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КАФЕДРА ИНОСТРАННЫХ ЯЗЫКОВ

**АНГЛИЙСКИЙ ЯЗЫК ДЛЯ СТУДЕНТОВ 1 КУРСА ФАКУЛЬТЕТА
ЭКОНОМИКИ**

Учебно-методическое пособие (часть 2)

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Данное учебно-методическое пособие предназначено для студентов 1 курса ТУСУРа направлений бакалавриата факультета экономики очной формы обучения. Пособие составлено в соответствии с целями и задачами дисциплины «Английский язык». Учебно-методическое пособие предназначено для обучения в первом семестре (36 часов аудиторных занятий и 36 часов самостоятельной работы) для студентов с уровнем английского языка Intermediate.

Каждый урок состоит из следующих разделов:

- Vocabulary (Wordbank)
- Reading
- Grammar
- Speaking

После каждого двух уроков предлагается раздел Revision для повторения пройденного материала и подготовки к тестам.

Учебно-методическое пособие «Английский язык для студентов 1 курса факультета экономики (часть 2)» размещено в электронном виде на образовательном портале ТУСУРа.

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Lesson 1 What is Economics?

1. Answer the questions:

1. Do you know what economics studies?
2. What are the two main types of economics?
3. Why do you study economics?

Economics Word bank

1. costs – затраты	6. earning potential – потенциал заработка
2. poverty – нищета	7. budget deficit – дефицит бюджета
3. to value – оценивать, ценить	8. benefit – выгода
4. wellbeing – благополучие; благосостояние	9. Gross Domestic Product –
5. living standards – уровень жизни	внутренний валовой продукт

2. Read the text and check if you understand the words in bold:

What is Economics?

Economics is the study of the **production** and **consumption** of **goods** and the transfer of **wealth** to produce and obtain those goods. Economics explains how people interact within **markets** to get what they want or accomplish certain goals.

There are two main types of economics: **macroeconomics** and **microeconomics**. Microeconomics focuses on the actions of **individuals** and **industries**, like the dynamics between **buyers** and **sellers**, **borrowers** and **lenders**. Macroeconomics, on the other hand, takes a much broader view by analyzing the economic activity of an entire country or the international **marketplace**.

Adapted from: <http://www.whatiseconomics.org/>

3. Match the words from the box and definitions:

Gross Domestic Product, living standards, earning potential, income, pension, retirement, savings, budget deficit, benefit, wellbeing

1. An advantage or profit that somebody gets from something.
2. Money received, especially regular, for work or with help of investments.
3. The action or fact of leaving one's job and stopping to work.
4. A level of material comfort measured by the goods, services available to an individual, group, or nation.
5. The amount of money by which a government, company, or individual's spending is more than its income in a particular period of time.
6. The total value of goods produced and services provided in a country during one year.
7. The state of being comfortable, healthy, or happy.
8. An amount of money saved.
9. The sum of money a person will be able to earn in his or her professional future.
10. A regular payment made by the state to people of or above the official retirement age and to some widows and disabled people.

4. Put the words from exercises 2 and 3 in the sentences:

1. Our president said the ... of our country had grown by 7 % and our ... would be better and better from year to year.
2. The bank went bankrupt and I lost all my
3. People with better education are able to ... more money.
4. Many people in Africa are ill and die because of
5. Our company offers you a job with a good ... and great work conditions.
6. If you earn a lot of money today, you will be able to get better ... after
7. She can't control her ..., as soon as she gets money she goes shopping and ... all money she got.
8. Last year I decided not to buy beer and ... enough money to buy a new cell phone.

5. Look at these words, define the part of speech and find the related words:

benefit	value	policy
to earn	to affect	to provide
retirement	to complete	to reduce
to save	to manage	

Reading

6. Look through the text below and answer the questions:

1. How many people understand the importance of knowledge of economics?
2. How can our decisions now affect our income in future?
3. Can we make a good choice between political leaders without knowing basic economic concepts?
4. Why is economic education important?

7. Agree or disagree with these statements according to the text:

1. College degree is one of the factors that directly affect people and their families.
2. Only 20% adults and students understand that people with college have better earning potential.
3. If you leave school and start to earn money in your teens and don't go to college you will have a higher income in later life.
4. If you keep savings in the bank you don't risk losing money because of inflation.
5. Political leaders explain their economic decisions so simply that it's easy to make a decision.
6. Strong knowledge in economics helps people to earn much more money.
7. Rich countries have no problems with poverty.

8. Answer the questions:

1. Do people appreciate economic factors which influence their wellbeing? Why?
2. What can happen with your money if you keep it "under mattress"?
3. What benefits can understanding of economic issues bring to an individual?
4. Why must we think of an adequate income in retirement now?
5. In what way can knowledge of economics affect political decisions?

Convinced By Commonsense - Or Why We Need Economics

Economic education is important - critically important. This morning I want to say something about why economics is important and why, in consequence, economics education is vital.

But the latest study showed that many people still don't appreciate factors that directly affect them and their families. There is a common failure to realize the importance of a college education to future expected salary, for example. Only two in ten adults and students completely understood what a difference to earning potential a college degree can bring. And only half of all adults - and even fewer students - know that savings kept under the mattress - or anywhere else at home - are at the greatest risk of losing value because of inflation.

At the personal level, the more people understand about savings, earning potential and other economic issues, the better they can look after themselves and their families; the better they are able to manage the earning and spending sides of their lives; and the better they can prepare for retirement. People need to understand the compromise they are making - between leaving school and starting to earn money in their teens and going to college in the expectation of a higher income in later life, for example. They need to understand how best to save money in a way that finds the right balance between risk and return for them so that they will have an adequate income in retirement - a more and more important factor as people live longer and as our population becomes older.

But - and this is equally important - the more the population understands about economic issues, the more sensible and informed will be the discussion about economic policy issues affecting the national economy; and the better will be the policy decisions. Fewer than half of students - according to the NCEE survey - know what a budget deficit is. Only a quarter of students and fewer than half of all adults know what we mean by Gross Domestic Product. When many citizens ignore such concepts, it is difficult for political leaders to explain their arguments for specific economic decisions which offer a balanced estimation of the costs and benefits of a particular policy option. Instead, the economic policy discussion changes into selective and unreasonably simplistic, often focusing on the short-term, and perhaps even mistaken.

That's why providing school students with strong knowledge in economics is an important public service. As individuals get a better understanding of the issues that can affect their own wellbeing, it will be easier to make rational decisions about their jobs, savings and pensions. And as those individuals get a better understanding of the role of stimulus and compromises in the functioning of the economy, so they will be able to make a more informed estimation of public policy choices.

We want to understand how the world works; how people behave; and how resources are allocated. But we want to do that because we want to understand how the rules or laws can be applied for the benefit of everyone. We want to raise living standards and reduce poverty -and as we have seen on our television screens in recent weeks, this remains a problem even in some parts of a rich country like the United States.

Adapted from <http://www.imf.org/>

Commentary

1. **NCEE** - National Council For Economic Education
2. **short-term** - short period of time
3. **simplistic** - interpretation of something that makes it seem much simpler than it really is
4. **teens** - the years of a person's age from 13 to 19

Useful words and expressions

- | | |
|--------------------------------------|--|
| 1. according to – согласно | 18. option – выбор, альтернатива |
| 2. adequate – адекватный | 19. particular – отдельный |
| 3. to affect – влиять | 20. perhaps – возможно |
| 4. allocated – распределенный | 21. policy – политика, линия поведения |
| 5. to apply – применять к (ч-л.) | 22. to provide – обеспечивать |
| 6. to appreciate – оценивать, ценить | 23. to raise – повышать, увеличивать |
| 7. to behave – вести себя | 24. to realize – понимать, осознавать |
| 8. common – распространенный | 25. recent – недавний |
| 9. completely – полностью, совсем | 26. to reduce – сокращать, уменьшать |
| 10. equally – в равной степени | 27. to remain – оставаться |
| 11. estimation – оценка | 28. return – возврат |
| 12. to expect – ожидать | 29. selective – выборочный |
| 13. failure – неудача, неуспех | 30. sensible – благоразумный, здравомыслящий |
| 14. in a way – в некоторой степени | 31. survey – опрос, анкетирование |
| 15. in consequence – в результате | 32. unreasonably – неразумно |
| 16. issue – спорный вопрос, проблема | |
| 17. to manage – справляться | |

Grammar: Degrees of Comparison

	Absolute	Comparative	Superlative
one syllable or two syllables ending in -y	big	bigger	the biggest
	strong	stronger	the strongest
	happy	happier	the happiest
two or more syllables	important	more important	the most important
	adequate	more adequate	the most adequate
exceptions	many, much	more	the most
	good	better	the best
	little	less	the least
	bad	worse	the worst

Using degrees of comparison:

- **The more** you work, **the more** you earn.
- He earns **more than** you.
- **The greatest risk** of losing value of money is inflation.

9. Put the adjective in the right form:

1. ... study showed that many people can't make an adequate decision about spending money (late).
2. Only half of all adults—and even ... students – understand what inflation means (few).
3. People with ... education can get a ... salary (high, big).
4. ... people understand about savings, earning potential and other economic issues, ... they can look after themselves and their families (much, good).
5. They need to understand how to save money ... (good).
6. ... than half of students know what a budget deficit is (few).
7. Providing school students with ... knowledge in economics is ... public service (strong, important).
8. ... you earn now, ... pension you will get later (many, big).
9. If you understand economic and political issues you make ... and ... decisions (rational, adequate).

