the entrepreneurs think **of expanding** business.

Ex. 8. Complete the sentences using ing-forms of the words given below.

1. ... small business the government gives a tax advantage to the entrepreneurs for the first two years.
2. Today, McDonald's is a worldwide operation ... millions of hamburgers a year.
3. The 3M Company encourages creativity by its researches by ... them to spend 15 per cent of their time on any project that interests them.
4. ... is a method of product or service distribution that is governed by a contract.
5. Isaac Singer started the first franchises in 1858 when he came up with an idea of... the rights to sell his... machine.
6. Coca-Cola has used franchising to expand by ... the burden of..., ..., and ... its product to local business people who acquired ... rights.
7. After... a franchise contract many franchisers provide ... programs, financial assistance, and other kinds of help in ... and ... the business. ... campaigns, name recognition, and reputation bring increased sales to franchisees as well. (to advertise, to franchise, to sell, to shift, to distribute, to encourage, to allow, to sew, to make, to train, to manufacture, to bottle, to store, to manage, to operate)

Ex. 9. The various forms of business ownership have advantages and disadvantages. Classify each characteristic listed below as an advantage or disadvantage for the different forms of business by writing the number into appropriate space. Some of the characteristics may be used more than once.

	Advantages	Disadvantages
Sole proprietorships	—	—
Partnerships	—	—
Corporations	—	—

1. Owner can always be the "boss".
2. Can continue operations indefinitely.
3. Funding limited by amount of personal savings and ability to borrow.
4. Each owner acts on behalf of personal savings and ability to borrow.
5. Lack of opportunities for employees since firms is generally small.
6. Easiest kind of business to organize.
7. Limited liability.
8. Ownership can be easily transferred through transfer of stock.
9. Often requires a lawyer to formally set up the business.
10. Unlimited liability.
11. People can buy and sell their shares of ownership without the business ending.
12. Business profits are made by individual owner(s).
13. The death of the owner can result in the termination of the business.
14. Double taxation.
15. It can grow to be very large.
16. Owner(s) can quickly react to business problems.
17. Must pay a special tax on the profits.
18. Management is often separated from ownership.
19. It does not have to pay corporate income tax.
20. Combines funds of more than one person for a start-up or expansion.

Ex. 10. Read and translate the texts given below.

- 1. See if there is an idea common for all of them.**
- 2. Speak about the peculiarities of business described in the texts.**
- 3. See if every business has its advantages and disadvantages. Speak about them.**

TEXT 1

One of the most important topics covered in traditional law or business school corporation or business organization courses is the selection of the most appropriate

business form for a new venture. The choices that are usually considered are: general partnership or proprietorship, limited partnership, and corporation. The corporate form may be further subdivided on the basis of an important tax election. To choose the most form of business it is necessary to take into consideration the important economic, legal, and tax differences between these forms of organization. The following factors are the most significant ones:

- 1) considerations of internal efficiency, operational cost, and organizational convenience;
- 2) considerations of limited liability and the responsibility of the owners of a business for its debts;
- 3) the minimization of federal income taxation; and
- 4) considerations relating to the ease of raising capital in the future.

TEXT 2

Traditional corporation texts also discuss the differences between the forms of business organization partially in terms of legal differences (i.e., "continuity of life", "centralization of management", and "free transferability of interest"). These factors are less important than the functional differences listed above because they are not truly unique characteristics of a specific form of business enterprise.

There are only a limited number of organizational forms suitable for most modern business, and each form combines in a unique way the considerations discussed above.

TEXT 3

The nature of a fictitious entity that is a corporation is never precisely defined. A corporation can be envisioned as an artificial person having most of the same power, rights, and duties that an individual has. The artificial person has no flesh, no blood, no eyes, or mouth but it may nevertheless do many things that real people do: it may sue and be sued, enter into contacts, purchase property, run a business, and so forth.

In considering what it really means to conduct business in the corporate form, it is useful to consider the one-person corporation, that is, a corporation in which one single individual owns all the outstanding shares of the corporation. In effect, the business is an incorporated proprietorship. One should understand precisely what the notion of a fictitious entity means in the situation. In practical and economic effect, the shareholder runs the business much as though it were a proprietorship. He or she decides what business the corporation should be in, whether it should enter into specific contracts, what price to charge for its products, and so forth. The shareholder in a sense also owns the entire corporation since he or she owns the outstanding shares.

TEXT 4

A proprietor may conduct business either in his or her own name or in a trade or assumed name. There are few restrictions on the use of trade or assumed names: as long as the name is not misleadingly similar to the name of a competing business or otherwise used in a deceptive manner, a person may conduct business in any name he or she wishes.

The owner of a proprietorship may act individually or employ one or more agents, employees, or managers to act on his or her behalf. As a result, the proprietor can delegate business-related activity and decisions freely to subordinates or employees and may take a vacation without the business shutting down if they are agents he or she trusts. The owner of a proprietorship is entitled to the fruits of the business, that is, its income and cash flow without any formality or difficulty.

For legal purposes, a proprietor is not a separate unity. For example, the owner of a proprietorship is liable for any business debts. A proprietor of a business may borrow money on his or her personal credit either for personal use or for use in business, may purchase inventory, supplies, or machinery in the assumed name on credit secured by a loan or security interest in the property being purchased, and he is personally liable on these obligations.

