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**Сборник текстов
на английском языке
для самостоятельной работы**

Учебные материалы
для студентов
экономических специальностей
университетов

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Учебные материалы содержат тексты по экономической специальности
и ориентированы на самостоятельную работу студентов старших
курсов, изучающих экономические дисциплины.

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ПРЕДИСЛОВИЕ

В период бурного развития коммерческих связей с представителями торговых фирм и деловых кругов зарубежных стран усиливается необходимость изучать иностранный язык с ориентацией на практическое использование его в сфере делового общения. Очевидна целесообразность использования различных материалов для дополнительного чтения, освещающих актуальные проблемы деловой жизни. Одна из основных задач преподавателя – воспитать определенную культуру самостоятельной работы. Целенаправленное систематическое проведение самостоятельной работы способствует формированию прочных учебных умений.

Данные учебные материалы предназначены для студентов старших курсов университетов, готовящих специалистов в области финансово-банковской системы. Материалы ориентированы на самостоятельную работу студентов.

Учебные материалы разработаны на основе современных принципов обучения иностранному языку. Основной целью является активное овладение экономическим языком. Учебные материалы из современной английской прессы.

Данные учебные материалы включают 10 текстов и задания к ним. Система упражнений обеспечивает закрепление лексического материала. После каждого текста дается лексика, с учетом экономической терминологии. Далее студенту предлагается ответить на вопросы к тексту. Также имеются задания на глубокое понимание текста. К каждому тексту подобраны предложения для перевода с русского языка на английский, что также способствует усвоению лексического материала. По окончании работы с текстом студенту предлагается пересказать текст.

Использование студентами в самостоятельной работе данных учебных материалов существенно увеличит словарный запас в рамках предложенной тематики.

Text 1

Legal issues of real estate financing in St. Petersburg.

St. Petersburg, though one of the most advanced in Russia in terms of market reforms, still, suffers from the legal problems common for the country as a whole, such as poor tax and currency control laws. The city has a number of unique legal features relevant to the financing of real estate projects, most of which make St. Petersburg a more attractive location than other Russian cities for finance projects. This article identifies some of the main issues.

Essential concern is the possibility to use the land and buildings as security for commercial lending. The substantive law governing pledges is federal and thus is the same in St. Petersburg as elsewhere, but the local procedures for effecting the pledge are better. The pledge agreement must be notarized and registered with the appropriate state authorities, the Land Committee for St. Petersburg. The city has most efficient and reliable system for the registration of pledges in Russia. The major property must be sold by public auction, the proceeds from which are to be used to satisfy the creditor's claim.

Confirming title to real estate, which is an essential part of the real estate development required for further financing, would include the review of the chain of transfers of ownership rights. The absence of any state guarantee for inaccurate or wrongful registration and lack of developed title insurance make the title due diligence exercise extremely important for any further possibility of using the title as a collateral for financing.

Rights and transactions with real estate under Russian law are subject to state registration. Fortunately, St. Petersburg has developed the most advanced system of title registration in the country, which is currently being extensively promoted by the federal authorities. The former Chairman of St. Petersburg Committee for Land Resources and Land Tenure, which developed this title registration system, has recently been appointed the federal chairman of this committee in Moscow. This title registration includes a unified cadastre system, providing for a possibility to register rights in land, buildings, and particular residential or non-residential premises in a building.

An investor choosing a site for possible development needs a clear understanding, which rights to buildings it may obtain. One of the main issues to be considered is whether the seller/lessor of property is legally able to perform, whether the rights to the object are limited or restricted in any way, and which steps must be taken to allow alienation or leasing of the property to the developer. One important issue, which has to be borne in mind when considering making investments in Russia is that in the majority of cases the seller or the lessor of the property is not the owner of the land, plot under and around the building.

St. Petersburg is one of the few areas of Russia, which is actively privatizing land, and this provides new possibilities for securing loans. By the end of 1996, more than 1,000 land plots were registered as privately owned. However, for several reasons, including the lack of funds to purchase, or a lack of applicable legislation, the rights to many land plots take either the form of lease from the state or are not determined at all. For example, rights

to Greenfield sites are commonly retained by the state and are granted to companies under the investment conditions agreed.

If the investor obtains the rights to an object under the general rule of Russian law, the rights to the land plot must follow the rights to the building, unless the parties agree otherwise in the contract. This would mean that the new owner of non-residential property will obtain the right to purchase the land plot, though in many cases it will choose to conclude a land lease agreement with the city.

Another issue related to taking security on property rights is the scope of permitted use of the property. This requires checking the classification of premises as residential or non-residential, and the possibility of re-classification, which is conducted by means of a Decree of the governor of St. Petersburg on the basis of a local law recently adopted by the City Assembly. The re-zoning process will be significantly easier under this new local legislation.

The historic center of St. Petersburg consists mainly of historical monuments whose use is also controlled by the Committee for Historical Monuments Preservation. Review of a building's status as a monument or not, and investigation of possible restrictions for reconstruction has to be conducted thoroughly.

Another issue, which may affect the cost of real estate development and its financing, is the requirement for infrastructure payments to the city. The amounts are determined on a square meter basis and will depend on the type of the property being developed. As practice shows, the larger the project, the easier it is to negotiate with the city the conditions and amounts of this so-called infrastructure tax.

Another aspect of the city's investment climate, which makes it more attractive for investors, is the developed practice of establishment and operation of special economic zones. These are established under local legislation and provide for the possibility to obtain certain tax benefits for the investors developing project in such zones. Projects located in these types of zones provide conditions that are more attractive for financing.

Assignments:

1. Read and translate the text.

2. A. Find the following words in the text and transcribe them:

Tax – налог, пошлина, сбор;

Real estate – недвижимое имущество;

Personal estate – движимое имущество;

Issue – спорный вопрос, предмет спора, разногласие, проблема;

Pledge – залог, обещание;

To notarize – заверить, засвидетельствовать нотариально;

Auction – аукцион, торг (to put up for/at auction, to sell by/at auction – продавать с аукциона);

Land Committee for Land Resources and Land Tenure – комитет по землевладению и землепользованию;

Residential premise – жилое помещение, дом (с прилегающими постройками и участком);

Title – право собственности на что-либо, документ, дающий право собственности;

Cadastre – кадастр;

Lessor – сдающий в аренду;

Land plot – земельный участок;

City Assembly – Городская Дума

Alienation – отчуждение

Committee for Historical Monuments Preservation – Комитет Охраны Исторических Памятников;

Scope – предел, граница;

B. Practice the pronunciation of the words.

C. Find in the text the synonyms for the following words and try to give as many Russian equivalents to these words as you can:

Questions; stability (fixity, assurance, guarantee, pledge); bail (bond, collateral, guarantee); perquisite (right, right, title, pretension); funding; pledge; bargain (deal, tidings); estrangement; probability; held by the state; give (confer); patch (spot, lot); limitations; perspective (gaze); to determine (to decide, to resolve, to settle, to ordain, to regulate, to terminate, to end, to conclude, to direct, to impel).

3. Answer the questions:

- 1.) What problems are touched upon in the text?
- 2.) What makes St. Petersburg the most attractive city for the investors?
- 3.) Why must the major property be sold by public auction?
- 4.) What is an essential part of the real estate development?
- 5.) What makes the title extremely important?
- 6.) What does the title registration include?
- 7.) What is very important to find out buying a site? Why?
- 8.) Why do the rights to many land plots take the form of lease from the state?
- 9.) When must the rights to the land plot follow the rights to the building?
- 10.) What is the scope of permitted use of property?
- 11.) Who controls the historical monuments of St. Petersburg?
- 12.) What can affect the cost of real estate development and its financing?