10. Make a sentence from given words, the first and the last words are on the correct places:

1. People, understand, who, better, decision economics, a, can make, about spending.
2. Later, you, get, higher, can, income.
3. It's, to, understand, political, difficult, economic, and, issues.
4. Poverty, big, is, problem, a, in, many, large, countries.
5. Economists, more, informed, can, a, make, estimation.
6. Students, about, than, fewer, economics, know, adults.
7. Economists, how, save, best, to, know, money.
8. Population, older, is getting, and, older.

Speaking

11. Answer the questions using the following expressions:

1. Is economic education important? What do you think?
2. Do we need to teach economics at school? Or is it too early?
3. Is it possible for the government to explain their arguments for specific economic decisions to all citizens? Is it necessary to do it?
 - I think that
 - In my opinion
 - It's important/vital
 - to manage income and spending
 - to save/spend money
 - to lose value through inflation
 - to find the right balance between
 - to make a rational decision about
 - to have an adequate income
 - to raise living standards

Topics for presentations:

- | |
|---|
| <ol style="list-style-type: none">1. Study of economics in Russia2. Managing the family budget3. Living standard comparison: people with/without a college degree |
|---|

Lesson 2 Economic theories

1. Answer the questions:

1. Do you know who Adam Smith is?
2. What economic theories do you know except Classical School?

Economics Word bank

1. employment – занятость	6. flow of money – денежные потоки, движение денег по каналам обращения
2. unemployment – безработица	7. securities – ценные бумаги
3. depression – экономическая депрессия, упадок, кризис	8. economic boom – экономическое процветание, экономический бум
4. money supply – денежная масса, сумма денег в обращении	
5. recession – экономический спад	

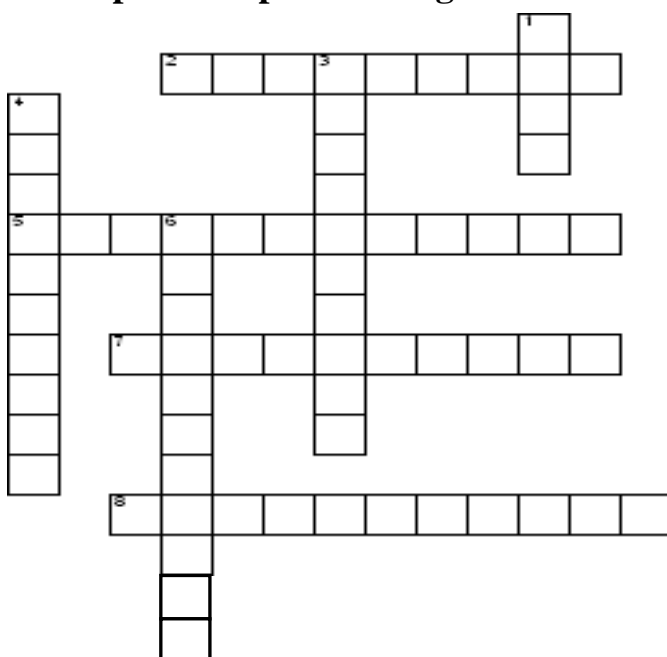
2. Read the text and check if you understand the words in bold:

Wealth of Nations: Main Principles

Adam Smith is famous for his theory that nations reach wealth and function best where **individuals** are completely free to use their skills and **capital** (money, **land**, etc.) in their own **self-interest**. **Prices** and **wages** will automatically reach optimal levels (guided by an "invisible hand") when such freedom is allowed. When new products are invented, prices will initially be high until others see the **profit potential** and enter the field - then prices will go down. We see this today with electronics. The role of government should be to protect **contracts** under the **law**, **grant patents** and **copyrights** for invention, and **provide** public works such as roads that would **benefit** everyone. **Division of labour** in production, a guiding principle of the **industrial revolution** can bring many benefits.

Adapted from: <http://www.heartoscotland.com/>

3. Complete the puzzle using the words from the box above:



Across

2. a period when the economy of a country is doing badly
5. the fact that people who want jobs cannot get them
7. a time when there is little economic activity, which causes a lot of unemployment and poverty
8. the amount of money in circulation (2 words)

Down

1. the time when there is an increase in economic activity
3. the fact of having a paid job

4. all certificates that you buy in order to get regular interest from them or sell them later for a profit

6. money moving freely between people or organizations

4. Before reading the text check if you know the following verbs.

a. Match the verb and the meaning:

Verb	Meaning
1. to falter	a) заявлять
2. to suppose	b) ухудшаться
3. to be named after	с) БЫТЬ НАЗВАННЫМ В ЧЕСТЬ К-Л.
4. to result in	d) полагать, считать
5. to inspire	e) принимать, заимствовать
6. to pull smb out of smth	f) запинаться, спотыкаться
7. to adopt	g) заканчиваться ч-л.
8. to worsen	h) вдохновлять
9. to declare	i) вытаскивать, вытягивать

b. Match the verbs with the similar meaning from the two boxes below.

Translate the verbs into Russian.

to make it through	to rise	to expand	to turn into	to suggest
to compel	to happen		to reject	to hoard

to refuse	to save	to survive	to force	to occur
to go up	to increase	to transform	to propose	

5. Complete the sentences with the correct verb from the first box in ex. 3 b:

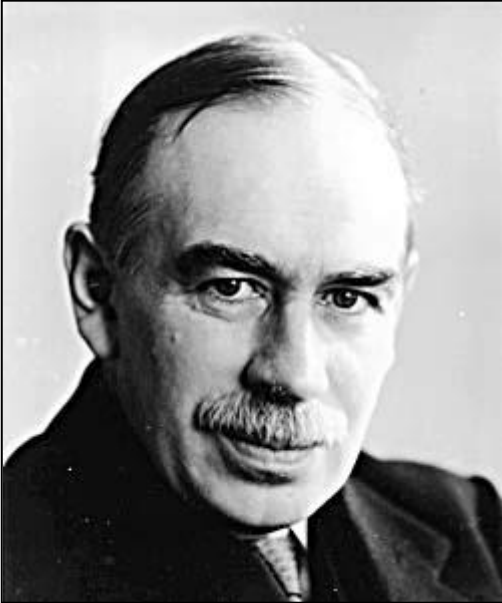
1. He was able to ... any difficult situation in his life ... the opportunity to get profit.
2. Some companies try to ... their employees to work extra hours.
3. In the crisis you need to have some savings to
4. They could not ... his brilliant solutions of the problem.
5. The head of the company tried to ... the capital and to raise his workers' salary.

Reading

6. Read the text and answer the following questions:

1. Why is John Maynard Keynes called "the father of modern economics"?
2. What are the situations which make people save money?
3. How can the government fight recession?
4. How does people's behaviour differ in a recession and a depression?
5. What helped the United States and other countries to go out of the Great Depression?
6. How much time did it take the U.S. to go from the Great Depression to the economic boom?
7. How many recessions were there in the U.S. in the period from 1805 to 1995? How many of them did not turn into depressions?

A brief review of Keynesian theory



John Maynard Keynes (1883-1946)

Keynesianism is named after John Maynard Keynes, a British economist who lived from 1883 to 1946. Even Keynes' critics call him the greatest and most influential economist of the 20th century. For this reason, he is known as "the father of modern economics". Keynesian theory is central to understanding the Great Depression.

In a normal economy, Keynes said, there is a high level of employment, and everyone is spending their earnings as usual. This means there is a circular flow of money in the economy, as my spending becomes part of your earnings, and your spending becomes part of my earnings. For various reasons, however, this circular flow can falter. Suppose that you are experiencing tough
Your natural response is to start hoarding money to

make it through. There are many possible ways this process might start. It could be a loss of consumer confidence in the economy, a natural disaster, a sudden loss of jobs, etc. Whatever the reason, let's suppose you decide to save money to make it through the hard times ahead. But if you're not spending, then I'm not earning, and in response to my own hard times, I'll start hoarding money as well. This breakdown of the circular flow results in a drop in economic activity, rising unemployment and a recession.

To get the circular flow started again, Keynes suggested that the central bank should expand the money supply. It may expand the money supply by buying securities on the open market or using some other tool – which one is used depends on the situation. This would put more money in people's hands, inspire consumer confidence, and compel them to start spending again.

In extreme cases like depressions, when people hoard money and refuse to spend no matter how much the government tries to expand the money supply, Keynes suggested that the government should "prime the pump" of the economy, by doing what the people are unwilling to do: spend.

Although Keynes' advice on ending the Great Depression was rejected, almost all economists believe that deficit spending on national defence, in preparation for World War II, is what pulled the U.S. and other nations out of the Great Depression.

In seven short years, the U.S. went from the greatest depression it has ever known to the greatest economic boom it has ever known. The success of Keynesian economics was so resounding that almost all capitalist governments around the world adopted its policies. And the result seems to be nothing less than the extinction of the economic depression! Before World War II, eight U.S. recessions worsened into depressions (as happened in 1807, 1837, 1873, 1882, 1893, 1920, 1933, and 1937). Since World War II, under Keynesian policies, there have been nine recessions (1945-46, 1949, 1954, 1956, 1960-61, 1970, 1973-75, 1980-83, 1990-92), and not

one has turned into a depression. The success of Keynesian economics was such that even Richard Nixon once declared, "We are all Keynesians now."