Similarly, if the business becomes involved in litigation, the proprietor is the appropriate plaintiff: if the business is sued, the proprietor is the proper defendant.

TEXT 5

Many cases involving partnership-like relations describe the relationship as a joint venture rather than a partnership. If there is any difference, it is that a joint venture involves a more limited business purpose than a partnership - perhaps a partnership for a single transaction. Most partnership rules are applicable to joint ventures, the major difference being in the scope of the actual and apparent authority that each joint venture possesses to bind the venture.

A joint venture agreement is likely to be referred to as a joint venture rather than a partnership by the courts. However, there appear to be relatively few practical differences in the legal principles applicable to a partnership and to a joint venture.

4. Make up a written report on the basis of all five texts.

Ex. 11. Have you got what it takes to run your business? How do you rate as an entrepreneur? Use your answers to the following questions as the guiding lines when speaking about entrepreneurship.

1. Are you a self-starter?
2. How do you get on with other people?

3. Can you lead and motivate others?
4. Can you take responsibility?
5. Are you a good organizer?
6. How good a worker are you?
7. Can you make decisions?
8. Do you enjoy taking risks?
9. Can you stay the course?
10. Are you motivated by money?
11. How do you react to criticism?
12. Can people believe what you say?
13. Do you delegate?
14. Can you cope with stress?
15. How do you view your chances of a success?
16. If the business was not making profit after five years what would you do?

Ex. 12. Read the text. Which of the entrepreneurial features of Henry Ford can you point out while reading the text? Speak on them.

TEXT 1

The founding of the Ford Motor Company was to have an importance in the field of motor cars not only from the point of view of mass production, but above all because it highlighted, right from its beginning, the philosophy of the car for masses. Along with these revolutionary ideas, Henry Ford, creator, animator, and commander of the company throughout, introduced a number of other novel concepts. In particular he believed that not only the largest possible number of people should enjoy the products of his factory, but also that the largest number of people should share in the material benefits created by the production itself.

The Ford Motor Company was founded on the 16th June of 1903 with a capital of \$150,000. Henry Ford became Vice-President and also assumed the post of Chief Engineer and General Manager. Among the shareholders were the Dodge brothers, ex-mechanics, who opened a workshop in Detroit after having for some years manufactured bicycles which used ball-bearings of their own design. Though the new Ford Company was too much a risk the Dodges accepted Ford's offer of 10 per cent of the shares in return for providing the machine tools for the factory he was building and for beginning the production of Ford engines in their own workshop.

The beginning was not easy. There was strong competition from such established companies as Cadillac, Oldsmobile, Reo and Packard. Ford distinguished his models in the way which was unique in those days when other manufacturers were applying names to impress the public. Ford gave letters to his cars.

Model "N" was produced in 1906 and represented Ford's first attempt to enter the mass market. Its price was as low as \$600, which was the direct competition with the

single-cylinder cars of other manufacturers (the "N" was a four-cylinder). It was well accepted by the public but was not a commercial success. Ford had not yet introduced those productive techniques which were to allow him to reduce manufacturing costs considerably, as he did with the later model "T".

TEXT 2

In 1994 Ford designated the Russian market as a strategic one and began assessing the opinions for organizing production in Russia. However it was resolved to send up a "trial balloon" from neighboring Belarus. In the fall of 1997 Ford Union began assembling Ford Transit mini-buses in the Minsk Region. That production survived only three years. During the service period Ford Belarus managed to make only 3,600 vehicles, after which it had to stop production as it appeared to be losing money. Ford Union is currently operating in Minsk, but now only as a dealer.

By that time Ford already selected the site for the Russian plant, in Vsevolzhsk, 20 kilometers away from St. Petersburg. In the spring of 1999 Ford signed an investment agreement with the Russian government and construction started in 2000. The plant arose from half-finished workshops which Ford had bought from Russky Diesel, a St. Petersburg-based company which went into liquidation. Within two years Ford spent \$150 million to create a full-circuit production with the capacity of 25,000 cars per year. The production in Russia concentrated on the Ford Focus model.

In September 2001 Ford signed its first contract with a Russian supplier, Bor Glass Factory, from which the carmaker buys the glass for the doors of its Vsevolzhsk-assembled Focuses. Currently Ford has seven contracts with Russian manufacturers but they are making just minor parts, unable to materially influence the cost of the cars. Russia supplies rubber mats, splash aprons, brackets for the batteries, caps for the plus battery terminals, and small stamped parts of the car body. The car body, the running gear and the engine are supplied from the corporation's European plants.

Ex. 13. Read another text. See if there is anything in common between the texts above and this one. Speak on the similarities.

Silicon Valley. Home of the hi-tech dream. Birthplace of the computer age. In the early 1980s this strip of land just south of San Francisco was compared to Florence at the height of the Renaissance. It was alive with new money, new ideas and new technology. The Valley's young entrepreneurs truly believed that their revolutionary computers would change the world.

But, by the 1985, that dream lay in ruins. In a sensational industry shakeout thousands lost their jobs and hundreds of brilliant companies went to the wall. The story of Apple — a company that made it through all that slump — is a good example of tough decisions that ensured the company survival.

