

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ  
НАЦІОНАЛЬНИЙ ТЕХНІЧНИЙ УНІВЕРСИТЕТ  
«ХАРКІВСЬКИЙ ПОЛІТЕХНІЧНИЙ ІНСТИТУТ»

До друку дозволяю  
Проректор

проф. Романовський О.Г.

**МЕТОДИЧНІ ВКАЗІВКИ З АНГЛІЙСЬКОЇ МОВИ**  
для студентів V курсу  
економічних спеціальностей заочної форми навчання

Затверджено  
редакційно-видавничою  
радою університету,  
протокол № 2 від 21.06.2007

Харків НТУ «ХПІ» 2008

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ЕКОНОМІЧНИХ СПЕЦІАЛЬНОСТЕЙ  
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Методичні вказівки з англійської мови для студентів V курсу економічних спеціальностей заочної форми навчання / Уклад.: Л.Г. Кириленко, П.П. Мужецький .– Харків: НТУ «ХПІ», 2008. – 48 с.

Укладачі: Л.Г. Кириленко  
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Кафедра міжкультурної комунікації та іноземної мови

Дані методичні вказівки призначені для самостійної та аудиторної роботи студентів V курсу факультету економічних спеціальностей заочної форми навчання.

Дотримання методичних вказівок сприяє оволодінню студентами необхідним граматичним, лексичним матеріалом з англійської мови та їх підготовці до заліків.

Робота складається з контрольних завдань та підбору сучасних текстів з наукових видань за економічними спеціальностями, що дозволяє використовувати методичні вказівки також для повторення вивченого матеріалу та для самостійної роботи з текстами в аудиторії та вдома.

Перед кожним контрольним завданням надається перелік граматичного матеріалу, який студенти мають вивчити самостійно перед тим, як виконувати контрольну роботу.

## **I ВАРІАНТ**

Для того щоб правильно виконати контрольне завдання, необхідно засвоїти наступні розділи курсу англійської мови:

- Герундій
- Дієприкметник
- Інфінітив
- Фразові дієслова
- Складнопідрядні речення.

## I. Прочитайте, перепишите та письмово перекладіть текст.

### THE MONEY MARKET

The money market comprises the demand for money and the money supply. The equilibrium in the money market is such a state of balance when the demand for money from households and businesses is satisfied by the quantity of the money supplied. The equilibrium in the money market is reached by changing bond prices.

People can hold their wealth in various forms – money, bonds, equities, and property. For simplicity we assume that there are only two assets: money, the medium of exchange that pays no interest, and bonds, which we use to stand for all other interest-bearing assets that are not directly a means of payment. As people earn income, they add to their wealth. As they spend, they deplete their wealth. How should people divide their wealth at any instant between money and bonds to gain the best profits possible and not to incur losses?

There is an obvious cost of holding money. The opportunity cost of holding money is the interest one would have gained if he (she) had held bonds. It naturally follows that people will hold money rather than bonds only if there is a benefit to offset this cost, only if holding money is more profitable than holding bonds. It may happen only when interest rates on bonds are too low to make it profitable to hold bonds.

Suppose the money market is in equilibrium when the interest rate on interest-bearing assets (e.g. Treasury bills and other securities) is 6% and the amount of money demanded is \$200mln. Now suppose the interest rate goes down, say, to 4%. In this case interest-bearing assets are no longer profitable as they can't earn a sufficient return. Hence the demand for money will rise and will lead to a temporary lack of money in the money market. If they lack money, households and businesses are likely to sell bonds they possess for cash. That will cause an increase in the bond supply, which lowers bond prices and raises interest rates on interest-bearing assets. With a higher interest rate the amount of money people are willing to have in hand will decrease again. Consequently, the money supply will adjust to a current demand to reflect a new higher interest rate.

Conversely, the increase in the money supply creates its temporary surplus, which results in the demand for bonds and bond prices going up. The interest rate falls

thus restoring balance in the money market, but at a new lower interest rate.

## VOCABULARY NOTES

**equities** (*syn.* **ordinary shares, equity shares, ordinary stocks**) – звичайні акції;

**to deplete** – вичерпати;

**to offset** – відшкодувати;

**Treasury bills** – казначейські векселі;

**temporary surplus** – тимчасовий надлишок.

## II. Дайте відповіді на запитання до тексту.

1. Explain in your own words the term "opportunity costs". What is the opportunity cost of holding money?
2. What is the equilibrium in the money market?
3. How can the equilibrium in the money market be reached?
4. How does the money market work?