Adapted from www.huppi.com

Useful words and expressions

- | | |
|---------------------------------------|----------------------------------|
| 1. advice – совет | 16. national defense – |
| 2. ahead – впереди | государственная оборона |
| 3. as well – также | 17. natural disaster – стихийное |
| 4. breakdown – разрушение, срыв | бедствие |
| 5. circular – круговой | 18. no matter – не важно |
| 6. influential – влиятельный | 19. own – собственный |
| 7. confidence – уверенность | 20. to prime – накачивать |
| 8. drop – падение | 21. pump – помпа, насос |
| 9. to experience tough times – | 22. reason – причина |
| испытывать трудные времена | 23. response – ответ |
| 10. extinction – вымирание | 24. resounding success – |
| 11. an extreme case – крайний случай | оглушительный успех |
| 12. the Great Depression – Великая | 25. sudden – внезапный |
| Депрессия (1929-1933гг) | 26. tool – инструмент |
| 13. level – уровень | 27. unwilling – нежелающий |
| 14. loss – потеря | 28. various – различный |
| 15. natural – естественный, природный | |

7. Continue the beginnings of the sentences:

1. The circular flow of money means that ...
2. The natural response in hard times is ...
3. This breakdown of the circular flow results in ...
4. The central bank can expand the money supply by ...
5. In depressions the government should ...

8. Complete the summary of the text with the appropriate words:

Keynesianism is named after a ... (1) economist John Maynard Keynes. Keynesian theory is central to understanding ... (2). In a normal economy, according to Keynes, there is a high level of ... (3) and a circular ... (4) of money. In certain situations consumer's ... (5) in the economy decreases and worried consumers start ... (6). It decreases ... (7) and leads to ... (8). The central ... (9) should expand the money supply to encourage spending and create jobs. During the ... (10) the government should start spending itself to re-establish the circular flow of money.

Speaking

9. Answer the questions giving full answers:

1. What do you know about John Maynard Keynes?
2. Is the Great Depression possible now and why?
3. What does the government do to prevent it?
4. What measures were taken in 2008-2009 to prevent a deeper crisis?

Grammar: Simple Tenses in Active Voice

Tense	Example
Present Simple	People save money and refuse to spend no matter how much the government tries to expand the money supply. The government doesn't save the money, people don't spend . Does the government save the money? Do people spend ?
Past Simple	USA adopted Keynesian economics policies. After World War II, U.S. recessions didn't worsen into depressions. Did recessions worsen into depressions?
Future Simple	In response to my own hard times, I will start saving money. I will not (=won't) spend money. Will I spend money?

10. What are the time expressions that help us to identify Simple Tenses?

11. Put the verb in the correct form:

1. John Maynard Keynes (to live) in Britain.
2. He (to be) the father of modern economics.
3. In hard times I (to start) hoarding money as well.
4. The government (to buy) securities on the open market and in such way (expand) the money supply.
5. Keynes (to think) that the central bank should expand the money supply.
6. World War II (to pull) the U.S. and other nations out of the Great Depression.
7. The USA (to go) from the greatest depression to the greatest economic boom.

12. Write questions to the words in bold:

1. **The businessmen** invest **money** in the production.
2. Some companies create **new working places**.
3. People cause **stagnation of the economy** because they save too much.
4. The changes **in our country** are **positive**.
5. The factors **of inflation** are various.
6. John Maynard Keynes lived **from 1883 to 1946**.
7. The Great Depression was **in the USA**.

13. Answer the questions with the short true answers then expand your answers giving reasons and examples:

1. Do you know anything else about John Maynard Keynes?
2. Did you live at the time of the Great Depression?
3. Does the government need to expand the money supply in times of a crisis?
4. Will such crises like the Great Depression happen in the future?

Topics for presentations:

- | |
|---|
| <ol style="list-style-type: none">1. John Maynard Keynes2. The Great Depression3. The economy of the USA in times of World War II |
|---|

Lessons 1-2 Revision

1. Put in the adjective from the first part of the sentence into the second part in its correct form (comparative or superlative):

1. My car is big, but yours is
2. The economy of this country is strong, but the economy of that country is ... in the world.
3. Money is important, but health is....
4. The employee earns much, but his/her boss earns
5. The production of the Chinese company is good, but the production of the German company is the
6. I spend little money, but you spend ... than me.
7. Securities of an international company are dependable, but securities of an oil company are the
8. I decided what to do quickly, and you made a decision as ... as I did.
9. This year we borrowed much money, but in the following year we will not borrow as... as this year.
10. Your income now is high, but in a few years it will be

2. Make sentences with the given words, use the comparative or superlative degree:

1. to earn, much, savings
2. new working places, division of labour, to create, many
3. great, influential, economist
4. little, to spend, to earn, I, you
5. active, consumer, stable, time

3. Put the following sentences in Past Simple and in Future Simple, add the necessary time expression (e.g. two years ago):

1. Wealth of the individuals grows so the level of consumption of goods grows too.
2. In hard times individuals and industries start hoarding money.
3. The government buys securities on the open market and in such way expands the money supply.
4. Some people don't appreciate economic factors which influence their wellbeing.
5. Production of the factory improves.
6. Many people don't understand what inflation means.
7. Businessmen buy and sell securities on the bond market.
8. Your income and savings affect your pension.
9. Knowledge in economics helps you to manage your capital.
10. Your money loses value through inflation when you keep it under mattress.

4. Put the following sentences in the negative and in the interrogative:

1. After the industrial revolution wages and salaries became bigger.
2. After years of recession the country has an economic boom.
3. Consumption of goods is on a high level.
4. In the future I will earn a lot of money.

5. More and more individuals will buy securities.
6. My neighbour lent me some money a week ago.
7. The state provides goods for countries with poverty problems.
8. This company is the biggest seller on the cell-phone market.
9. You spend much money on food.
10. Your savings lose value because of inflation.

5. Find 18 mistakes in verb forms and correct them:

Sara Smith, a Pasadena resident, go shopping yesterday. She were 30, and lived at 3037 N. Foothill Street at present time. Sara were married to John. They will having two children; Bob was five years old and Nancy is three. Sara own a blue Toyota. At 9 a.m., Sara get into her car and driven to Barget, a department store a mile away.

Barget have a holiday sale. Sara bot a four-slice toaster for \$29.95 plus tax. The regular price be \$39.95. She pais by check. On her way home, Sara stoppeds at MilkPlus to buying a gallon of milk. The milk were \$3.50. Sara getting 50 cents back in change.

Sara arrives home at 10 a.m. John and the kids were still sleeping. She wake them up and then made a hot breakfast for everyone.

6. Look at the diagram and compare the macroeconomic indexes of two countries. Answer the questions using the given words:

The main macroeconomics indexes of Russia and Great Britain

	2009	2010	2011
Growth of the Gross Domestic Product, %			
Russia	-7,8	4	4,3
Great Britain	-4,4	1.8	0,9
Consumer price index (inflation)			
Russia	8,8	8,8	6,1
Great Britain	3,1	3,2	5,2
Unemployment level, %			
Russia	8,1	7,2	6,2
Great Britain	7,6	4,5	7,9

Data from: <http://forexaw.com>

1. How did the Gross Domestic product change? Inflation? Unemployment level?
2. What caused negative growth of the Gross Domestic product in 2009?
3. Why did the inflation increase in Great Britain and decrease in Russia?
4. How will these indexes change in the future?
 - production/consumption
 - increase/decrease
 - living standards
 - unemployment/unemployed
 - wealth
 - the number/amount of
 - income/spending
 - earning potential
 - adequate
 - to affect
 - economic boom/recession
 - prices of goods and services

Lesson 3 Economic systems

1. Answer the questions:

1. What types of economy do you know?
2. Who makes decisions in these types of economy?

Economics Word bank

1. farmland – обрабатываемая земля	6. to rise a loan – сделать заем
2. international reserves – золотовалютный фонд	7. national currency – национальная валюта
3. market forces – рыночные силы	8. a government official – чиновник, должностное лицо
4. devaluation – обесценивание, девальвация	9. private ownership – частная собственность
5. economic upheaval – экономическое потрясение	10. to inherit – наследовать

2. Read the text and check if you understand the words in bold:

Types of economy

In a **command economy** or **planned economy**, the **government** controls the economy. The state **decides** how to use and **distribute resources**. The government regulates **prices** and **wages**.

In **market economies**, economic decisions are made by individuals. The interaction of **individuals** and companies in the marketplace determines how resources are allocated and goods are distributed.

A **mixed economic** system combines elements of the market and command economy. Many economic decisions are made in the market by individuals. But the government also plays a role in the **allocation** and **distribution** of resources.

Adapted from and <http://www.enotes.com/>

3. Complete the text below and decide where these words should go:

- | | | |
|----------------------|-------------------------|---------------------------|
| a. farmland | e. government officials | i. international reserves |
| b. devaluation | f. inherited | j. private ownership |
| c. economic upheaval | g. market forces | |
| d. estimate | h. loan | |

Mixed economy

The mixed economy gives special importance to (1) because private businesses produce most goods and services; also most of the nation's total economic output goes to individuals for personal use. The (2) is also in private ownership and can be (3). The influence of (4) over individuals is limited including their role in the economic sphere. Some scientists (5) socialist economies as less efficient, because private businesses rely on (6) and need less time to react to some (7) or shock. In turn, government is responsible for public services such as administration of justice, education and national defence. In case of serious (8) it can bring (9) and rise a (10) to prevent the (11) of national currency.