In the early 80s, Apple had been the darling of Silicon Valley. The company was founded in 1977 by a young computer enthusiast, Steve Jobs. At first, Jobs and his colleagues worked out of a suburban garage, but in less than 5 years Apple had grown to be one of America's top 500 companies and by 1983 was the computer industry's main challenger, to IBM, with a turnover of more than \$ 1 bin. But success hadn't really changed Apple that much. It was still far from being a conventional American corporation. Apple was a company of ideas and ideals its aim was to shift the focus of computers away from institutions and onto individuals. For Apple, the personal computer was "a set of wings for the mind" — a tool which allowed people to develop their ideas and realize their true potential.

After hiring John Sculley as Apple's chief executive officer in 1983 there began an unprecedented boom for the home computer business. Early in 1984, using some of the most innovative advertising ever seen, the new Apple Mackintosh computer was launched. The Mackintosh looked set to be a runaway success. It sold 50,000 units in a mere 74 days and Apple's revenues to the year ending in September jumped by staggering 54%. Sculley and Jobs forecast confidently a turnover of \$ 1 bln for the peak Christmas quarter.

Ex. 14. Questions and assignments for economic reasoning and discussion:

1. Have you ever operated your own business? If not, would you like to have a try? Can you compare the advantages and disadvantages of working for a large corporation or being self-employed?
2. Make up questions for interviewing local businessmen to determine:
 - a) how they started their own business;
 - b) their schooling, training and/or experience they had to help them in their business;
 - c) advice for young people who might be thinking of starting a business some day.
3. What do you know of personality characteristics of entrepreneurs?

UNIT 4

1. Money and Business

2. Grammar Revision. Participial Constructions

Ex. 1. Read the text paying particular attention to the words in bold type. Study the words given before the text. Consult a dictionary if necessary:

Bond - сберегательная облигация, ценная бумага;

Interest payment - выплата дивидендов;

Raise funds - получить ссуду, мобилизовать капитал;

Preferred stock - привилегированная акция;

Depreciation - снижение стоимости, обесценивание, амортизационные начисления;

Retained earnings - нераспределенная прибыль;

Income statement - отчет о прибыли и убытках (результатах хозяйственной деятельности);

Assets and liabilities - активы и пассивы предприятия;

Expenses - затраты, расходы;

Net worth - собственный капитал предприятия.

Financing a Business

Financial markets play an important role in a market economy. They channel money from savers to businesses that use it **to invest** in new capital resources. Businesses use the financial markets to obtain money by borrowing, by selling new **shares** of ownership, and by saving the money themselves.

To borrow money, corporations often sell long-term IOUs called **bonds**. Bondholders lend money to a corporation and are therefore, its creditors. Bondholders receive **interest payments** during the period of the loan, plus the value of the bond at maturity. Businesses also borrow money for short periods of time by means of trade credit, **loans** from financial institutions, and loans directly from other companies.

While bondholders are a company creditors, stockholders are a corporation's owners. Corporations often issue new shares of stock **to raise funds** in the financial markets. All corporations issue common stock, but some also issue **preferred stock**, which is similar to a bond in its preferential treatment.

Businesses save money on behalf of stockholders when they receive money for **depreciation** of plants and equipment. They also save when they keep some of their profits as **retained earnings** instead of distributing them to stockholders as dividends. Business saving is much larger than personal saving in our economy.

Corporations sell new shares of stock in the new issues or primary market. After buying those shares, people can trade them with one another in the secondary market,

which most people know as stock market. Money spent for stock in the stock market thus goes to people selling their shares of stock, not to the corporations that issued the shares. The stock market is an important part of the financial markets because it enables investors to resell shares of stock they buy in the primary or new issues market.

The stock market has organized exchanges like the New York Stock Exchange and decentralized, computerized over-the-counter markets like the National Association of Securities Dealers Automated Quotation (NASDAQ) system. The Securities and Exchange Commission, an agency of the federal government, oversees the market for stock, bonds, and other securities.

Investors and others interested in the financial condition of a firm can learn much from its income statement and balance sheet. The balance sheet describes a firm's assets (the things it owns) and liabilities (the amount it owes). The difference between assets and liabilities is net worth. The income statement lists income and expenses. It provides information about the business's profitability.

Ex. 2. Agree or disagree to the following.

1. Businesses borrow money in a number of ways, don't they?
2. The primary market is known as stock market.
3. Shares of stock are generally bought and sold in the primary market.
4. The income statement and the balance sheet are the forms to show the difference between the assets and liabilities of the company.
5. Saving money is an important part of financial market activities and takes different forms.

Ex. 3. Answer the questions.

1. What role do financial markets play in the market economy?
2. What are the ways of raising funds in the financial markets?
3. What's the difference between the primary and the secondary financial markets?
4. What do Stock Exchanges deal with?
5. How can one be provided information about the financial condition of a firm?

Ex. 4. Using a special dictionary study the following words and their word-combinations. Match the Russian word-combinations with the English ones.