4. Translate the sentences into English:

1. Санкт-Петербург – наиболее развитый город в условиях рыночных реформ.
2. Низкий налог и законы, контролирующие денежное обращение, оказывают негативное влияние на Санкт-Петербург.
3. Санкт-Петербург – самый привлекательный город для инвесторов.
4. Документ, дающий право собственности на недвижимое имущество будет включать пересмотр документа о передаче права собственности.
5. Все сделки с недвижимым имуществом должны регистрироваться государством.

6. Регистрация права собственности включает кадастр.
7. Часто люди, сдающие в аренду или продающие недвижимое имущество, не являются его владельцами.
8. Права на озеленение участков поддерживаются государством и дается компаниям при оговаривании условий инвестиций.
9. Новый владелец участка для строительства заключит договор об аренде.
10. Комитет по охране исторических памятников следит за тем, чтобы исторические памятники не сдавались в аренду.

5. Complete the sentences using the contents of the text:

- 1.) St. Petersburg suffers from ...
- 2.) The city has the most efficient ...
- 3.) St. Petersburg has developed the most advanced system of ...
- 4.) An investor choosing a site for possible development needs ...
- 5.) Committee for Historical Monuments Preservation controls ...
- 6.) This article identifies the issues...
- 7.) Rights to greenfield sites are ...
- 8.) The rights to the land plot must follow the rights to the building if ...
- 9.) Another issue which may affect the cost of real estate development and its financing is ...

6. Make the summary of the text.

Text 2

Japanese shares rise as companies consider buybacks

Shares in several large Japanese companies jumped yesterday after they said they might buy back a substantial proportion of their stocks. Investors responded enthusiastically to the suggestion that Japanese corporations were increasing the importance they attach to return on equity and shareholder value.

Share buybacks, common in the US and UK, are popular with investors because they increase earnings per share by reducing the number of shares at issue. Japanese managers have traditionally paid more attention to concerns such as market share and process technology than returns to investors. “These moves are much more important than any fiscal stimulus package or tax cuts,” said the portfolio manager at Fidelity Investment in Hong Kong. “If Japanese managers become absorbed by return on equity, it could give a big boost to Tokyo’s moribund equity market.”

Japanese companies have begun issuing share options to managers, making their interests more aligned with owners of company stock. “Shareholder value seems to be the only game in town,” said Okamura, bank strategist.

Some of the jumps in share prices were spectacular. Tokyo steel yesterday leapt nearly 14 per cent announcing it might buy back up to 20 per cent of its shares, while Sumitomo Metal Mining rose 9 per cent after saying it was seeking changes to its rules to allow buybacks. Shares in the cosmetics group increased more than 9 per cent since buyback rumors emerged.

Sumitomo Metal Industries said it had bought back 3.2m of its shares since the start of the month.

SBC Warburg, the brokers, estimated a third of the companies on the first section of the Tokyo stock exchange had net cash on their balance sheet. “ Since equity is much more expensive than debt, it makes perfect sense for companies to buy back equity,” said a strategist at the broker in Tokyo. “ Restructuring the balance sheet is win for Japanese companies: return on equity goes up, pleasing shareholders, while the employees – the traditional stakeholders – keep their jobs.”

The announcements follow changes in legislation last month allowing companies to use capital reserves to buy back shares. Previously, shares could only be repurchased using retained earnings. The volume and scale of buybacks has subsequently increased. Sumitomo Metal Mining said it would change their articles of association to allow the purchase of up to 20 per cent of outstanding shares

However, Mr. Okamura said yesterday’s announcements only signaled that some companies wanted to change their articles of association to permit larger share buybacks. They had not yet revealed their intention to buy shares, he said, let alone actually making the purchases.

Assignments:

1. Read and translate the text.

2. A. Find the following words in the text and transcribe them:

Enthusiastically – восторженно, с энтузиазмом, увлеченно;

Share – акция, доля, часть, доля участия, доля собственности;

Equity – акция без фиксированного дивиденда, обыкновенная акция, доля акционера в капитале предприятия, маржа (разница между рыночной стоимостью ценных бумаг и размером полученной под них ссуды);

Portfolio – портфель, набор ценных бумаг (информации о чем-либо);

Boost – поддержка, создание популярности (рекламы), повышение, ускорение;

Return on equity – прибыль на акционерный капитал; рентабельность капитала;

Return on equities – доходы от акций;

Fidelity – верность, точность, правильность;

Aligned – выровненный; выравненный;

Moribund equity market – умирающий рынок ценных бумаг;

Metal Mining – металлообрабатывающая промышленность;

Stock exchange – фондовая биржа;

Retained earnings – нераспределенная прибыль;

Outstanding shares – акции, выпущенные в обращение;

Article of association – устав компании;

Let alone – не говоря, не считая;

Portfolio manager – управляющий инвестициями (брокер, ответственный за управление капиталовложениями клиента);

Strategist – стратег;

Earnings per share – долевая прибыль;

Buyback – перекупка компаниями собственных акций;
To emerge – появляться, выясняться, выходить, возникать (о вопросе);
Balance sheet – баланс;
Debt – долг, задолженность;
Shareholder – акционер;
Stakeholder – посредник (при заключении сделки);
To reveal – открыть, разоблачить;
Tax cut – сокращение налога;
Fiscal – финансовый;

B. Practice the pronunciation of the words.

C. Find in the text the synonyms for the following words and try to give as many Russian equivalents to these words as you can:

Strong (firm, sturdy, essential, important); financial; incentive (influence); exactness (precision, allegiance, devotion, loyalty, fealty, piety); whisper (hearsay, bruit, talk, buzz); to arise; implication (meaning, significance); surplus earnings (retained income); association status; to give notice; interested parties (concerned parties); measure; beforehand (in advance); later (afterward).

3. Answer the questions:

- 1.) Why do the shares in several large companies jump?
- 2.) What is the Russian for *buybacks*?
- 3.) Why are shares buyback so popular in the US and UK?
- 4.) How did Japanese companies make their interests more aligned with owners of company stock?
- 5.) What jumps in share prices were the most substantial?
- 6.) Why is restructuring the balance sheet profitable for Japanese companies?
- 7.) Could shares be freely repurchased before?
- 8.) What did Mr. Okamura say apropos of this?

4. Complete the sentences using the contents of the text:

- 1.) Shares in several large companies jumped because...
- 2.) The companies buy back shares because...
- 3.) The announcements follow changes in legislation ...
- 4.) The volume and scale increasing of buybacks would ...
- 5.) Some companies had not revealed ...

5. Translate into English:

- 1.) Цены на акции многих крупных японских компаний резко подскочили.
- 2.) Выкупать собственные акции - популярное явление среди инвесторов.
- 3.) Японские компании могли бы оказать поддержку умирающему рынку ценных бумаг;
- 4.) Скупка собственных акций компании увеличивает долевую прибыль.
- 5.) Реорганизация баланса – выгодное дело для японских компаний.

- 6.) Изменения в законодательстве позволят использовать капитальные резервы для покупки собственных акций.

6. Make the summary of the text.

Text 3

EU names Germany's Koehler as EBRD president

European Union finance ministers on Friday before last agreed Germany's Horst Koehler would head the European Bank for Reconstruction and Development (EBRD), reports Reuters. The post has been vacant since Frenchman Jacques de Larosiere retired in January.