Reading.

4. Try to answer the following questions before reading the text. Then read the text and check your answers:

1. How many economic crises has Russia had recently? What do you remember about them?
2. In what way has the economy of Russia changed over the past 20 years?
3. What do you think will happen with the economy of Russia in the future?

Economy in Russia

The Russian Federation inherited a Marxist-Leninist command economy from the USSR. Chief among the characteristics of the economy was an almost total absence of private productive capital. All enterprises were owned by the state, with each person receiving a salary for his or her efforts. Farmland was also almost entirely state-owned: 95% of all farmland was either state-owned or collectivized. All economic planning was done by government officials based in Moscow. Market forces played no part in their decision-making. The workforce was estimated at about 70 million persons in 1989.

During the Gorbachev era many of the basic elements of the Soviet command economy were weakened. The policies of “glasnost” and “perestroika” loosened social controls. Limited private ownership of businesses and land was granted, and prices were allowed to rise in accordance with market forces.

In 1991, Russia joined with other countries of the CIS. The rapid change from a severely controlled system to the beginnings of a market economy created chaotic conditions; some Russians profited greatly, but most citizens suffered from economic hardship as privatization and other economic reforms progressed. In the late 1997, inflation was brought under control and industrial production began to slowly increase.

The country was once again plunged into economic upheaval, however, when the rouble plummeted in May, 1998, following a crisis in Asian financial markets. Unable to pay its foreign debts, Russia struggled to restructure loans and keep its new financial services sector from collapsing. By 2001, however, the Russian economy recovered and benefited from economic reforms and a rise in oil prices.

The Russian economy was hit by the 2008-09 global economic crises as oil prices plummeted and the foreign credits dried up. The Central Bank of Russia spent one-third of its \$600 billion international reserves, the world’s third largest, in late 2008 to slow the devaluation of the rouble. High oil prices buoyed Russian growth in 2011 and helped Russia reduce the budget deficit inherited from the years of 2008-09. Russia has reduced unemployment since 2009 and has made progress on reducing inflation since 2010.

Modern Russia’s economy is characterized by a strong dependence on fluctuations in world oil and gas prices, devaluation of the national currency, an outflow of a highly skilled workforce and monetary funds.

Adapted from <http://www.infoplease.com/>, <https://www.cia.gov/>

Commentary

1. **USSR** - the Union of Soviet Socialist Republics
2. **CIS** - the Commonwealth of Independent States

Useful words and expressions

- | | |
|--|---|
| 1. absence – отсутствие | 20. oil – нефть, масло |
| 2. in accordance with – в соответствии с ч-л | 21. to own – владеть, обладать |
| 3. to allow – позволять | 22. to plummet – быстро падать |
| 4. among – среди | 23. to plunge into – вовлекать, втягивать |
| 5. to buoy – поддерживать на поверхности | 24. productive capital – производительный капитал |
| 6. chief – главный, основной | 25. rapid – быстрый |
| 7. condition – условие | 26. to recover – восстанавливаться |
| 8. to dry up – истощиться, иссякнуть | 27. to reduce – сокращать |
| 9. to estimate – оценивать | 28. to restructure – реструктурировать |
| 10. effort – усилие | 29. severely – жестко, строго |
| 11. either ... or – или ... или | 30. to slow – замедлять |
| 12. fluctuation – колебание, неустойчивость | 31. to struggle – бороться |
| 13. foreign debt – внешний долг | 32. to weaken – слабеть, ослаблять |
| 14. to grant – разрешать | 33. workforce – рабочая сила |
| 15. hardship – трудности, неприятности | |
| 16. to hit – ударять, поражать | |
| 17. to join – присоединяться | |
| 18. limited – ограниченный | |
| 19. to loosen – ослаблять, отпускать | |

5. Give titles to each paragraph of the text.

6. Read the text again and say if the following sentences are True or False, correct the false ones:

1. In the USSR all enterprises and almost all farmland were owned by the state.
2. During the “perestroika” private ownership was allowed but stayed limited.
3. After joining the CIS some industrial enterprises were privatized.
4. The change from a severely controlled system to a market economy caused chaos.
5. The rouble plummeted in 1998 because of low oil prices.
6. Russia hasn't recovered yet from the crisis of 2008-09.
7. High oil prices supported the rouble during the past years.
8. Russian economy is independent of oil prices.

7. Tell with your own words about:

1. the command economy in the USSR
2. the time of “perestroika”
3. the 1990^s
4. the collapse of economy in 1998
5. the crisis of 2008/09
6. the today's situation in Russia

Grammar: Present Simple Passive, Past Simple Passive Revision

Present Simple Passive	The economy is characterized by a strong dependence on fluctuations in world oil and gas prices. Most companies aren't owned by the state. Is unemployment reduced?
Past Simple Passive	All economic planning was done by government officials. Some companies were not hit by the crisis. How was workforce estimated?

8. Choose the correct variants of translation:

- Economy is characterized as corrupt.
 - Экономика характеризуется как коррумпированная.
 - Экономику характеризуют как коррумпированную.
 - Экономика характеризует коррупцию.
- New marketing technologies were used in the company.
 - В компании были использованы новые маркетинговые технологии.
 - В компании использовались новые маркетинговые технологии.
 - В компании использовали новые маркетинговые технологии.

9. Find Passive forms in the text and give some variants of possible translation.

10. Translate into Russian paying attention to the Passive:

Market forces played no part; workforce was estimated; elements of the economy were weakened; the policy loosened social controls; private ownership was granted; changes created chaotic conditions; most citizens suffered from economic hardship; Russian economy was hit by the economic crisis; reduce the budget deficit; outflow of a highly skilled workforce.

11. Choose the right variant:

- The Russian Federation **inherited/was inherited** command economy.
- Enterprises **owned/were owned** farmland and goods.
- Government officials **were estimated/estimated** economic situation.
- Government officials **are based/based** in Moscow.
- Private ownership **was granted/granted** by the state.

12. Put the verb in the correct tense (Active or Passive):

- Workforce (reduce) by the factory manager.
- Reserves of oil (dry up) and the price went up.
- Fluctuation in the market (cause) by hardship with foreign debt.
- Devaluation of the national currency (hit) ordinary citizens.
- The national economy rapidly (recover) from the crisis.
- The new company (plunge) into the struggle for clients.
- National debt (restructure) a few years ago.
- The progress of the economic reforms (allow) to rise wages and pensions.

13. Rewrite the following sentences into Passive:

1. Ronald inherited a house from his father.
2. The government spent a part of international reserves to prevent economic upheaval.
3. The economists estimate the national currency as very stable.
4. The government of this country granted private ownership.
5. The manager of the factory increase wages every two years.
6. They made a decision to sell their car.
7. The citizens consume the local production.
8. Manufacturers distribute their production all over the country.
9. The company provides services to people who want to travel abroad.

14. Choose the best variant:

1. Mike inherited the business. The business was inherited by Mike.
2. They sell the Apple computers in many countries. The Apple computers are sold in many countries.
3. My father manages the factory. The factory is managed by my father.
4. Jane paid the bill for cable TV. The bill for cable TV was paid by Jane.
5. They produce the cars in Germany. The cars are produced in Germany.

Speaking

15. Answer the questions, explain or proof your answer:

1. What do you or your parents remember about the times of perestroika?
2. Is it possible for the Russian economy to be independent of oil prices?
3. Is the Russian economy more a market economy rather than a command one?
4. What do you personally remember about the times of the crisis of 2008/09?
5. Is the future of the Russian economy optimistic?

16. Discuss the questions in groups, use the given words to help:

1. Give some examples of the countries with mixed and command types of economy.
2. What type of economy is better for Russia?
 - decide/make decision
 - law
 - marketplace
 - price
 - wage
 - government
 - market forces
 - economic upheaval
 - government official
 - private ownership
 - to estimate
 - to be successful
 - to rule/govern
 - to be free/dependent
 - stable/unstable
 - competition

Topics for presentations:

- | |
|---|
| <ol style="list-style-type: none">1. John Maynard Keynes2. The Great Depression3. The economy of the USA in times of World War II |
|---|

Lesson 4 Taxation

1. Answer the questions:

1. What kinds of taxes do you know?
2. Do you know the names of the government departments or organizations connected with taxes and taxation in your country?

Economics Word bank

1.charitable deductions - вычет взносов на благотворительные цели	5.investment earnings (income) - доход от капиталовложений
2.a payroll tax - налог с заработной платы	6.dividend - дивиденд (часть прибыли, распределяемая ежегодно между акционерами)
3.to factor smth in - принимать в расчёт	7.national debt - государственный долг
4.capital gains - доходы от прироста капитала	8.household - семейная единица, домашнее хозяйство
	9.a tax code - налоговый кодекс

2. Read the text and check that you understand the words in bold:

Taxation

Taxation is government **levy** on **individuals**, groups, or **legal entities**. Taxes are a general obligation of **taxpayers** and are not paid in exchange for any specific benefit. Taxes have three functions: to fund welfare and public services such as education systems, health care systems, pensions for the elderly, to promote stable economic growth, and to lessen inequalities in the distribution of income and wealth. Taxes may be classified as **direct** or **indirect**. Direct taxes include **income taxes**, taxes on **property**, and gift taxes. Indirect taxes include **excise taxes**, sales taxes, and **value-added taxes**. Taxes may also be classified according to the effect they have on the distribution of wealth. A proportional tax is one that **imposes** the same relative burden on all taxpayers, unlike **progressive taxes** and **regressive taxes**.