To expend, expense, expensive, expenditure, expensiveness

expenditures on national securities
expenditures of human labor

текущие расходы
общие (бюджетные) расходы

complaint expenditures	затраты на рабочую силу
gross expenditures	принимать участие в расходах
operating expenditures	увеличить расходы
to pile up expenses	затраты на хранение
expenses of reproduction	издержки воспроизводства
expenses of storage	затраты на национальную безопасность
to share expenses	накладные расходы
overhead expenses	эксплуатационные расходы
running expenses	отчет о расходах
account of expenses	издержки вследствие рекламаций

Assets

available assets	активы и пассивы (баланса)
current assets	нематериальные (неосязаемые) активы
fictitious assets	оборотные средства
intangible assets	остаточная стоимость основного капитала
net fixed assets	нематериальные активы (патенты, марки)
worn out assets	свободные активы
assets and liabilities	физически (или морально) изношенные основные фонды

To issue, an issue

to issue bonds	выдача векселя
to issue to bearer	выпуск со скидкой
issue at a discount	выдать на предъявителя
issue of letter of credit	выпустить облигации
issue of licenses	выпуск льготных (бесплатных) акций
excessive issue of money	выдача лицензий
bonus issue	проблемы долговременного характера
national bond issue	избыточный выпуск денег в обращение
long-run issues	выпуск государственных облигаций

To depreciate, depreciation, depreciable

depreciation of money	избыточная сумма начислений на износ
competitive depreciation	списание стоимости активов по усмотрению компании

free depreciation	конкурентное обесценивание валюты
depreciable equipment	обесценивание денег
disallowed depreciation	обесцененное оборудование
depreciation accounting	амортизационный метод бухучета

To invest, investment, investing, investor

facilities investment	внутренние капиталовложения
domestic investment	инвестиции с высоким уровнем вложения заемных средств
highly leveraged investment	частные инвестиции
intangible investment	инвестиции в средства труда
private investor	учреждение-вкладчик
institutional investor	инвестиции в нематериальные активы

To share, a share, a shareholder, sharing

job sharing	акция, доля в акционерном капитале
railway shares	распределение затрат
majority shareholder	разделение доходов
preferred shares	разделение налоговых доходов
share of stock	акции железнодорожных компаний
to place shares with public	деление рабочего места между работниками
cost sharing	акционер, владеющий большей частью акций
revenue sharing	привилегированные акции
fiscal sharing	размещать акции среди публики

To account, an account, an accountant, accounting, accountability, accountancy

current account	счет накладных расходов
for the account of	статья баланса
accounts payable	счета кредиторов
account of charges	выписывать счет
to balance an account	сбалансировать статью о расчетах
to make out an account	выверить счета
to verify accounts	снять со счета
to withdraw from an account	балансовый отчет
balance sheet account	текущий счет (заработной платы)
commission account	счет комиссионных выплат

inventory account	неоплаченный счет
an outstanding account	счет издержек
a salary account	счет госучреждения
cost accountant	главный бухгалтер по учету издержек производства
public accountant	бухгалтерский учет по дочерним компаниям
subsidiary-company accounting	счет материально-товарных запасов

Ex. 5. Match each term in column A with its definition in column B.

A	B
1. Income statement	a) summarizing the revenue and expenses of a business for a period of time
2. Financial markets	b) the purchase and sale shares of stock issued by corporations in the past occurs here.
3. IPO (initial public offering) market	c) a share of ownership in a corporation, usually with voting rights.
4. Trade credit	d) a long-term IOU issued by a business.
5. Retained earnings	e) profits that a corporation distributes to its own stockholders.
6. Stock market	f) summarizing the value of what a business owns and what it owes.
7. Common stock	g) they direct savings into business investment.
8. Dividends	h) primary market where companies sell stock to raise money.
9. Bond	i) profits that businesses save and invest.
10. Balance sheet	j) supplier allowing a business to charge purchases.

Ex. 6. Arrange the words in brackets into definitions of given statements.

1. Certificates of a corporation's or the government's indebtedness to the holder are called ... (ndsbo).
2. The purchase of capital resources used to produce goods and services and which may consist of shares in a corporation, real estate, or a plant and equipment is called ... (menitevsnt).
3. Common ... has voting privileges, and preferred means stockholders are first to receive dividends and first to receive a share of assets if the corporation is liquidated (ctsko).
4. Profits not paid as dividends but instead reinvested in the business for purchase of new capital resources are called..... (edreinta gnisaren).
5. A.....reports a company's financial status on a specified date (ancelab eehst).
6. The ... shows how much a revenue a company brings into the business by providing goods and services to its customers (matnesett).

Ex. 7. Make the text complete using the words from the ones given below.

In the economy the money we save by giving up current consumption flows to the business community for investment dollars. Many people put some of their savings into a bank ... or an investment to earn a return in the form of... or dividends. When they do so, they take part in financial markets, where savers exchange funds with borrowers and others who are willing to pay for the use of money.

Financial markets are a vital part of a market economy. They are an extension of the circular... when savers give funds to a financial institution, which gives them a return in the form of interest or dividends. Financial institutions... funds to businesses like the MOM and POP SHOPPE. The MOM's investment in capital and other resources will allow for greater..., some of which will pay for the new equipment. The MOM will repay the money it borrows with interest. In this way, the dollars business use to build the economy's wealth bring a ... investment to savers that builds their wealth.

There are two sides to the financial market. On the one side are the investors like yourself, looking for the best return of savings and investments. On the other side are the businesses that want to buy capital How do businesses use financial markets to obtain money? They borrow the money, sell new shares of..., called equity, or they save the money themselves.

Yet there are risks associated with each option for both the investor and the business since there is a relationship between risk and return. As the ... of an investment increases, the return that investors also require also increases. Businesses are not always successful.

Investing in the market with the risk of losing ... that they must pay investors. Inflation risks is another type of risk. This part or all of your money is called market risk. Businesses risk the high ... of return which is an effect of... prices. If prices are

rising (inflating), investors earn a reduced return on their investment. However, businesses are repaying the debt in what could be "cheap dollars".