British Chancellor of the Exchequer told a news conference that Koehler's appointment to the post was now a virtual certainty, needing only the formal approval of the board of governors where the EU holds a majority. Speaking after a meeting of European Union finance ministers (ECOFIN), the British Chancellor said the ministers had unanimously agreed to recommend Koehler as EBRD president. "All the EBRD governors vote to determine the new president," he said, adding however, that "the decision of the EU governments is crucial as they hold a majority of the shares."

German Finance Minister clearly delighted to see his candidate appointed to the top job, told reporters: "Now that there is unanimous agreement within the EU there is no further barrier to the president of the ECOFIN council and myself writing a letter to the governors of the EBRD telling them that we have agreed on Horst Koehler, an excellent decision from a professional and personal point of view."

The London-based bank is charged with financing the retooling of the vast industries of the former Soviet bloc communist states. It is also helping to build a base of small businesses as well as major infrastructure projects including the decommissioning of the Chernobyl nuclear complex. Koehler has forged strong public and private-sector careers, and is expected to serve well in helping the former communist countries transform into market economies.

He will be the only German at the helm of a supranational financial organisation. His appointment also put an end to an acrimonious Franco-German row over top European jobs, which centred on who should head the European Central Bank. Koehler was nominated last month in Brussels after France was promised that its Central Bank Governor would be the president of the much more powerful ECB, which dictates interest rate levels in Europe from 1999.

French Central Bank Governor will take over the post in about four years' time when German-backed Dutchman will step aside. France had backed its own EBRD candidate initially in its power play for the central bank but dropped the fight once the ECB dispute was resolved. In the early 1990s Koehler did his most important work in negotiations for the Maastricht Treaty on European monetary union.

A former state secretary for finance, Koehler has since 1993 been head of Germany's Savings Bank Association, the country's largest group of banks, with a market share of 36.9 per cent and business volume of DEM 3.4

trillion (USD 1.9 trillion). As Germany emerged as Russia's biggest international aid donor, Koehler played a central role in rescheduling ex-Soviet debt and disbursing assistance, including a USD 6 billion Western package hammered out in 1992 to help stabilize the ruble. He has long been involved with the problems of transition from a command economy to a market economy, and played a leading part in the negotiations on Germany's own currency union ahead of full national reunification in 1990. He took up his duties as state secretary at the Finance Ministry in late 1989, and also had responsibility for the agency, which oversaw the privatization of state enterprises in the former East Germany. Chancellor Helmut Kohl called Koehler back into government service sending him to Indonesia on a fact-finding mission on its financial crisis.

Assignments

1. Read and translate the text.

2. A. Find the following words in the text and transcribe them:

British Chancellor of the Exchequer – канцлер казначейства (министр финансов Англии);

To hold a majority – владеть прибылью;

To be charged with – отвечать за что-либо;

Block – объединение;

Decommissioning – прекращение эксплуатации;

Certainty – несомненный факт, уверенность;

Unanimous – единодушный, единогласный;

To summit meetings – проводить встречи на высшем уровне;

Negotiations – переговоры;

Reunification – повторное объединение;

Supranational – наднациональный;

Retooling – оснащение новой техникой;

To back – поддерживать, финансировать, субсидировать;

To step aside – посторониться, уступить дорогу;

Maastricht Treaty – Маастрихтский договор (договор о создании Европейского союза, подписанный в 1992 году);

Rescheduling – перепланирование;

Reunification – воссоединение;

To take up the duties – брать на себя обязанности, занять позицию;

Ex-Soviet debt – долг бывшего Советского Союза;

Fact-finding mission – делегация по расследованию обстоятельств чего-либо;

To nominate – выставлять, предлагать кандидата на выборах, назначать на должность;

To disburse – расходовать, тратить, платить, расплачиваться;

To hammer out – придумывать, составлять, изобретать;

Privatization – приватизация;

To drop the fight – прекратить борьбу;

Acrimonious – желчный (о характере), язвительный, саркастический;

.Exchequer – казначейство;

USD – United States Dollars;

To back – поддерживать, финансировать, субсидировать;

B. Practice the pronunciation of the words

C. Find in the text the synonyms for the following words and try to give as many Russian equivalents to these words as you can:

Confidence (certitude, conviction); margine; steer; to be responsible for; hammer out (mould, invent, devise, counterfeit); strong action (activity, freedom, operation, patronage, attention, publicity);reunion; help; supervise (superintend); former; repay (pay, cover, return); uphold (aid, support, substantiate).

3. Answer the questions:

- 1.) Who was appointed the head of the European Bank for Reconstruction and Development?
- 2.) Was anybody against this decision?
- 3.) What must the London-based bank do?
- 4.) Why did his appointment become important?
- 5.) What position did Koehler hold before?
- 6.) Koehler is a person suitable for the job, isn't he?

4. Complete the sentences using the contents of the text:

- 1.) The post of the head of the European Bank for Reconstruction and Development has been vacant since ...
- 2.) British Chancellor of the Exchequer told ...
- 3.) Koehler's appointment put an end to ...
- 4.) French representatives didn't support Koehler's appointment because...
- 5.) Koehler is expected to serve...

5. Translate into English:

- 1.) Назначение Кохлера на должность директора Европейского Банка Реконструкции и Развития было несомненным фактом.
- 2.) Британский канцлер сказал, что министры единогласно согласились избрать Кохлера на должность президента ЕБРР.
- 3.) Кохлер возглавил государтвенный и частный секторы деятельности и предполагается, что он будет оказывать помощь бывшим коммунистическим странам в преобразовании рыночной экономики.
- 4.) Франция выдвигала своего кандидата на должность, но прекратила борьбу сразу как спор был решен.
- 5.) Гельмут Коль посылал Кохлера в Индонезию для расследования обстоятельств финансового кризиса.
- 6.) Его назначение положило конец саркастическому франко-германскому спору.

6. Make the summary of the text.

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

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

“Once the ownership problems are solved, and the countries enter into a growth period after a very tough 2 or 3 years, the whole process will accelerate. Financial institutions such as banks, insurance companies and investment funds are just waiting for the removal of the quasi-monopolistic position of the major financial institution in each country and are ready to jump into the market,” he argues.

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

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

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

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

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

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

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

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

Assignments:

1. Read and translate the text.

2. A. Find the following words in the text and transcribe them:

Mortgage - ипотека, залог, закладная;
Mortgage system – ипотечная система;
Mortgage loan markets – рынок ипотечного кредитования;
Mortgage bond – ипотечная облигация;
Upturn – подъем конъюнктуры, улучшение экономического положения;
Property market – рынок собственности, недвижимости.
Viability – жизнеспособность;
Stock – запасы, склад; имущество капитал, фонд; акции, акционерный капитал, ценные бумаги, фондовые ценности; обязательства, облигации;
Housing stock – жилищный фонд;
Loan – заем, ссуда, кредит;
Loan market – рынок ссуд;
Loan system – система предоставления ссуд;
Demand – спрос;
To meet the demand – удовлетворять спрос;
Stratum – тип, группа, слой общества;
Quasi-monopolistic position – квазимонопольная позиция; quasi – в сложных словах обозначает: аналогичный, схожий, подобный;
Regulators – инспекторы;
Depressed – пониженный;
Regulator – инспектор;
Wage earner – лицо, работающее по найму, кормилец *юр.*; наемный работник;
Upturn – подъем, рост экономического благосостояния, переворот;
Renovation – восстановление, реконструкция, обновление;
Economies – сбережения;
Hungarian Trade and Industry minister – министр торговли и промышленности Венгрии;
EBRD, (European Bank for Reconstruction and Development) – Европейский банк реконструкции и развития.