Adapted from: <http://encyclopedia2.thefreedictionary.com/tax>

3. Read the definitions and choose the word from the Word bank:

1. The profits that you make when you buy something and then sell it again at a higher price.
2. The profit you have from the amount of money you invested.
3. A house and people who live there taken as a unit.
4. It allows taxpayers who make large charitable gifts to pay fewer taxes.
5. The document that contains laws and rules about taxes.
6. A sum of money paid regularly by a company to its shareholders out of its profits.
7. The tax paid by the employee based on the wage or salary.
8. To take into account, to consider.
9. The total amount of money which a country's government has borrowed.

4. Choose the correct variant in each sentence.

1. The employer can pay the ... for you or he can keep it back from your salary.
a. capital gain b. household c. payroll tax
2. The total ... are 20%, the company has made the great success in sales.
a. households b. dividends c. tax code
3. He sold his house in the country and paid an income tax on
a. tax code b. capital gains c. household
4. He doesn't work but has a big capital and lives on
a. national debt b. capital gains c. investment earnings
5. The ... of the USA is very complicated, it's six times longer than "War and Peace"
a. tax code b. national debt c. household
6. The huge ... of Greece can bring this country to bankruptcy.
a. payroll tax b. national debt c. capital gain
7. When you buy something you pay a part of a price as a
a. income tax b. value added tax c. tax rate
8. "Biogen" continued to ... research into new products.
a. tax b. fund c. impose
9. This research was carried out on money of
a. households b. taxpayers c. capital gains
10. In this case he should act not as an individual but as a
a. legal entity b. taxpayer c. household

Reading.

5. Try to answer the following questions before reading the text. Then read the text and check your answers:

1. Do you agree that rich people should pay more taxes?
2. What percentage from general income do the rich pay? And the middle class?
3. Do wealthy people agree to pay more taxes?

Buffett Rule to Tax the Rich

On Tuesday, April 10, the President is travelling to Florida to give a speech about the Buffett Rule, a tax proposal that would require anyone who makes more than \$1 million annually to pay at least 30% of the income in federal taxes before charitable deductions and payroll taxes are factored in.

The Buffett Rule is a term used to describe President Barack Obama's plan to tax the rich, or Americans who earn more than \$1 million a year. It was named after billionaire investor Warren Buffett, who argued that wealthy Americans are "coddled" and that middle-class wage earners often paid a higher percentage of their income in taxes.

To tax the rich was considered by the Super Congress, the select group of 12 members of both the U.S. House of Representatives and U.S. Senate chosen to identify ways to reduce the national debt by \$1.5 trillion over 10 years. The Buffett Rule would prevent millionaires from paying lower tax rates than middle-class Americans earning less than \$250,000.

"Right now, Warren Buffett pays a lower tax rate than his secretary, an outrage he has asked us to fix. We need a tax code where everyone gets a fair shake and where everybody pays their fair share," Obama told.

Buffett, the chairman and chief executive officer of Berkshire Hathaway and one of the world's wealthiest men, urged Obama to tax the rich to reduce the nation's growing national debt. The Buffett Rule plan to tax the rich would raise hundreds of millions of dollars over a decade.

Buffett paid \$6,938,744 in federal taxes in 2010, which was only about 17.4 percent of his taxable income of about \$40 million. Buffett said his co-workers paid 33 percent to 41 percent of their income in federal taxes.

The Buffett Rule would primarily affect those whose income largely derives from capital gains. Investment earnings are taxed at a lower rate than other types of income, and the superrich are increasingly getting more of their money from capital gains. The result: an average effective tax rate of 18% for the 400 or so U.S. households that make \$110 million—plus a year, according to the White House.

Many of the wealthiest Americans pay income taxes at a rate of 15 percent on most of their earnings including capital gains and dividends. By comparison, middle-class taxpayers pay between 15 and 25 percent of their income to the federal government - and that's not including payroll taxes.

In other words, one of the world's wealthiest men shelled out a smaller percentage of his income to the federal government than did many people who earned less.

Adopted from <http://usgovinfo.about.com>, <http://time.com>

Commentary

1. the U.S. House of Representatives - Палата представителей (нижняя палата Конгресса США)
2. CEO, chief executive officer - главный исполнительный директор

Useful words and expressions

- | | |
|--|---|
| 1. annually – ежегодно | 10. largely – в значительной степени |
| 2. to argue – зд. утверждать, | 11. an outrage – грубое нарушение а |
| 3. average – средний | 12. to prevent – предотвращать |
| 4. a chairman – председатель | 13. primarily – прежде всего, главным образом |
| 5. to coddle – баловать | 14. a rate – ставка |
| 6. to derive – происходить | 15. a share – доля, взнос |
| 7. a fair shake – зд. равные возможности/отношения | 16. to shell out – выплатить |
| 8. to give a speech – выступать с речью | 17. a tax proposal – налоговое предложение |
| 9. increasingly – всё больше и больше, в большей степени | 18. a term – термин |
| | 19. to urge – убеждать, советовать |

6. Read the text again and say if the following sentences are True or False:

1. Obama says the rich must pay 30% of their income.
2. If the Buffet Rule works, the USA will pay its national debt.
3. The rich pay less money because investment earnings are taxed at a lower rate than other types of income.
4. According to the Buffet rule the workers would have 18% tax rate.
5. Warren Buffett is the chairman of the U.S. House of Representatives.
6. The Buffet rule wouldn't affect middle class.
7. Only those people who earn more than 1 million \$ would pay more taxes.

7. Answer the questions:

1. What is the Buffet Rule?
2. What is Super Congress?
3. Do you know how many taxes employees and superrich people pay in Russia?
4. Would the Buffet Rule work in Russia?
5. How many taxes do U.S. workers and wealthy people pay?
6. What do you know about a luxury tax?
7. If you were rich, would you agree to pay more taxes?
8. If the Buffet Rule works, will rich people hide their income?

Grammar: the Use of Infinitive

as a subject	<u>To tax the rich was considered</u> by the Super Congress. (What?)
as an attribute	The Buffett Rule is a term describing President Barack Obama's plan to tax the rich . (What plan?)
as an adverbial of purpose	Obama suggests taxing the rich to reduce the nation's growing national debt . (What for? Why?)
after certain verbs (without 'to')	The Buffett Rule would raise hundreds of millions. The rich must pay more.
after certain verbs (with 'to')	An outrage he has asked us to fix .

8. Choose the wrong translations of the words in bold:

1. **To tax the rich was considered** by the Super Congress.
 - a. обложить налогом богатых было рассмотрено
 - b. налогообложение богатых было рассмотрено
 - c. чтобы обложить налогом, надо рассмотреть
2. The Buffett Rule is **a term used to describe** Obama's plan.
 - a. термин, используемый для описания
 - b. термин, используемый, чтобы описать
 - c. термин, используемый описательно
3. Obama suggests taxing the rich **to reduce the growing national debt**.
 - a. чтобы сократить растущий внешний долг
 - b. для сокращения растущего внешнего долга
 - c. к сокращению растущего внешнего долга

9. Put the particule “to” if it’s necessary:

1. The President comes to the city ... give a speech.
2. ... give a speech in front of many people is very difficult.
3. Everybody must ... pay taxes.
4. There aren’t many ways ... reduce the national debt.
5. The new tax can ... help ... reduce the national debt.
6. All efforts ... reduce the poverty are insufficient.
7. Employees should ... pay a payroll tax.
8. You must ... know the tax code very well ... factor all payments in.
9. Taxpayers who make large charitable gifts are allowed ... pay fewer taxes.
10. You must ... have a large capital ... be able ... live on investment earnings.

10. Combine the two sentences by changing the second one into the infinitive phrase, as in the example:

Example: – The problem is interesting enough: it can attract much attention.
– The problem is interesting enough to attract much attention.

1. He has done enough work: he can write a good report.
2. He saved enough money: he can buy new car.
3. The income tax is sufficiently low: every working person can pay it.
4. The price is high enough: it can bring good benefit.
5. The sum of money is sufficiently precise: it can satisfy our needs.
6. This man has enough experience: he can work as a general manager.
7. We have enough time: we can talk about something else.
8. Our specialist knows the tax code sufficiently well: he can manage our tax payments.

Speaking

11. Discuss the question in groups; use the given words to help:

Should poor people or people with low income pay fewer taxes? Give some arguments.

- it is fair/unfair
- income/spending
- low/high tax rate
- to factor something in
- social service
- property
- to fund
- to help
- unemployed
- provide services
- to satisfy needs
- to reduce
- enough/not enough

Topics for presentations:

- | |
|---|
| <ol style="list-style-type: none">1. Tax system in Russia2. Ways to reduce tax fees3. Income tax in different countries |
|---|

Lessons 3-4 Revision

1. Put the verb in brackets in the Present Simple Passive:

1. Securities (sell) on the open market.
2. Products (consume) by people.
3. The goods (distribute) by the company.
4. The decision (make) by the chief.
5. Prices (increase) because of inflation.
6. Wages (pay) by the government.
7. By whom (rise) the loans?
8. Where (base) the government officials?
9. How (estimate) the planned economy?
10. (inherit) the private property?