(ownership, resources, account, interest, lend, flow, risk, profit, rising, return on, rates)

Ex. 8. Read and translate the sentences paying particular attention to the participial constructions in bold type.

1. Much information **being obtained** mainly from journals and ledgers, additional funds should be invested in the bookkeeping system.
2. New materials increased the supplied quantity of goods, producers are interested in introducing technological **advancing** practice.
3. Financial information may be obtained for the company as a whole, each transaction **being recorded** separated in a journal.
4. **Having prepared** asset accounts and liability accounts **showing** the financial conditions of the company, the accountant gave them to the manager.
5. All the data **having been collected**, the bookkeeper began **calculating** the sum of all the debit and credit balances.
6. **Having been checked** by the bookkeeper, the trial balance was sent to the accountant.
7. Various companies offer their goods at different prices in a particular market, the increase in the supplied quantity resulting in the market price decrease.
8. Being applied correctly, the accounting cycle becomes an important factor of maximizing profit.
9. The new equipment being used, the company was able to decrease the cost of production and obtain higher profits.

Ex. 9. Use participles when completing the sentences in English.

1. (Используя кредитные карточки), the busy people can relatively easily purchase goods by mail or telephone.

(Используя кредитные карточки), the busy people could relatively easily purchase some goods by mail or telephone. (Если они используются для покупки товаров по почте), the busy people could relatively easily purchase some goods by mail or telephone. (Когда они были использованы для покупки товаров по почте), the credit cards helped the busy people to economize much time.

2. (Под руководством (будучи ведомыми) «невидимой руки» экономики), free marketers increase the nation's material wealth by using their individual interests, talents, and abilities to serve consumers in the market. (Ведомые «невидимой рукой» экономики), free marketers increase the nation's material wealth by using their individual interests, talents, and abilities to serve consumers in the market. (Только

после того, как они последовали за «невидимой рукой» экономики), free marketers have increased the nation's material wealth, by using individual interests, talents, and abilities to serve consumers in the market. (Направляя свободных рыночников), «the invisible hand» helped them to increase the nation's material wealth by using their individual interests, talents, and abilities to serve consumers in the market.

3. (Не распределяя доходы), businesses do not pay dividends to their shareholders. (Не распределив доходы), businesses do not pay dividends to their shareholders. (Не будучи распределенными), dividends were not paid to the shareholders.

Ex. 10. Put the verb in the proper form.

Before October 27th 1986 if you (*to want*) to buy some shares in British Telecom you (*to go*) to your stockbroker, or your bank who (*to instruct*) their stockbroker to act on your behalf, and (*to give*) instructions. The stockbrokers' office (*to telephone*) their broker on the floor of the Stock Exchange. He (*to go*) from the jobber to jobber asking them to quote a price for British Telecom but without saying whether he (*to want*) to buy or to sell. The jobbers (*to quote*) two prices, say 187-190 (that is the price in pence for each share) the first price the one they (*to prepare*) to buy and the second the price at which they (*to sell*) your broker (*to do*) the transaction with the jobber who offered the lowest price at which he (*to sell*) shares to you. If you (*to sell*) shares your broker (*to deal*) with the jobber who offered the highest price at which he (*to buy*) from you.

Ex. 11. Read the text. Speak about the possibilities to raise money for a company growth.

When a company needs to raise money in order to grow, it can choose between two different options. It can issue shares (or parts of capital) which can be bought by the general public. These shares are known as equities or ordinary shares, and are the most common form of share. When you buy shares in a company, you become a shareholder and own a part (or have a stake) in that company. As part owner of a company, you can therefore make or lose money depending on the company's profits.

If the company does make profits, it pays a sum of money per share, known as dividend, to its shareholders usually twice a year. Companies can also borrow money from a bank or from the general public by issuing bonds which are loans with a fixed amount of interest to be paid each year.

Each year, billions of pounds of shares are bought or sold on the London Stock Exchange. In addition to the shares mentioned above, government stocks, or gilt-edged securities, are also traded. These are loans issued by the government to help to fund its spending building roads and hospitals, defense, etc.

Ex. 12. Read the text. Speak about the direct and indirect channeling of investments through the Stock Exchange.

The Stock Exchange is a market place where securities are bought and sold. These are shares in over 7,000 companies and government stocks which are known as gilt-edged securities. In one year stocks and shares worth over 570 billion pounds change hands.

Most adults in this country save or invest in one form or another and much of these savings will be channeled through the Stock Exchange. This investment might be direct - perhaps buying shares in one of the companies which have recently come onto the market, such as TSB, British Gas, Virgin, Rolls Royce and British Airways. The investment might be indirect - anyone who pays into a pension scheme, has little assurance or subscribes to a trade union is probably investing on the Stock Exchange as this is where a large part of the institutions' funds are invested.

Ex. 13. Read the text. Speak of the changes the Stock Exchange in London underwent.

Since October 27th 1986 - the day commonly known as "Big Bang" which resulted in the greatest changes in the history of the Stock Exchange in London - there have been many changes.

Instead of brokers and jobbers, all member firms operate as "dual capacity" broker/dealer which means that they are free to buy securities from, or sell them to, clients without dealing through a jobber. Some of such members -called Market Makers- will undertake to make markets in certain ranges of shares rather as a jobber did in the past.