B. Practice the pronunciation of the words.

C. Find in the text the synonyms for the following words and try to give as many Russian equivalents to these words as you can:

Incomprehension (misunderstanding); vitality (vital capacity); elimination; savings; lowered (sunken); working man (poletarian, wage worker); to be subsist (live, survive); making (forming, producing); to fasten (to connect, to link, to unite, to attach, to enroll, to adjoin); change (conversion); supervisors.

3. Practice the following geographical names:

European, Hungarian, Hungary, Poland, Czech Republic.

4. Answer the questions.

- 1) What does this article deal with?
- 2) Are the ownership problems in Hungary solved?
- 3.) What is the situation in Hungary now?
- 4.) Why is it more important to modernize the existing stock than to buy land and building new homes?
- 5.) What is called “the missing element” in the text?
- 1.) How could an upturn be created in the property market?

5. Complete the sentences using the contents of the text:

- 1.) Financial institutions are just waiting for ...
- 2.) The situation remains ...
- 3.) The government hope that ...
- 4.) People can gain loans for ...
- 2.) The creation of a mortgage system is described as ...
- 5.) The legal problems are ...

6. Translate into English:

- 1.) Директор Европейского банка реконструкции и развития заявил, что в стране будет введена ипотечная система кредитования.
- 2.) Если проблемы собственности решатся, то процесс принятия этого закона ускорится.
- 3.) Проблема получения кредитов не затрагивает примерно одной десятой части наиболее высоко оплачиваемого населения.
- 4.) Необходимы решительные изменения на рынке собственности в направлении обновления фонда.
- 5.) Ипотечная система кредитования – это важнейший элемент в экономике ряда стран центрального европейского региона.

7. Make the summary of the text.

Text 5

Euro pressures help spur French savings reforms.

The French government will allow banks to determine interest rates payable on a range of taxable savings accounts freely. It is the significant step towards the deregulation of the financial services sector imposed by creation of the single european currency, the euro.

It is to cut the interest rates on a number of tax-free savings products, and establish an advisory committee, which will play an important role in determining the level of the rates paid to depositors in the future. The action comes as the authorities reduce interest rates on products that distort competition and create a heavy financing burden on the state.

The French government still directly controls the interest rates on savings schemes which contain nearly FFr 3,000bn (\$500bn) in deposits and which often pay significantly above market rates.

Bankers argued yesterday that the new European Central Bank would have forced the government to deregulate the system if it had not taken the initiative on its own, and that the creation of the euro would otherwise have put an unbearable pressure on the system by allowing other Europeans to open tax-free accounts supported by the French state.

Interest payable on the *Livret A*, *Livret Bleu* and *Codevi* tax-free schemes - which currently hold over FFr 1,000 bn in deposits - will from June 15 be cut from 3.5 per cent to 3 per cent. An estimated 47m French hold *Livret A* accounts, making the reduction in rates particularly sensitive. It has been reduced just twice in the last 12 years, each time triggering a considerable political backlash.

The decision to bring rates more in line with the market is also a competitive blow to the *Post Office*, *Credit Mutuel* and the *Caisse d'Epargne* savings network, which have until now had the exclusive right to distribute some of these products.

However, the government has packaged the decision as a way to reduce the cost of financing low-income housing - the purpose for which the *Livret A* was created.

The rates on a series of taxable savings products will in future be left to the discretion of the banks. Banks will also be free to set the interest rate payable on the *Livret Jeune* savings scheme - currently standing at 4.7 per cent - as long as the rate remains above the level of the *Livret A*.

Assignments:

1. Read and translate the text

2. A. Find these words in the text and transcribe them:

Spur – стимул, побуждение;

Saver – вкладчик;

Saving - экономика, сбережение;

Savings – сбережения,

Savings reforms – реформы деятельности сберегательных банков;

Savings accounts – накопительные счета;

Tax-free savings - накопления, не подлежащие налогообложению;

Savings scheme – схема накопления;

Savings network – сеть финансовых (накопительных) учреждений;

Savings products – продукты сбережений;

Rate – темп, норма, ставка, тариф, цена, расценка;

Interest rate – процентная ставка;

Market rates – рыночные ставки;

Tax-free accounts – не облагаемые налогом счета;

Tax-free savings products – не облагаемые налогом продукты сбережений;

In deposits – на счетах/вкладах, по счетам/вкладам;
Housing estate – жилой массив, жилой микрорайон;
Depositor – вкладчик;
Interest - процент;
Interest rate – процентная ставка;
Burden – ноша, бремя;
Deregulate – прекратить регулирование;
To distort competition – подрывать конкуренцию;
Taxable – облагаемый налогом;
Taxable savings products - облагаемые налогом продукты сбережений
Backlash – ответный удар (ответ на что-либо);
Euro, single European currency – евро, единая европейская валюта;
To bring in line – установить единообразие, ввести в соответствии с чем-либо;
To package a decision – решать проблему в "пакете", т.е. в виде согласованных решений/шагов.
Low-income housing – обеспечение жильем граждан с низким доходом.

B. Practice in the pronunciation of the words.

C. Find in the text the following words and try to give as many Russian equivalents to these words as you can:

To disfigure (to bend); load; intolerable (insufferable);
to apportion (divide, scatter, classify); separation
(disjunction, distinction, circumspection); lodging
(shelter); to stop to regulate; degradation (diminution,
lessening); circumspection.

3. Answer the questions.

- 1) What does the article deal with?
- 2) Is the adoption of euro influence the French banking system?
- 3) What does the French government control?
- 4) Why does the creation of Euro put an unbearable pressure on the system?
- 5) What triggered a political backlash?
- 6) What was done to reduce the cost of financing low-income housing?
- 7) What purpose was the Livret A created for?

4. Complete the sentences using the contents of the text:

- 1.) The adoption of Euro is very important because ...
- 2.) The French government controls ...
- 3.) The decision to bring rates more in line with the market is ...
- 4.) The government has packaged the decision as a way ...
- 5.) The committee was established to ...

5. Translate into English:

- 1.) Введение единой европейской валюты евро привело к необходимости сокращения вмешательства государства в деятельность финансового сектора.
- 2.) Французское правительство позволит банкам самим устанавливать процентную ставку по широкому кругу накопительных счетов, подлежащих налогообложению.
- 3.) Накопительные счета по схеме Livret A имеются у 47 млн. жителей Франции.
- 4.) Решение правительства о сближении процентных ставок с существующими ставками на рынке подрывает конкурентноспособность других накопительных схем.
- 5.) За последнее время процентные ставки сокращались дважды.

6. Retell the text:

Text 6

Subject: Regulation - Federal Reserve and Interest Rates

This article discusses the interest rates which are managed or influenced by the US Federal Reserve Bank, a collective term for the collection of Federal Reserve Banks across the country.

The Discount Rate is the interest rate charged by the Federal Reserve when banks borrow "overnight" from the Fed. The discount rate is under the direct control of the Fed. The discount rate is always lower than the Federal Funds Rate (see below). Generally only large banks borrow directly from the Fed, and thus get the benefit of being able to borrow at the lower discount rate. As of April 1997, the discount rate was 5.00%.