2. Put the verb in brackets in the Past Simple Passive:

1. A value added tax (impose) by the government.
2. Social services (fund) on taxes.
3. The tax code (write) a long time ago.
4. Recession (control) by the government.
5. Planned economy (introduce) in the Soviet Union.
6. Markets (control) by the government officials.
7. When (impose) the taxes?
8. National currency (support) very well.
9. Dividend (give) by the company.
10. Prices and wages (rise) by the head of the company.

3. Convert each sentence from Passive to Active voice:

1. The company's tax is reduced by a bond received from the foreign government. –
The foreign government... .
2. Under the Code, a foreign tax is defined as any tax imposed by a foreign country.
– ... a foreign tax as any tax
3. The land improvements were made by the foreign company Atkins, Ltd.
– The foreign company
4. Corona, Ltd. is not owned by a foreign corporation. – A foreign corporation
5. The breakthrough was achieved by Burlingame and Evans, two researchers in the
university's lab. – Burlingame and Evans, two researchers in the university's lab... .

4. Rewrite the following sentences in the Passive:

1. They consider this problem at the meeting.
2. They eventually made the decision, that the site will be used.
3. They transferred the money to my bank account.
4. They presented the new products after the speeches.
5. They don't announce the findings if they aren't completely sure.
6. They produced the new car in a factory, which is in China.

5. Define the function of the infinitive in the following sentences:

1. She wants to work as a lawyer.
2. The President stayed there to see how the new direction works.
3. I am going to pay my taxes before end of the month.
4. He has no opportunity to be present at the conference.
5. Not to pay your taxes is unlawful.
6. My intention is to buy a home, now I am searching the information about houses.
7. Remember to learn the tax rate before you buy property.
8. We must find a way to reduce our tax payments.
9. It is very important to factor all the rules and laws in before starting a business.
10. To inherit the property is allowed in modern world.

6. Combine the following sentences using Infinitive:

1. The consulting company is seeking a lawyer. He/she should assist with the law and credit issues.
2. The company expects from the specialists that he will have a broad understanding of credit law.
3. The company also expects that he won't be engaged in political activities.
4. The journal "Local Voices" is designed by high quality specialists. It supports professional lawyers.
5. The journal is looking to you. Together we direct energy to international market research.
6. The work consists in analyzing foreign markets and leading companies.
7. The Institute of Management and Computer Sciences is searching for a teacher. He/she will head its faculty of management.
8. He/she should create a new work program, which support young specialists.
9. The institute has great prospects. It will get the status of a university.

7. Work in pairs, tell about the Russian economy and the Buffet Rule using the chart below to help:

Russian economy

1. Soviet economy
 - were owned by the state
 - economic planning
 - government officials
2. Beginnings of the market economy
 - private ownership
 - chaotic conditions
 - inflation
3. Economic crises 1998/2001/2008-09
 - oil prices decreased
 - economy recovered
 - international reserves
 - reduce the budget deficit

Buffett Rule

1. Tax proposal
 - 30% of the income
 - charitable deductions
 - higher percentage of income
2. Super Congress
 - reduce the national debt
 - lower tax rates
 - pay fair share
3. Result
 - capital gains
 - investment earnings
 - middle-class taxpayers
 - smaller percentage of income

Lesson 5 Credits

1. Answer the following questions:

1. What is a credit?
2. Have your relatives, family or friends ever used credit?
3. Do you know what credit interest rates are in your country?

Economics Word bank

1. mortgage – ипотека	8. subprime loan – «субстандартный кредит», кредит с более высокой процентной ставкой с целью компенсации кредитных рисков
2. deposit the money to banks – положить деньги в банк	9. bond market – рынок ценных бумаг
3. credit rating – оценка кредитоспособности	10. foreclosure – лишение права выкупа заложенного имущества
4. fixed rate – фиксированная процентная ставка	11. mortgage backed securities – ценные бумаги, обеспеченные закладными
5. adjustable rate mortgage – ипотечный кредит с плавающей процентной ставкой	12. repossession – изъятие имущества за неплатеж
6. repayment – выплата, возмещение	13. go bankrupt – обанкротиться
7. prime loan – стандартный кредит	

2. Read the text and check if you understand the words in bold:

Credit can improve a family's level of living and help you through a **financial emergency**, such as illness or property loss, when you don't have **cash**. You can buy expensive things that you need now and **stretch out the payment**: pay for an item through regular **installment** payments. Most people use credit cards to do things like reserving a hotel room, buying airline tickets or **making a purchase** online. The **creditor** may offer a **grace period** during which **finance charges** do not accrue on your balance. But to take advantage of the interest-free use of the creditor's money you must **pay your bill** in full by the **due date** each month.

However, you should be careful when you decide to **get a loan**. You have to decide if the item is worth the extra expense of **interest** paid, the **rate of interest** and possible **fees**. You should find the best **terms** by comparing the **annual percentage rates (APRs)** and be sure that you understand the **contract before signing** it. You should pay attention to due dates to avoid **added costs** like **over-the-limit fees**.

Adapted from http://web.extension.illinois.edu/money/credit_ad.cfm

3. Match the definitions with the words in the Word bank:

1. A type of loan that is offered at a rate above prime to individuals who do not qualify for prime rate loans
2. To save your money on a bank account
3. A special certificate which has a financial value
4. Money you borrow from a bank to buy home
5. A financial market where participants can buy and sell securities

6. When you lose the right for your home
7. Paying the credit money back

4. Put the words from the box in the right sentence:

financial emergency, cash, installment, make a purchase, creditor, bill, due date, get a loan, interest, sign a contract, costs

1. ... gave her the money, but asked to pay back as soon as possible.
2. He didn't have ... , so he paid for the umbrella with a credit card.
3. My last big ... was a new car.
4. The ... of credit payment is tomorrow and I have no money, can you give me some?
5. The internet company sent him a ... and he paid it on the way home.
6. The total ... of house repair works were very high.
7. They bought a house using a mortgage; yesterday they paid their first
8. They consulted with a lawyer and finally decided to
9. We looked for a credit company very carefully and found a loan with the lowest rate of
10. Where did you find money for the new car? – I
11. You should use this money only in case of

Reading

5. Read the text quickly and match the paragraphs with the following headings:

1. Uneasy question
2. Subprime lending model VS Traditional mortgage lending model
3. Who is to blame?
4. Subprime lending - what is it?
5. What went wrong in the Subprime lending model?

6. Read the text again and answer the questions:

1. Who are subprime borrowers?
2. What are the dangers of subprime mortgage repayment structure?
3. Where do subprime lenders take money to fund borrowers?
4. What happened in most cases when the repayment amount was changed after the first two year period?
5. Who is guilty for the Subprime Mortgage Crisis?

7. Discuss the following questions in pairs:

1. Do you agree that the lenders (and the borrowers) should just accept the fact that some people cannot afford to buy homes?
2. Would you borrow a mortgage loan if you knew you would have difficulty repaying it?
3. What would you recommend to people who would like to buy home using mortgage?



US Subprime Mortgage Crisis – What went wrong?

In 2007, the US economy entered a mortgage crisis that caused panic and financial turmoil around the world. So let's take a closer look at its history and development.

A. Owning a home is part of the “American Dream”. However, there are many borrowers who don't qualify for prime loans because of low credit rating or bad credit history. Subprime mortgage loans are meant for this section of borrowers and basically characterized by the following repayment structure:

1. For the first two years mortgage repayments remain fixed. After two years repayment amount almost doubles.

2. Interest rate changes from fixed rate to adjustable rate mortgage (ARM) which in turn depends on federal rate.

Subprime mortgages were very popular in America. By the year 2005, almost 1/5th of the total number of mortgages were subprime type. It became the means for millions of people to own a dream house in US.

B. The traditional model of mortgage lending is the following: customers deposit their money to banks → banks in turn use up this money for financing mortgage lending. The main drawback of this model is that it restricts the finance availability.

According to the model of subprime lending, the lender sells mortgage to the bond market and thus gets the excess liquidity to fund the subprime borrowers → home buyers repay the mortgage lender → they in turn repay the holders of mortgage backed securities.

C. Mortgage lenders and banks fiercely competed with each other to grab more and more market share of the subprime market. In this competition, they targeted the poor working class. But these highly professional and trained sales people mostly forgot or more often didn't bother to explain the proper payment structure of these subprime mortgages.

Consequence was inevitable. Default rate increased tremendously after the repayment amount was reset after the first two year period, which led to foreclosure and repossession. Many investment banks went bankrupt. This was coupled with plunging property price.

D. Whenever a financial crisis emerges in the country, the blame game starts immediately. Who is to blame for the mortgage crisis that has essentially wrecked the US economy? Well, we are all to blame, in one way or another. The greedy lenders are the easiest targets. The politicians who ignored warnings are second in line. And let's not forget all of those consumers who didn't read the fine print.

E. The obvious advantage of the expansion of subprime mortgage credit is the rise in credit opportunities and homeownership. But at some point, you have to ask

yourself: "Should people who cannot afford a home be treated differently from a lending standpoint? Or should the lenders (and the borrowers) just accept the fact that some people cannot afford to buy homes?" There is no easy answer to this question.