Membership of the Stock Exchange, which in the past had only been open to individuals, is now open to corporate members. This has enabled banks, financial institutions, insurance companies and foreign securities firms to become members. Because of their size and capital they are able to compete internationally. This became necessary because as membership was limited to individuals who, although they grouped themselves into partnerships, were too small to compete with their counterparts abroad, particularly in America and Japan.

The scale of commission charged for buying and selling shares was scrapped. Since October 27th, 1986 stockbrokers have been able to fix their charges according to the service they provide.

To cope with the increased business with which the Stock Exchange has to manage, and to coincide with " Big Bang", a new sophisticated electronic dealing system has been introduced called SEAQ (Stock Exchange Automated Quotations). The information displayed on television screens by means of this electronic system is updated continuously and gives all the brokers access to it.

Ex. 14. Read the text and answer the questions.

1. Who and where do you think is speaking?
2. What kind of information can you get when looking at the screen?
3. What do you think market makers do? Speak about their activities.

This SEAQ screen shows the prices of Imperial Chemical shares. The name of the company is abbreviated at the top of the screen. At the top right-hand corner of the screen, you can see the figure 630 which was the final price (in pence) of ICI shares at the close of Stock Exchange yesterday. The second line of the screen, just below the name of the company, shows that 2,2 million ICI shares have already been traded on the Stock Exchange today. Next to this information, the most recent share prices are given. You will notice that these prices are from 631 to 635 pence per share. Since share prices do not change very much from day to day, the last digits only are shown.

Below this, you will notice eight lines of information each containing three different columns. The letters on the left-hand column are abbreviated for market makers, which are the member firms of the Stock of Exchange. CAZN, for example, is an abbreviation for Gazenove and company, a British securities house. The figures in the middle column are the market makers' quotations. Gazenove, for example, was prepared to buy ICI shares at 632 p and sell them at 635 p. The right-hand column indicates the quantity of shares in thousands that market makers are prepared to buy and sell at the prices quoted. Finally, in the middle of the screen, we can see a line of information in enlarged letters on a white background which gives the names of the market makers offering the best buying and selling price, which on this day, is 632 p for buying and 634 p for selling ICI shares.

Ex. 15. Questions and assignments for economic reasoning and discussion.

1. How do financial markets help businesses obtain financial resources? If you started your business would you attract loan capital?
2. What is equity, and how it is used to finance business growth?
3. If you study a balance sheet and an income statement of a company what kind of picture can you make?

UNIT 5

1. The Global Economy

2. Grammar Revision. English Tenses in Active and Passive Voice.

Ex. 1. Read the text paying particular attention to the words in bold type. Study the words given before the text. Consult a dictionary if necessary.

Utilization - использование, применение, утилизация;

Agreement on tariffs - соглашение по тарифам;

Joint venture - совместное предприятие;

Restrict trade - ограничивать торговлю;

Sagging (economy) - развивающаяся экономика;

Advanced (economy) - развитая экономика;

Average rates - средние тарифы (пошлины);

Demographic transition - переходный период естественного движения населения;

Enact (standards) - вводить стандарты, нормативы.

The Economic Interdependence of Nations

The global economic **interdependence** of the United States and other nations has grown geometrically since the Second World War. It is evidenced in resource **utilization**, production decisions, raw materials trade and consumer demand. It can be seen in such efforts to create order in international economic relationship and as the **International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade**. It has been demonstrated through the **wide-ranging effects** of single dramatic events, such as each of the oil price shocks of the 1970s.

Another sign of increased interdependence is the growth of foreign investment. About one third of foreign investment in the USA is in manufacturing. Such foreign **ventures** as Honda in Ohio, Mitsubishi in Illinois, and Nissan in Tennessee have received much attention. These ventures reflect a larger trend in which successful foreign firms are setting up plants in other countries to serve local markets where demand for their products is high.

The growth of foreign investment has raised new questions about the international economic relationships of nations. What types of firm conduct work that is too critical to national security to allow foreign investment? What about investments in the United States by a nation that **restricts** U.S. investment in the nation's economy? If the global economy continues to grow, would the world's environment **suffer** greater ruin? Many people think it would because they believe markets ignore valuable environmental resources like fresh air and clean water. In many cases, markets don't exist for such resources because they are common property with open **access** to all.

The growth of productivity and living standards in less-developed nations depend greatly on their ability to trade freely in the global marketplace. While **levels** of income and production are lower in less-developed countries **sagging economies**, their **growth rates** of production today are generally higher. Except for the sagging of nations in the former Soviet Union, the economies of other less-developed countries have **average rates** of economic growth that exceed the average of high-income nations.

Higher productivity and living standards are recent events when viewed from the prospective of the last 2,000 years. One result of these **advances** in living standards has been rapid growth of world population, as death rates **tumbled** below birth rates. In developed nations, living standards have increased to the point where parents have so few children that population is either barely growing or is soon **to decline**. Older people are becoming larger proportions of these populations, resulting in challenges to find adequate retirement and medical care. Meanwhile, birth rates are falling and **demographic transition** is progressing in **less-developed** nations.

Yet many people in developed nations are fearful of trade with poorer nations unless those nations **enact** labour standards to improve wages and working conditions there. Many people in less-developed countries oppose such standards, fearing that their less productive workers would then be unable to compete in the global marketplace.

Ex. 2. Agree or disagree to the following.