The Federal Funds Rate is the interest rate charged by banks when banks borrow "overnight" from each other. The funds rate fluctuates according to supply and demand and is not under the direct control of the Fed, but is strongly influenced by the Fed's actions. As of April 1997, the target funds rate is 5.38%; the actual rate varies above and below that figure.

The Fed adjusts the funds rate via "open market operations". What actually happens is that the Fed sells US treasury securities to banks. As a result, the bank reserves at the Fed drop. Given that banks have to maintain at the Fed a certain level of required reserves based on their demand deposits (checking accounts), they end up borrowing more from each other to cover their short position at the Fed. The resulting pressure on intrabank lending funds drives the funds rate up.

The Fed has no idea of how many billions of US treasuries it needs to sell in order for the funds rate to reach the Fed's target. It goes by trial and error. That's why it takes a few days for the funds rate to adjust to the new target following an announcement.

Adjustments in the discount rate usually lag behind changes in the funds rate. Once the spread between the two rates gets too large (meaning fat profits for the big banks which routinely borrow from the Fed at the discount rate and lend to smaller banks at the funds rate) the Fed moves to adjust the discount rate accordingly. It usually happens when the spread reaches about 1%.

Another interest rate of significant interest is the Prime Rate, the interest that a bank charges its "best" customers. There is no single prime rate, but the commercial banks generally offer the same prime rate. The Fed does not adjust a bank's prime rate directly, but indirectly. The change in discount rates will affect the prime rate. As of April, 1997 the prime rate is 8.5%.

1. Read and translate the text.

2. A. Find the following words in the text and transcribe them:

Collective – общий;

To charge – возлагать;

Overnight – неожиданно, Overnight purchase agreement – соглашение о покупке ценных бумаг с последующим выкупом через сутки;

Fed – Federal Reserve Board – Совет Федерального Резерва;

Discount rate – учетная ставка, учетный процент, ставка дисконта;

Federal Funds Rate – процентная ставка по краткосрочным кредитам (наиболее точно отражает направление изменения ставок);

Actual rate – фактическая ставка;

Open market operations – операции на открытом рынке;

Treasury securities – казначейские ценные бумаги;

Demand deposit – депозит по востребованию (бездоходный депозит, который может быть возвращен по требованию);

Checking account – специальный счет, с которого снимаются деньги по чекам клиента; счет, позволяющий в любой момент вносить и снимать деньги (до востребования);

To end up – прекращать;

To borrow – занимать (у кого-либо), брать кредит;

To lend – занимать (кому-либо), давать кредит;

By trial and error – методом проб и ошибок;

Spread (between smth.) – разница;

Prime Rate – прайм-рейт, базисная ставка;

In-depth look – всесторонний, глубокий;

B. Practice the pronunciation of the words.

C. Find in the text the synonyms for the following words and try to give as many Russian equivalents to these words as you can:

General; to order (to enjoin); straightforwardly; to vibrate; to adapt (to regulate); golds; fall; to stop; substantial; regularly; deep; to influence (to touch); to retain (to keep, to hold aside); to keep up (to preserve, to retain, to support, to provide, to assert).

3. Answer the questions:

- 1.) What does the article discuss?
- 2.) What is the Discount Rate?
- 3.) What is the Federal Funds Rate?
- 4.) How does Fed regulate the funds rates?
- 5.) Why does it take a few days for the funds to adjust to the new target following an announcement?
- 6.) How does Fed regulate the Prime Rate?

4. Complete the sentences using the contents of the text:

- 1.) The discount rate is under ...
- 2.) The funds rate fluctuates according ...
- 3.) The bank reserves ...
- 4.) The pressure on interbank lending funds drives ...
- 5.) The same prime rate is offered by ...

5. Translate the sentences into English:

1. Учетный процент находится под контролем Совета Федерального Резерва.
2. Ставки колеблются в соответствии со спросом и предложением.
3. Фактическая ставка составляет 5.38% или около этого.
4. Банки поддерживают Совет федерального Резерва и защищают его от падения.
5. Крупные банки берут кредит в Фед по учетному проценту и занимают маленьким банкам по краткосрочному кредиту.

6. Retell the text.

Text 7

Opening of domestic markets brings big boost to prosperity and confidence.

Mr Montoro, an academic turned politician who was appointed secretary of state for the economy when the Popular party won power two years ago, knows extremely well what every student of contemporary Spain has learnt over the years. "Every time that the country opens itself up to international markets, the

domestic economy takes a very important step forward, he told a group of corporate finance executives at a recent meeting in Madrid

The Spanish economy made a leap towards prosperity in 1959 when the Franco regime loosened import controls. Domestic productivity rose significantly when a preferential agreement with the Common Market was signed in 1970. Moreover, annual GDP growth accelerated from 3.2 per cent in 1986, the year that Spain joined the European Economic Community, to 5.6 per cent 12 months later. Mr Montoro was making the point that the peseta's inclusion in the European Union's single currency opened "a new horizon of development and wealth". By "new" he meant that unlike previous growth periods, Spain was now locked into a sustainable low inflation and low interests rate environment that removed the danger of a boom and bust cycle.

The bottom line of his message was that Spain could "have the strongest balance of payments in the euro".

Now that Spain has passed the Emu threshold, two features of the domestic economy help to explain such optimism. Both features are new. The first is the manner in which Spanish corporations have reinvented themselves as multinationals.

The second is the way in which household savings, which have significantly increased in volume, have switched to equity investments.

The development of these twin trends is underpinned by what is arguably the greatest change of all. Financing economic growth has become very cheap, virtually overnight, and this is the factor, above all others, that is fuelling the confidence that Mr. Montoro both expresses and encounters. The Bank of Spain's intervention rate has fallen by five points since 1995 to 4.25 per cent, and the peseta's long bond spread against the D-Mark has shrunk from 400 points in the past two years, to 16 at the latest count.

With year-on-year inflation holding steady at around 2 per cent, domestic business can take on challenges that were previously denied to it. Simultaneously a high, and growing, proportion of household savings has turned away from fixed income instruments, which lower interest rates have now made unprofitable, and been invested in the productive economy.

When Endesa, the power group, launched the registration period for the final phase of its privatization at the end of last month it did it in style, consciously aping Wall Street. The disposal of the power group capped a 15-month privatization drive by the center-right government, and represented a paradigm of what has occurred in the domestic economy under the rule of the *Popular party*.

On the opening day of the Endesa sale the volume of bids registered by individual savers, who had been allocated a minimum 70 per cent of the offer, matched the entire value of the disposal. There is a clear background to such demand because a quiet revolution has taken place that has turned Spain into a shareholder society.

When Telefonica, the national telecoms operator, was privatized, in February 1997, 66 per cent of the \$4.3bn offer was placed among individual Spanish investors.

Endesa, formerly a government-owned electricity distributor serving a tightly regulated market, usefully exemplifies the new muscle of the domestic economy. It has diversified its business, to the point that it now styles itself a multi-utility corporation, and has aggressively expanded into Latin America, the favored stamping ground of Spain's larger companies. He plans to step up its geographical diversification with investments, chiefly in Latin America, totalling \$2.6bn through to 2002. That will lift its earnings outside Spain to 20 per cent of net profit. A further \$ 1 bn will be invested to diversify into the co-generation business, the gas industry and the telecommunications and water management sectors, and earnings from non-electricity business units will represent 10 per cent of current net profits within four years.