Adapted from: <http://www.homebuyinginstitute.com> and <http://financialideas-problems-solutions.blogspot.com>

Useful words and expressions

- | | |
|-------------------------------------|---|
| 1. to accept – принимать | 20. to increase – повышать |
| 2. to afford – позволить финансово | 21. inevitable – неизбежный |
| 3. amount – объем | 22. liquidity – ликвидность |
| 4. availability – доступность | 23. means – средство |
| 5. to bother – беспокоиться | 24. obvious – очевидный |
| 6. consequence – следствие | 25. to plunge – стремительно падать |
| 7. to couple – соединять(ся) | 26. proper – зд. полный |
| 8. default – неуплата | 27. to qualify for – иметь право на |
| 9. to double – удваиваться | 28. rate – скорость, темп, размер |
| 10. drawback – недостаток | 29. to reset – переустанавливать |
| 11. to emerge – возникать | 30. to restrict – ограничивать |
| 12. excess – излишек, избыток | 31. standpoint – точка зрения |
| 13. expansion – зд. распространение | 32. (to) target – цель, направлять |
| 14. fiercely – яростно | 33. to treat – обращаться с к.-л. |
| 15. the fine print – мелкий шрифт | 34. tremendously – в огромных размерах, огромно |
| 16. to grab – хватать | 35. turmoil – беспорядок, смятение |
| 17. greedy – жадный | 36. warning – предупреждение |
| 18. immediately – сразу же | 37. to wreck – разрушать |
| 19. in turn – в свою очередь | |

Grammar: Word order.

The "SVOPT" rule

Subject (S)	Verb (V)	Object (O)	Place (P)	Time (T)
Lots of people	lost	their homes	in the USA	during the crisis

The place of an adverb in the sentence

How?	Usually goes at the end	Default rate increased tremendously .
	Can also go before the verb	Mortgage lenders fiercely competed.
How often?	Before the verb if it is one word	Interest rates usually decrease.
	After am/is/are/ was/were	Customers who are always late with the payments have bad credit history.
	After the first auxiliary verb	Small flats can usually be sold quickly.
Adverb + Adjective		highly professional sales people
Adverb + Participle II		These loans, basically characterized by a simple repayment structure, are very popular.

8. Put the given adverbs in the appropriate place in the sentence:

1. People with high income can afford to buy a house. (certainly)
2. People with low income can't pay the fees associated with mortgage. (usually)
3. You can purchase your dream house. (soon)
4. You should choose your lender. (carefully)
5. The fees were bigger than the borrower expected. (considerably)
6. Is this company going to sell the securities on the open market? (definitely)
7. The house was only built a year ago but the price has increased by 50%. (already)

9. Choose the right variant of translation:

1. В последнее время многие люди приобрели квартиры в этом районе.
 - a. Many people have purchased the flats lately in this area.
 - b. Lately have purchased many people the flats in this area.
 - c. Many people have the flats in this area lately.
2. Кредиты очень популярны в наше время по всему миру.
 - a. Credits are very popular all over the world these days.
 - b. All over the world credits are popular these days.
 - c. These days are credits popular all over the world.
3. В прошлом году в СНГ намного больше людей вложили деньги в банк.
 - a. Last year in the CIS much more customers deposited their money to banks.
 - b. Much more customers deposited their money to banks last year in the CIS.
 - c. Much more customers deposited their money to banks in the CIS last year.
4. В прошлом году из-за кризиса многие банки в Европе обанкротились.
 - a. Last year because of crisis many banks in Europe went bankrupt.
 - b. Last year many banks went bankrupt in Europe because of crisis.
 - c. Many banks went bankrupt because of crisis in Europe last year.

Speaking

10. Choose a question, divide into two groups, and take two opposite opinions. Prepare arguments and examples to support your point of view. Debate these questions as a whole class.

1. What is the best way to buy a flat or a house: to save money or to get a mortgage?
2. Should banks approve mortgage to people who can't afford houses?
 - foreclosure
 - repossession
 - go bankrupt
 - financial emergency
 - stretch out the payment
 - installment payments
 - terms
 - due date
 - poor working class
 - went bankrupt

Topics for presentations:

- | |
|--|
| <ol style="list-style-type: none">1. Mortgage: pros and cons2. Tips for a mortgage borrower3. Preferential mortgage loan |
|--|

Lesson 6 Advertising

1. Answer the questions:

1. Do you think that ads deceive us?
2. Do you rather believe ads or not?

Economics Word bank

1. to promote – продвигать, раскручивать	5. advertising – рекламная деятельность, рекламный бизнес
2. fee – платеж, выплата	6. advertisement – реклама, объявление
3. commercial = commercial broadcast – рекламный ролик	7. to grab attention – привлекать внимание
4. to purchase – приобретать	8. benefit – выгода; польза

2. Complete the sentences with the correct word from the box above:

1. An ... shows how good the thing is and tries make you buy it.
2. If a firm ... a product, it tries to increase the sales or popularity of that product.
3. The activity or profession of producing advertisements for commercial products or services is
4. A ... is an advertisement that is broadcasted on television or radio.
5. If you ... from something or if it ... you, it helps you or improves your life.
6. When you ... something, you buy it.
7. A ... is a sum of money that you pay to be allowed to do something.

3. Identify the following advertising media and answer the questions:

- | | |
|---------------------------|--------------------------|
| a. Television Advertising | d. Online Advertising |
| b. Radio Advertising | e. Billboard Advertising |
| c. Print Advertising | |



1.



2.



3.



4.



5.

1. Have you recently seen these examples of deceptive advertising?

2. What brands use deceptive ads most often?
3. Does advertisement really lie to the consumers or just hide or misrepresent the information?

Reading

4. Before reading the text, try to guess the meaning of the following deceptive methods of advertising. Then read the text and check.

- | | | |
|---------------------|---------------|-----------------|
| - Mice type | - Trick words | - Psychological |
| - Confusing colours | - Lies | methods |

5. Read the text again and answer the questions:

1. What examples does the author give to the methods of deception?
2. What does “a penny sale” mean? Are there such marketing actions in Russia?
3. How do companies hide simple facts about their products?
4. What does the word “natural” mean and how do most people understand it?
5. What do nutritionists worry about?
6. Why do companies risk the integrity of their businesses?
7. Do you always read user’s manual and why?
8. When a seller gives an announcement about a 70% sale, how much is the real discount?
9. Have you ever bought something and then realized that you did this only because of advertisement?

Deceptive Ads

Excitement seems to fill the room, as words in a commercial advertisement seem almost too good to be true. Advertisements exist to grab the attention of an audience by promoting a product. In this day and age, advertisements use deceptive methods like mice type, trick words, confusing colours, and lies to make a profit.

Mice type, the process of using a very small font size in advertisements, remains one of the most common forms of deceptive advertisements seen. Examples of mice type include a price sign on boxed envelopes at an office depot. You read: buy one, \$3.99; but two, \$4.00. A penny sale? Uh-uh. The word “each” is written small below both prices. Another common form of advertising deception usually goes hand in hand with mice type.

Remember trying to read the product manual of an electronic device or even a cell phone and getting frustrated because the reading seemed difficult and lengthy? Many advertisements and necessary information about products get shadowed beneath complicated sentences and a high number of pages used to confuse the reader of a simple fact. Even Verizon has used this form of deceptive advertising, when its rates and policies needed announcing. Letters sent out said: “Just take a moment to review”, in which 2100 crammed words littered the letters. Imagine not only dealing with a difficult letter to read, but colours obscuring the message!

The use of confusing colours helps advertisers deceive an audience, and it can make words or images barely visible. These types of ads show up not only on

television commercials and containers, but even on the Internet. Colours in the background or the colour of words can make an image appear very different than what the original message appears to be. Such deceptive advertisement makers enjoy using colours like yellow behind other light colours, to make a message very difficult to observe. As advertisements grow increasingly deceptive, using tricky wording has also tainted the ad industry.

The words used in advertisements often associate with adjectives that make the reader feel comfortable in purchasing the associated good. The word “natural” was the leading claim made about a new product made last year, appearing on nearly one in four new food and drink products. Lay’s potato chips, Tropicana orange juice, Welch’s grape juice and Pizza Hut pizza are among the launches this year by major marketers making natural claims. Key nutritionists’ concerns are fears that the term will override nutritional information and portion control. “When someone hears “that’s natural”, they think, “I can eat as much as I want”,” said Keri Gans, a registered dietician and spokeswoman for the American Dietetic Association” (York). The wording in advertisements can literally make or break the sale of a product, and using deceptive ads, companies try to make a bigger profit.

Why do companies jeopardize the integrity of their businesses and risk the chance of getting charged with a deceptive advertisement fee? Experts agree that the reasons vary greatly; however, the biggest reason concludes, obviously, making money. “A charitable explanation is that creative people get caught up in the challenge of execution rather than the big picture. A less charitable explanation is that some marketing execs and their agencies are interested only in lining their pockets. The truth, of course, lies somewhere in between”.