1. There are few signs of increased interdependence.
2. The economic problems of the countries are interrelated.
3. The rates of economic growth of countries with sagging economies are lower than the ones of the developed countries.
4. Standard of living does not depend on the growth of the population of the country.
5. The growth of foreign investment is very dangerous for the economy of the country

Ex. 3. Think and answer.

1. Are there any causes of economic interdependence? What are they?
2. What are the greatest foreign investments? Why?
3. Does international cooperation affect somehow or other the standard of living of the working people?
4. What are the main advantages and disadvantages of globalization of economy as they are described in the text?

Ex. 4. Using a special dictionary study the following words and their combinations. Match the Russian word-combinations with the English ones.

To restrict, restricted, restrictionist, restriction(s), restrictive

restrictions of birth (trade)	ограничение рождаемости
to impose restrictions	валютные ограничения
exchange restrictions	вводить ограничения

Rate, rated, ratification, ratify, rating

rate schedule	в ускоренном темпе
at a growing rate	на уровне
at the rate of	обменный курс
rate for day-to-day loans	фрахтовые цены (тарифы)
rate of accumulation	годовой коэффициент оборачиваемости капитала
rate of exchange	норма накопления
freight rates	норма прибыли
rate of return	ставка процента на заемный капитал
annual turnover rate	курс на время закрытия биржи
basic rate	курс по срочной сделке
borrowing rate	ставка по депозитам
closing rate	тарифная сетка
deposit rate	ставка по суточным ссудам
forward rate	основная ставка (базовая)

To stagnate, stagnation, stagnant, stagnancy, stagflation

to fall into stagnation	прийти к застою
stagnation of business	застой роста производства
stagnation of production	длительный застой
secular stagnation	застой в бизнесе

Environment, environmental, an environmentalist

to damage the environment	экономическая обстановка
business environment	условия стабильности
manufacturing environment	социальная среда
stable environment	проблемы окружающей среды
social environment	наносить вред окружающей среде
environmental problems	условия производства

To advance, advancement, advanced, advancing

advance in living standards	повышение жизненного уровня
advance against goods	внести задаток
to ask for an advance	повышение заработной платы
to advance money of securities	аванс на командировочные расходы
to grant an advance	ссуда без обеспечения
to obtain an advance of money	ссуда под обеспечение
advance of wages	ссуда под залог товаров
collateral advance	просить аванс
travel advance	предоставить ссуду под ценные бумаги
uncovered advance	передовые идеи
advanced ideas	получить денежный задаток

Ex. 5. Match each item in column A with its definition in column B.

A	B
1. Capitalism	a) making long-term loans to developing nations.
2. Socialism	b) allowance to emit a fixed amount of pollution.
3. Demographic transition	c) former Soviet republics.
4. Tradeable permit	d) sale of government-owned businesses to private individuals or companies.
5. Environmental standards	e) economic system with privately owned, competitive businesses.
6. World Bank	f) main problem for developing nations.
7. Economic growth	g) economic system with government or public ownership of the means of production.
8. Privatization	h) market exchanges on the Internet
9. Russia, Ukraine, and Georgia, for example	i) disguised trade barriers by developed nations
10. E-commerce	j) period of increasing productivity and slower population growth.

Ex. 6. Insert the words from the ones given below.

All economic systems need to answer the fundamental questions of what goods and service to produce, how to produce them, and who will receive them. A market economy accomplishes this through the "invisible hand" of market prices, while a... economy relies on government direction and planning.

The collapse of the Soviet Union shifted the world's attention toward the markets. Adding to the popularity of markets was rapid ... of Asia's market economies. Throughout the world, people take notice of the relationship between greater political and economic freedoms and higher levels and growth rates of living standards. In many less-developed nations, leaders... the development and growth of markets in order to promote increased productivity and higher living standards.

Efforts to create or strengthen markets for environmental resources can occur when the governments ... pollution fees or when they establish ... permits. Markets can work on behalf of resources, including environmental ones, when they encourage people to add to the world's cupboard of resources. The result is illustrated by the ... of commodity prices during the 20th century and by continual development and discovery of new... to replace older ones. One resource continually added to the economic cupboard and used in place of other resources is human knowledge. E-commerce and biotechnology are two of these resources.

(command, encouraged, tradeable, growth, decline, resources, charge)

Ex. 7. Read the text

1. Put the verb in the proper form.

Troubles in Asia and Beyond

Before the 1990s ended skeptics thought what benefits of markets (*to exaggerate*). Japan economy, after (*to grow*) rapidly during the second half of the 20th century, (*to stagnate*) during the 1990s. Then, towards the end of the decade, a sudden crisis rocked market economies throughout South East Asia. These economies (*to grow*) rapidly and consistently for decades, and many believed that markets were largely responsible.

Yet in 1997 many Asian countries suddenly devalued their currencies. Prices of imported products soared within the nations, interest rates (*to skyrocket*), and living standards tumbled. The crisis occurred despite a general absence of obvious economic problems. So why did the growth of Asia's economies suddenly cease? There is no simple answer, but two causes (*to stand*) out.

First, many lenders believed that governments throughout the world would guarantee loan repayments if borrowers (*to get*) in trouble, which promoted reckless (*to lend*) and borrowing.

Second, Asian banks borrowed money on a short-term basis from global savers and then used it to make long-term loans in their nations. If global investors suddenly

demanded repayment of their loans, banks (*have*) trouble paying them back because those long-term loans would not (*to repay*) for some time.