A range of other Spanish companies recently privatized ones, have outlined similar growth ambitions. What is wholly new on the Spain's economic landscape is that domestic business is now exporting capital in addition to goods and services.

Assignments:

1. Read and translate the text.

2. A. Find the following words in the text and transcribe them:

Preferential agreement – льготное соглашение (о ввозных пошлинах);

Leap – скачок;

To lock into – окружать, сжимать;

Diversification – диверсификация, распространение промышленно-хозяйственной деятельности на новые сферы (например, расширение ассортимента продукции), изменение, модификация;

To outline – обрисовывать, отметить в общих чертах;

To make a leap – сделать скачок, вырваться вперед;

GDP – Gross Domestic Product – валовый внутренний продукт;

Domestic productivity – производительность национальной экономики;

Sustainable – устойчивый;

Twin trends – одинаковые направления;

Underpin – поддерживать;

Productive economy – производительная экономика;

Tightly regulated – недостаточно регулируемый;

Muscle – сила;

Multi-utility – рентабельный, полезный, практичный;

To fuel – *перен.* питать;

To remove the danger of a boom and burst cycle – устранить опасность цикла взлета и падения;

Landscape – перспектива;

To outline – обрисовывать;

Ambitions – стремления;

Landscape – перспектива;

Bottom line - итог;

To come from smb – исходить от кого-либо;

Household savings – домашние сбережения;

Switch to smth - переключиться;

To total – подсчитывать, подводить итог, суммировать, достигать, равняться;

Net profit – чистая прибыль;

Equity investment – инвестиции в покупку акций;

Intervention rate – уровень интервенции;

Long bond – долгосрочная облигация;

Shrink from 5 to 2 – сократиться с 5 до 2;

At the latest count – по последним подсчетам;

Year-on-year inflation – ежегодная инфляция;

To hold steady – сохранять устойчивость;

To take on – откликаться на что-либо, браться за дело, принять вызов;

Income instrument – источник (способ) дохода;

Challenge – сложная задача, обвинение;

Unprofitable – неприбыльный, нерентабельный, невыгодный;

Bid – предложение цены, заявка (на торгах), цена;

Bids – торги;

To allocate - предназначать, ассигновать, распределять, размещать;

Shareholder - акционер,

Shareholder society – акционерное общество;

Earnings – доходы, прибыль, заработок, выручка;

An academic turned politician – ученый, ставший политиком;

Common market – общий рынок;

GDP, Gross Domestic Product – ВВП, валовой национальный продукт;

Jingoism – уро-патриотизм, шовинизм;

Group of corporate finance executive – группа корпоративных финансовых управляющих;

Emu, Economic and monetary union – экономический и валютный союз;

Horizon – горизонт

Sustainable – поддерживаемый;

Threshold – начало;

To underpin – поддерживать, подкреплять (аргумент, тезис), удерживать (спрос, цены);

To diversify – разнообразить, вкладывать в различные предприятия (капитал);

Stamping ground – излюбленное место;

To encounter – наталкиваться (на трудности).

B. Practice the pronunciation of the words.

C. Find the synonyms for the following words in the text and try to give as many Russian equivalents to these words as you can:

Modern (present-day, up-to-date); performer; failure (collapse); to transfer; faith (trust, certitude, certainty, self-sufficiency); example (pattern); defiance (charge); control (command, regulation); allot (divide); wholesaler; force; to vary (to modify); resort; to contour.

3. Answer the questions.

- 1) What is the main idea of the article?
- 2) Is the peseta's inclusion in the European Union's single currency important for Spain?
- 3) Is Mr. Montoro a boastful politician?
- 4) What is the economic policy of the Endesa power group?
- 5) What role does Endesa play in the economic development of Spain?
- 6) Why has exporting capital in addition to goods and services become so meaningful for Spain?

4. Complete the sentences using the contents of the text:

- 1.) The text touches upon the problems of ...
- 2.) The two features of the Spanish domestic economy are ...
- 3.) Which year-on-year inflation domestic business can ...
- 4.) Endesa usefully exemplifies ...
- 5.) What is wholly new on the Spain's economic landscape is ...

5. Translate into English:

- 1.) Открытие внутренних рынков стимулирует рост национальной экономики.
- 2.) В 1970 году произошло значительное повышение производительности труда в Испании.
- 3.) Низкий уровень инфляции и низкие процентные ставки позволяют избежать резких подъемов, сменяющихся непременными кризисами.
- 4.) Устойчивая ежегодная инфляция на уровне 2 % позволила стране выйти из экономического тупика.

- 5.) В феврале было объявлено о приватизации национальной телекоммуникационной компании Telefonica.
- 6.) До приватизации компания Endesa обслуживала строго регулируемый рынок.

6. Make the summary of the text.

Text 8

Croatian parliament holds debate on banking sector

The Croatian government and central bank came under fire from opposition parties for allowing the near-collapse of the country's fifth largest bank and for threatening a crisis in the banking sector.

Opposition members criticized the authorities for their relaxed attitude to this problem created by Dubrovacka Bank's near failure from losses which even auditors did not spot in time. The attacks came during a debate in parliament in which the central bank presented a report on the state of the country's banks last year.

"The situation in the banking system has improved. Well, we could not agree with such a statement," one Peasant party MP told the House of Representatives.

Government deputies supported the report. A member of the parliamentary council for finance said this body also backed it and welcomed the central bank's plans to toughen banking regulations and enforce stricter supervision.

The central bank was forced bail out Dubrovacka to prevent its collapse after it lacked cash to pay out depositors who rushed on the bank. It was found to have run up potential losses of 230 million USD, more than three times the size of its capital. Opposition members also slammed the central bank for not preventing a new class of politically connected private businessmen from taking over some banks, including Dubrovacka.

This bank's problems, caused by drastic insolvency, have raised questions about the operations of a range of aggressively expanding banks in Croatia's over-banked market. The country has some 60 banks and more than 30 savings banks. Many, established only a few years ago with meager capital resources, have grown quickly on the back of very high interest paid to attract deposits. This money was then lent at higher rates, often to related parties. Most of Dubrovacka risky assets were due to soft and inadequately provisioned loans, which it failed to collect.

ASSIGNMENTS

1. Read and translate the text.

2. A. Find the following words in the text and transcribe them:

To hold debate – обсуждать;

Collapse – полный упадок сил, изнеможение, крах, крушение;

To slam – резко ударять *прям. и перен.*, резко критиковать;

To come under fire – попасть под огонь *прям. и перен.*, подвергаться критике со стороны кого-либо;

Tenant – владелец недвижимого имущества;

To come under – подвергаться, попадать;

Auditor – ревизор, контролер;

Aquisition – приобретение;

To exploit – использовать, пользоваться;

To rush on – устремляться, торопиться;

To run up – увеличить, быстро расти;

Collapse – полный упадок сил, изнеможение, разрушение, крушение, крах;

MP – member of parliament – член парламента;

Outright – полностью, до конца, прямо, открыто;

To take over – стать владельцем, установить свой контроль;

Insolvency – неплатежеспособность;

Holding – участок земли, землевладение, владение (акциями);

Recession – отступление, снижение, отказ, возвращение собственности прежнему владельцу;

To spot – обнаруживать, выявлять;

Meager – недостаточный, скудный;

Drastic insolvency – банкротство;

Over-banked market – перенасыщенность рынка, банковских услуг, избыток банков на рынке;

To present a report on *smth.* – представить отчет

Government deputy – представитель правительства;

To back, on the back of *smth.* – поддерживать, на волне чего-либо (*перен.*)

B. Practise the pronunciation of the words.

C. Find the synonyms for the following words in the text and try to give as many Russian equivalents to these words as you can:

Destruction (demolition); assault (aggression); representative (delegate, substitute, lieutenant, vicegerent); to urge (to compel, to constrain, to oblige); breakdown (failure, ruin, to faint); to defraud (to cheat); to quicken (to hurry, to hasten, to storn, to overcome, to drag, to carry, to force); insufficient (deficient); bankruptcy (failure); meager.