Adapted from: <http://roastedpinebark.hubpages.com>

Commentary

Verizon Communications – US telecommunication company, one of the biggest in the USA and in the world

Office Depot – is a supplier of office products

Useful words and expressions

- | | |
|---|---|
| 1. background – задний план, фон | 12. to deal with – иметь дело |
| 2. barely – еле-еле, с трудом | 13. excitement – возбуждение, волнение |
| 3. to be caught up in smth. – быть поглощённым, увлечённым чем-л. | 14. exec (executive) – руководитель, администратор |
| 4. challenge – сложная задача | 15. execution – выполнение (работ, обязанностей) |
| 5. to charge – обвинять | 16. fear – страх |
| 6. charitable – доброжелательный | 17. font size – размер шрифта |
| 7. claim – заявление, утверждение | 18. frustrated (at / with smth) – расстроенный, недовольный |
| 8. concern – беспокойство | 19. integrity – зд. честность |
| 9. to conclude – (с)делать вывод | 20. to jeopardize – рисковать |
| 10. to confuse – запутывать, сбивать с толку | |
| 11. to cram – переполнять, втискивать | |

21. launch – выпуск новых товаров на рынок
22. lengthy – очень длинный
23. to line pockets – нажиться, разбогатеть
24. to litter – быть в большом количестве
25. to obscure – делать неясным, непонятным
26. to observe – замечать, обращать внимание
27. to override – перевешивать
28. rate – курс
29. to seem – казаться
30. to shadow – затенять, заслонять
31. to show up – появляться
32. spokeswoman – представительница
33. to taint – портить
34. wording – формулировка

6. Look at the examples of deceptive advertisements below and find all the deceptive tricks.

- Mice type
- Confusing colours
- Trick words
- Lies
- Psychological methods

<p>Material and Performance Testing Requirements It is the responsibility of the supplier to provide material certifications that demonstrate compliance with all performance specifications outlined on the piece part drawing/datasheet. All testing must be accomplished through a certified and accredited laboratory to the ISO-IEC 17025 standard.</p>	<p>BUY one - GET 2nd for FREE!* <small>* Only if you spend 1 000 \$ in our shop</small></p>	<p>Buy TWO at the price of four get the THIRD for FREE!!!</p>
	<p>Only NOW new NOKIA without GMO!</p>	

7. Tell about the real advertisements where you saw deceptive tricks. Use the information from the Internet if it's necessary:

Grammar: Past Participle and –ing forms

Form	Example
Past Participle	The words used in advertisements often associate with adjectives that make the reader feel comfortable. Mice type remains one of the most common forms of deceptive advertisements seen .
Participle I	Imagine dealing with colours obscuring the message!
Present Continuous	All companies are searching for a way to make their business successful.
Gerund	Advertisements exist to grab the attention of an audience by promoting a product.
Verbal noun	The wording can literally make or break the sale of a product.

8. Choose the wrong translation of the words in bold:

1. ... a high **number of pages used** to confuse the reader of a simple fact.
- a. количество страниц, использующихся для...
 - b. количество страниц, использованных для...
 - c. количество страниц, использующих...

2. Ads exist **to grab the attention** of an audience **by promoting a product**.
 - a. привлекать внимание продвижением продукта
 - b. привлекать внимание продвигаемым продуктом
 - c. привлекать внимание, продвигая продукт
3. Lay's potato chips are among the launches by major **marketers making natural claims**.
 - a. продавцами, делающими заявления о натуральности
 - b. продавцами, делая заявления о натуральности
 - c. делающими заявления о натуральности продавцами

9. Find all Participles and –ing forms in the text and translate them.

10. Translate the following word combinations:

promoting company, promoted product, advertiser using, used words, advertisements seen, purchasing buyer, purchased good, product made, factory making, people catching, people caught

11. Choose the right variant:

1. Advertisers grab attention by **using/used** deceptive methods.
2. **Used/using** deceptive methods help a company to sell the product.
3. **Purchasing/purchased** the goods consumers often don't think.
4. **Purchasing/purchased** goods were promoted very professionally.
5. **Printed/printing** ads often use deceptive colours and mice type.
6. Companies often distribute **printed/printing** ads by post.
7. Some people find **reading/read** user's manual very difficult.
8. **Launching/launched** of the new products begins next year.

Speaking

12. Discuss the types of advertising and answer the questions. Use the given phrases to help:

1. Can you remember any advertisement, where not all information about the product was correct?
2. What methods do companies use to promote the product?
3. What information about the product can be misrepresented to make consumers purchase it?
4. What is the most deceptive type of advertising?

- In my view...	- Apparently...
- In my opinion...	- The way I see it...
- From my point of view...	- Personally I think...

Topics for presentations:

1. Examples of deceptive advertising
2. History of one of the famous brands
3. Co-packing

Lessons 5-6 Revision

1. Make sentences from the given words paying attention to the word order:

1. bad credit history, to refuse, the bank, to give a credit, because of, last year
2. considerably, credit rates, to increase, in the future
3. to make a purchase, to go to, he, London, on Monday
4. the first installment, for house, the borrower, to the city center, to pay, yesterday
5. chief, to go to head office, to sign a contract, last week

2. Choose the correct variant:

1. ... when the credit rates started to decrease.
 - a. He immediately decided to get a loan...
 - b. Immediately he decided to get a loan...
 - c. He decided to get a loan immediately...
2. ... but they take all your property.
 - a. Not only the banks take their money back...
 - b. The banks do not only take their money back...
 - c. The banks not take their money only back...
3. He signed this contract with the company...
 - a. ...at two o'clock on April 12th in the morning in 1989.
 - b. ...in the morning at two o'clock on April 12th in 1989.
 - c. ...at two o'clock in the morning on April 12th in 1989.
4. ...all the terms of agreement before signing it.
 - a. The client carefully read...
 - b. The client read carefully...
 - c. Carefully the client read...
5. ...were not ready.
 - a. The ordered magazines...
 - b. The magazines ordered...
 - c. The magazines which ordered...
6. Last year the secretary went on business trip...
 - a. to London by train at Easter.
 - b. at Easter to London by train.
 - c. by train to London at Easter.

3. Combine two parts of the sentence using –ing forms as in the model:

Model: People should be very careful when they get a loan.

– People should be very careful when getting a loan.

1. The chief used all possible advertising media when he promoted his company.
2. You benefit significantly if you place your ads on the radio.
3. The advertising companies grab the attention of the customers when they place ads on the billboards.
4. The clients lose some percentage of capital when they get it in cash.
5. You can spoil your credit history if you don't pay the installments on time.

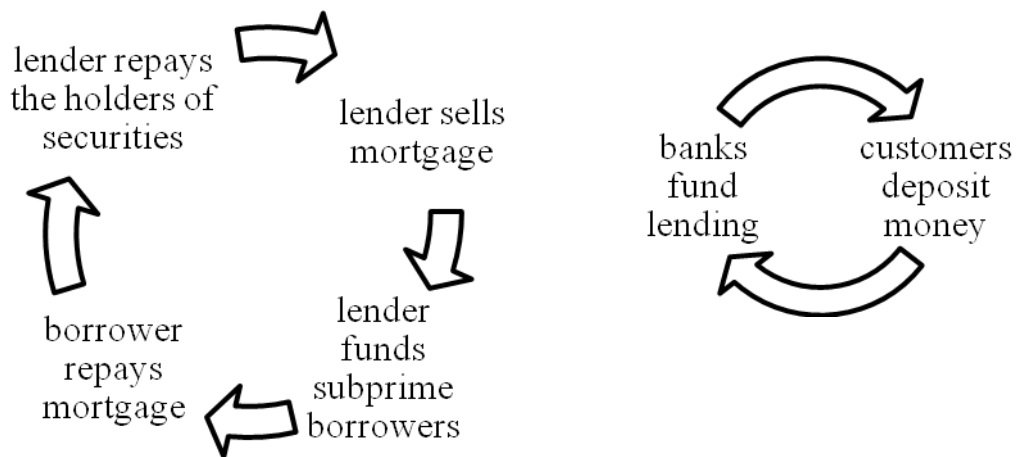
4. Put the verbs in brackets in the form of Participle II or Participle I:

1. We can see (deceive) ads everywhere.
2. (deceive) people often never buy these goods again.
3. A purchase (make) by the company was delivered later.
4. (make) a purchase people don't often think and buy unnecessary things.
5. The contract (sign) yesterday was very profitable.
6. The CEO (sign) the contract was very confident.
7. The client forgot to take the bill (pay) yesterday.
8. The client (pay) the bill forgot to sign it.
9. The bank (fund) projects gets money from deposits.
10. The (fund) company developed a new technology of the device manufacturing.

5. Combine two parts of the sentence using Participle I or II:

1. A client who doesn't pay installments regularly will have bad credit history.
2. Money which you deposited in BMC bank lost their value through inflation.
3. My partner who works in advertising has very good experience.
4. My uncle who got rich because of machinations on the bond market died and left me inheritance.
5. The installments that are not paid on time create bad credit history for you.
6. People who don't pay attention to the due dates get over-the limit fees.
7. The advertisements that grab people's attention are often deceptive.
8. The goods which are well promoted are successfully sold.

6. Tell about the traditional model of mortgage lending and the model of subprime lending using the following charts to help:



7. Work in pairs, choose one of the following items and prepare an advertisement for it, you can use deceptive methods:

1. your English textbook
2. students cafeteria
3. Chinese courses
4. your faculty
5. your pen
6. yoghurt with GMO carrot
7. a credit with 30% interest rate
8. an island in the White Sea
9. Nokia 3300
10. a new film with Robert Pattinson