In 1997, global investors realized that many Asian governments could not maintain stable exchange rates and near panic set in. Fearful of (*to lose*) their money or of (*to repay*) in devalued currency, investors suddenly withdrew funds from Asian nations. Exchange rates tumbled, and economies (*to sink*). Fortunately, the Asian economies were resilient. By 1999, they were recovering (*to expect*) to grow more rapidly in the near future.

The 20th century ended without Asia's problems (*to cause*) a worldwide crisis of confidence in market systems.

The century and millennium (*to begin*) with widespread confidence that open markets and free global economy trade (*to offer*) great opportunities for higher productivity and living standards.

2. Look for the English equivalents of:

долгосрочный заем; обрушить; обесцененная валюта; мобильная (экономика); погашение, возврат (долга); падать (о ценах); находиться в состоянии застоя; стремительно повышаться (о ценах); кризис доверия.

3. Speak about the problems caused by the economic crises in Asia using the words above.

Ex. 8. Read and translate the text. Speak of the importance of the alliance. Can it solve any global problems?

My name is **M.G.** and I am responsible for Volvo's communication in France where I am Director of Information and Public Affairs. Volvo is a multinational automotive company active in the transport sector, primarily by our trucks, cars and buses; in the marine sector by Volvo Penta who makes marine and industrial engines; in the aerospace sector through Volvo Flugmotor. We are also present through a 50% — nearly 50%-stake in the health and food sector through a company called Procordia and that is along with Swedish government Volvo is present in 130 markets all over the world with nearly 70,000 employees. Nearly two years ago Volvo and Renault concluded a very important alliance, as a matter of fact the most important industrial alliance that Volvo ever made. We are, together, today the fourth automotive company in the world and the first truck company in the world and we are, if you compare to other competitors, are leading, together, I mean, the leading automotive company in Europe. That means that it is a very, very important alliance.

We also are complementary. That means Volvo, for instance, is very active on the American markets where Renault is not. We are active in Asia, South America, to a small degree in Africa, and of course in Europe, our utmost market after the United

States. But on all the markets we can help each other because where Volvo is strong Renault is perhaps not that strong and on the contrary, where Renault is very strong. Take an example: in Asia, Volvo is present since a long time and we have producing facilities. Renault is present but not that strongly, so since the alliance, Renault is helped by Volvo because they can use our producing facilities and thus be more present in that important market in the future. On the contrary, Renault will help us on other markets as they do for instance in France.

Ex. 9. Read and translate the text.

1. Speak on the main idea of it. Write the annotation.

There have been times when the United States followed an isolationist foreign policy, but in business matters the United States has been strongly internationalist. The American business abroad has been a source of both strength and of controversy for many decades".

American diplomacy has often helped to open doors for American business abroad but the relation between business interests and diplomacy has worked both ways. American political leaders have often encouraged American businesses to invest abroad as a way of strengthening the American diplomatic hand. Early in the 20th century, for example, the policy known as "Dollar Diplomacy" favoured American investments in parts of the world that had a strategic interest for American policymakers.

Not surprisingly the American business has received a mixed welcome in the rest of the world. Many people — especially those who are critical of United State foreign policy — see American business activities as an extension of its diplomacy. Critics charge American firms with their economic power to influence foreign governments into adopting policies that serve United States political and economic interests rather than local interests.

On the other hand, many people in other countries have welcomed investments by American firms as a means of raising their own standards of living. Foreign investments, whether by American firms or by companies from other nations, help to spread new technology and promote economic growth on a worldwide scale. By investing abroad, American businesses have provided many new jobs and new products for people who lacked access to the benefits of modern industrial society. They have opened new avenues for advancement and new outlets for the ideas and energies of millions of people.

Certainly, American businesses have had to face mounting competition from producers in the rest of the world in recent years. The competitiveness of the worldwide economy can be expected to intensify in the years ahead. American business people can draw upon their long experience with give-and-take of free market forces to sharpen their competitiveness and help them to make a good showing. But the competition is certain to be rigorous.

2. Answer the questions.

1. How did the American diplomatic hand help the American economy?
2. Why did American business receive a mixed welcome in the rest of the world?
3. What were the reasons to welcome investments of American businessmen?
4. Why is the world competition mounting in recent years?

Ex. 10. Questions for economic reasoning and discussion:

1. Could you compare the plight of a developed country to the economy of a depressed state? Consider the quality of education, availability of adequate health care, sources of investment capital, etc.
2. Develop bulletin board displays on the economic conditions in different countries.
3. Make up research projects on the evolving economies of the former socialist countries? Are they having a success? What aspects of the transition to a market economy have proven most difficult?
4. Investigate the economic problems of a developing country. What recommendations could provide for or increase the rate of economic growth in the country.

WORDS AND CONSTRUCTIONS FOR WRITING ANNOTATIONS

VERBS

analyze
comment on
contain
discuss
deal with
include
mention
present
refer to
illustrate
explain

WORD COMBINATIONS

basic information
characteristic feature
complete review
data available
principle concept
source of information

CONSTRUCTIONS

The article deals with the problem ...

The subject of the text is ...

The text gives us a sort of information about ...

The article begins with the description of..., a review of..., the analysis of ...

Then the author passes on to..., gives a detailed analysis ...

To finish with, the author describes ...

At the end of the article the author draws the conclusion that ..., the author sums it up...

In conclusion, the author