3. Answer the questions.

- 1) Why did the opposition parties criticize the Croatian government and the central bank?
- 2) What was the reason for the fifth largest Croatian bank to be in a near-collapse situation? What did really happen to this bank?
- 3) Was there an improvement in the condition of the Croatian banking system? What did the Peasant Party MP say about?
- 4) What was the attitude of the government deputies to the banking situation?
- 5) What did a parliamentary council member propose with the regard to the central bank?
- 6) Did the central bank prevent Dubrovaka Bank's collapse?
- 7) What are the real problems facing in Croatian banks?

4. Complete the sentences using the contents of the text:

- 1.) Opposition members criticized the authorities for ...
- 2.) The attacks came during a debate in parliament in which the central bank ...
- 3.) A member of the parliamentary council for finance said ...
- 4.) The central bank was forced bail out Dubrovacka to ...
- 5.) The problems, caused by drastic insolvency, has risen ...

5. Translate into English:

- 1.) Представители правительства выступили в поддержку доклада.
- 2.) Центральный банк не способен противостоять группе частных бизнесменов, имеющих связи в политических кругах.
- 3.) Нарушение банковского обслуживания было вызвано неплатежеспособностью банков.
- 4.) Банк Дубровака столкнулся с трудностями из-за непродуманной политики предоставления кредитов на льготных условиях или без достаточного обоснования их необходимости.

- 5.) Многие займы не были возвращены банку.
- 6.) Члены оппозиций критиковали банк за неспособность противостоять группе частных бизнесменов.

6. *Make the summary of the text.*

Text 9

The Board of Governors of the Federal Reserve System

On December 23, 1913, the Federal Reserve System, which serves as the nation's central bank, was created by an Act of Congress. The System consists of a seven member Board of Governors with headquarters in Washington, D.C., and twelve Reserve Banks located in major cities throughout the United States.

The seven members of the Board of Governors are appointed by the President and confirmed by the Senate to serve 14-year terms of office. Members may serve only one full term, but a member who has been appointed to complete an unexpired term may be reappointed to a full term. The President designates, and the Senate confirms, two members of the Board to be Chairman and Vice Chairman, for four-year terms.

Only one member of the Board may be selected from any one of the twelve Federal Reserve Districts. In making appointments, the President is directed by law to select a "fair representation of the financial, agricultural, industrial, and commercial interests and geographical divisions of the country." These aspects of selection are intended to ensure representation of regional interests and the interests of various sectors of the public.

The primary responsibility of the Board members is the formulation of monetary policy. The seven Board members constitute a majority of the 12-member Federal Open Market Committee (FOMC), the group that makes the key decisions affecting the cost and availability of money and credit in the economy. The other five members of the FOMC are Reserve Bank presidents, one of whom is the president of the Federal Reserve Bank of New York. The other Bank presidents serve one-year terms on a rotating basis. By statute the FOMC determines its own organization, and by tradition it elects the Chairman of the Board of Governors as its Chairman and the President of the New York Bank as its Vice Chairman.

The Board sets reserve requirements and shares the responsibility with the Reserve Banks for discount rate policy. These two functions plus open market operations constitute the monetary policy tools of the Federal Reserve System.

In addition to monetary policy responsibilities, the Federal Reserve Board has regulatory and supervisory responsibilities over banks that are members of the

System, bank holding companies, international banking facilities in the United States, Edge Act and agreement corporations, foreign activities of member banks, and the U.S. activities of foreign-owned banks. The Board also sets margin requirements, which limit the use of credit for purchasing or carrying securities.

In addition, the Board plays a key role in assuring the smooth functioning and continued development of the nation's vast payments system [see Fedwire and Payment System Risk Policy].

Another area of Board responsibility is the development and administration of regulations that implement major federal laws governing consumer credit such as the Truth in Lending Act, the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act and the Truth in Savings Act.

The Board usually meets several times a week. Meetings are conducted in compliance with the Government in the Sunshine Act, and many meetings are open to the public. If the Board has convened to consider confidential financial information, however, the sessions are closed to public observation.

As they carry out their duties, members of the Board routinely confer with officials of other government agencies, representatives of banking industry groups, officials of the central banks of other countries, members of Congress and academicians. For example, they meet frequently with Treasury officials and the Council of Economic Advisers to help evaluate the economic climate and to discuss objectives for the nation's economy. Governors also discuss the international monetary system with central bankers of other countries and are in close contact with the heads of the U.S. agencies that make foreign loans and conduct foreign financial transactions.

Assignments:

1. Read and translate the text.

2. A. Find these words in the text and transcribe them:

Board of Governors of the Federal Reserve System – Совет управляющих федеральной резервной системы в США.

Unexpired term – неистекаемый срок;

To designate – назначать, указывать, определять;

Chairman – председатель;

Vice-chairman – заместитель председателя;

Federal Reserve District – Федеральный резервный округ; округ федерального резервного банка;

To ensure – гарантировать;

Monetary policy – кредитно-денежная политика, валютная политика;

Federal Open Market Committee – Комитет по операциям на открытом рынке Федеральной Резервной Системы;

Reserve bank – Федеральный резервный банк;

By statute – по закону;

By tradition – по традиции;

Regulatory and supervisory responsibilities – регулирующие и контролирующие действия;
Edge Act – Закон Эджа (о порядке учреждения иностранных филиалов американских банков);
Margin – подписываемая маржа, прибыль;
Smooth functioning – гладкое функционирование;
To convene – созывать, собирать;
Session – заседание, собрание, совещание;
To confer with – совещаться;
Officials – руководители, власти;
Monetary system – валютная система;

B. Practice in the pronunciation of the words.

C. Find in the text the synonyms for the following words and try to give as many Russian equivalents to these words as you can.

To point out, (to indicate, to specify); law; guarantee; operating; meeting; to gather; to consult; government; currency exchange.

3. Answer the questions:

- 1.) What term are the members of the Board of Governors appointed for?
- 2.) Who may be reappointed to a full term?
- 3.) How many members of the Board may be selected from Federal Reserve District?
- 4.) What is the primary responsibility of the Board?
- 5.) Who makes the essential decisions affecting the cost and availability of money and credit in the economy?
- 6.) What constitutes the monetary policy tools of the Federal Reserve System?
- 7.) What responsibilities does Fed have in common?
- 8.) How often does Fed spend the meetings?
- 9.) What things are discussed in the meetings?
- 10.) How are the meetings conducted?

4. Complete the sentences using the contents of the text:

- 1.) The appointment of the members of the Board of Governors are confirmed by ...
- 2.) The president's appointments are directed by ...
- 3.) The seven members of the Board constitute ...
- 4.) The Board also sets ...
- 5.) The sessions are closed to ...
- 6.) Governors discuss ...

5. Translate the sentences into English:

1. Совет управляющих федеральной резервной системы избирается президентом и утверждается Сенатом.

2. От любого из двенадцати федеральных резервных округов избирается только один член федеральной резервной системы.
3. Один из пяти членов комитета по операциям на открытом рынке является президентом Федерального резервного банка в Нью-Йорке.
4. Основной обязанностью Совета является создание кредитно-денежной политики.
6. Совет проводит встречи несколько раз в неделю, многие из которых открытые.

6. Retell the text.

Text 10

The Canadian dollar in the 1990s

Through 1990 and most of 1991, the Canadian dollar continued to climb against its U.S. counterpart and against major overseas currencies. This was largely due to a further tightening of monetary policy and widening interest rate differentials that favoured Canadian instruments. It crested at US\$0.8934 on 4 November 1991. Subsequently, however, it began to depreciate, falling sharply through 1992 to close the year at US\$0.7868. The gradual, but sustained decline in the value of the Canadian dollar, which continued through 1993 and 1994, reflected various factors. With inflation falling to and for a time below the target range established in 1991 and with significant unused capacity in the economy, the Bank of Canada sought easier monetary conditions through lower interest rates. Downward pressure on the currency also reflected increasing concern about persistent budgetary problems at both the federal and provincial levels, softening commodity prices, and large current account deficits. The international environment was also unfavourable. The Exchange Rate Mechanism in Europe came under repeated attack through 1992 and 1993, followed by rising U.S. interest rates through 1994. The Mexican peso crisis in December 1994 and early 1995 also precipitated a generalized flight into U.S. dollar assets.

A degree of stability in the Canadian dollar was temporarily re-established through 1995 and 1996 owing to a number of factors. These included higher short-term interest rates (at least early in the period), evidence that fiscal problems were being resolved, a marked improvement in Canada's balance of payments partly because of strengthening commodity prices, and diminished focus on constitutional issues. The Canadian dollar traded in a relatively narrow range close to US\$0.73 through much of this period.

Renewed weakness in the currency began to emerge in 1997 and became increasingly apparent in 1998 despite strong economic fundamentals--very low inflation, moderate economic growth, and solid government finances. Once again, much of the slide in the currency could be attributed to lower commodity prices,

which began to soften in the summer of 1997 but subsequently weakened significantly as the financial and economic crisis in emerging markets widened and intensified. The large negative interest rate differentials that had earlier opened up between Canadian and U.S. financial instruments also weighed against the Canadian dollar, as did the U.S. dollar's role as a safe-haven currency during times of international crisis. The Canadian dollar touched an all-time low of US\$0.6311 on 27 August 1998 before recovering somewhat following aggressive action by the Bank of Canada. Interest rate reductions by the Federal Reserve Bank and the return of a modicum of stability in financial markets permitted the Bank of Canada to reduce Canadian interest rates without undermining confidence in the Canadian dollar. The currency closed the year at US\$0.6522.

This history of the Canadian dollar has been largely descriptive. Nonetheless, useful conclusions can be drawn from examining the past. Although Canada has tried most major types of exchange rate regime, it has generally favoured a flexible exchange rate system through much of the twentieth century. This has reflected three factors: Canada's role as a major commodity producer and exporter; the high degree of capital mobility, especially between Canada and the United States; and a desire to direct macroeconomic policy towards achieving domestic objectives. In this regard, concern about importing inflation from the United States led to the upward revaluation of the Canadian dollar in 1946 and to the floating of the Canadian dollar in both 1950 and 1970.

It is evident, however, that no exchange rate regime is perfect. The choice of regime involves trade-offs that may change with the passage of time and differing circumstances. Dissatisfaction with the severe policy limitations of the gold standard led Canada and other countries to break the link between their currencies and gold during the 1930s. Dissatisfaction with the competitive devaluations and "beggar-thy-neighbour" policies of the Depression years led to the Bretton Woods system of fixed, but adjustable, exchange rates after the Second World War. Dissatisfaction with pegged exchange rates in an environment of global inflationary pressures and rising capital mobility led to the floating of all major currencies in 1973.

Most recently, the debate on appropriate exchange rate regimes has been renewed in Canada and abroad, spurred by the launch of the euro and by the collapse of fixed exchange rate regimes in many emerging-market economies. The outcome of this debate is uncertain, but the choice of regime will clearly depend on the national circumstances and preferences of countries as they enter the twenty-first century.

Assignments:

1. Read and translate the text.

2. Find the following words in the text and transcribe them:

Monetary policy – кредитно-денежная политика, валютная политика;

Interest rate – процентная ставка, банковский процент;

To crest – завершать, достигать вершины;
To depreciate – девальвировать, уменьшать в цене, обесценивать, снижать;
Budgetary problems – проблемы в бюджете;
Current account deficit – текущий дефицит бюджета;
Exchange Rate Mechanism – механизм контроля курса валют Европейского экономического сообщества;
To precipitate – ускорить;
Assets – фонды, средства;
To re-establish – восстанавливать, исправлять;
Fiscal – финансовый;
Balance of payment – платежный баланс;
Commodity – товар;
To emerge – всплывать, появляться;
Economic fundamentals – экономические основы;
Slide – снижение;
To be attributed – объясняться, приписываться;
Emerging markets – отсталые рынки (финансовые рынки стран с развивающейся экономикой);
Federal Reserve Bank – Банк Федерального Резерва;
Capital mobility – перелив (непостоянство) капитала;
Revaluation – ревальвация (повышение ранее установленной стоимости валюты);
Pegged exchange rate – искусственно поддерживаемый валютный курс, твердый валютный курс;

B. Practice the pronunciation of the words:

C. Find the synonyms for the following words in the text and try to give as many Russian equivalents to these words as you can:

Duplicate, firm (steadfast, ceaseless, continual, incessant, unremitting, enduring, constant); to hasten (to quicken); funds; intensification; consolidation (stabilization); figurative; changable; to hasten (to quicken); to deminish.

3. Answer the questions:

- 1.) What happened with Canadian dollar in 1990-1991? What was the reason of it?
- 2.) What factors provoked sustained decline in the value of the Canadian dollar?
- 3.) What hastened a generalized flight into U.S. dollar assets?
- 4.) Why was a degree of stability in the Canadian dollar re-established in 1995-1996?
- 5.) When did renewed weakness in the currency begin to appear and why?
- 6.) How could you explain the last slide in currency?
- 7.) How could you explain such inconstancy of Canadian dollar?
- 8.) What dissatisfactions are mentioned in the text?

- 9.) Why was it necessary to renew exchange rate regime?
- 10.) What did the choice of regime depend on?

4. Complete the sentences using the contents of the text:

- 1.) The sustained decline in the value of the Canadian dollar ...
- 2.) The bank of Canada sought easier ...
- 3.) The Exchange Rate Mechanism in Europe ...
- 4.) The large negative interest rate differentials ...
- 5.) The choice of regime involves ...

5. Translate into English:

- 1.) После того, как курс канадского доллара вырос, он начал постепенно снижаться;
- 2.) Постепенное, но продолжительное снижение курса канадского доллара повлекло за собой ряд факторов.
- 4.) Стабильность Канадского доллара была временно восстановлена по ряду причин.
- 5.) Вновь ослабление курса валюты начало всплывать в 1997 году.
- 6.) Недовольства связанные с твердым валютным курсом при инфляционном давлении и переливе капитала привели к нестабильности валюты.

7. Retell the text.

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