## III. Найдіть у тексті англійські еквіваленти наступних виразів:

рівновага грошового ринку;

тимчасова недостача (надлишок) грошей;

мати на руках;

бути в рівновазі, відновити рівновагу, досягти рівноваги;

активи (облігації), які приносять процентний прибуток;

збільшувати багатство;

для простоти припустимо, що ...;

альтернативні витрати володіння грошима;

компенсувати витрати володіння грошима.

## IV. Заповніть пропуски словами та виразами із тексту и перекладіть речення.

1. The money market comprises \_\_\_\_ and \_\_\_\_ .
2. The equilibrium in the money market is such \_\_\_\_ when the demand for money from \_\_\_\_ is satisfied by the quantity of \_\_\_\_ supplied.

3. The equilibrium in the money market is reached by \_\_\_\_.
  4. Money is the medium of \_\_\_\_ that \_\_\_\_.
  5. We use bonds to stand for all other \_\_\_\_ that are not directly \_\_\_\_.
  6. As people earn income, they \_\_\_\_ their wealth. As they spend, they \_\_\_\_ their wealth.
  7. \_\_\_\_ of holding money is the interest one would have gained if he (she) \_\_\_\_ bonds.
  8. People will hold money rather than bonds only if holding money is \_\_\_\_ than holding bonds, that is when \_\_\_\_ on bonds are \_\_\_\_ to make it profitable to \_\_\_\_.
  9. In case the interest rate goes down \_\_\_\_ are no longer profitable as they can't \_\_\_\_.
- The demand for money will rise and will lead to \_\_\_\_ in the money market.

**V. Перепишіть речення, вставте пропущені сполучення which, who, that, what, whose, where, whom та перекладіть:**

1. Our client manufactures leisure clothing \_\_\_\_\_ is distributed to major high-street retailers.
2. We are offering a salary \_\_\_\_\_ is high and benefits \_\_\_\_\_ include a company car, free health insurance, and generous pension contributions.
3. The profit we make from the sales depends on the country in \_\_\_\_\_ we are operating.
4. I have a boss \_\_\_\_\_ lets me work flexible hours.
5. I recently went back to the town \_\_\_\_\_ I used to work.
6. The new accounts program, \_\_\_\_\_ cost a great deal of money, is working very well.
7. Yesterday I spoke to your director \_\_\_\_\_ seemed to be very pleasant.

**VI. Розкрийте дужки та поставте слова в правильну форму герундія або інфінітива:**

1. I don't mind (stay) late.
2. We were unhappy with the service they had provided. We refused (pay) them.
3. He was angry about the way the company had treated him. He threatened (take) them to court.



4. If you do a business course in England you will be able to practice (speak) every day.

5. I have had to put off (meet) the designers because I am too busy this week.

6. He warned me not (put) all money in one company.

7. The court ordered the company (pay) compensation.

8. He advised me (make) a formal complaint.

9. They let us (go out) at weekends.

10. The government should train more young people (learn) skills that employers need.

**УІІ. Визначте, чи правильно вжиті в наступних реченнях підкреслені інфінітив та герундій. Якщо ні, виправте їх за зразком:**

1. I will never forget to walk into the office on my first day at work.

**to walk – невірно, вірно -walking**

2. Could you take this file to Mrs. Armstrong? I meant to let her have it this morning, but I forgot to give it to her.

3. I am sure we have paid the bill. I remember signing the cheque and to send it to them.

4. Did you remember to give Peter my message?

5. Our Sales Director is very sociable. She likes going out and meeting new people.

6. Could you let me know when you would like me coming and seeing you?

7. I know for sure that we placed an order with them. I remember sending them the form myself.

8. I prefer to work with other people because I like to discuss work with them.

9. The company had to move to cheaper offices to reduce its overheads.

10. He left the office without speaking to his boss.

**УІІІ. Перепишіть та перекладіть речення, підкресліть дієприкметники, вкажіть їх форму:**

1. Having signed the letter the manager asked the secretary to send it off at once.

2. Here are some samples of the products of this plant being sent to different parts of the country.

3. Waiting in the hall he thought over the problem he was planning to discuss with the manager.

4. Having arrived in the town about twenty years before, he succeeded thereafter beyond his wildest expectations.

5. Having spent four years in personnel management, I feel well qualified for the job.

**IX. Перекладіть речення на рідну мову, підкресліть фразові дієслова:**

1. When Mr. Brown took over as managing director he set out to improve the company's sales.

2. Which is the best area in your country to set up a factory?

3. If your boss asks you to take on extra work without more pay – should you agree to do the work?

4. My friend is coming over and I need to know when he wants me to pick him up from the airport?

5. Sally came up with the best solution.

6. What were you getting up to just now in the garden?

## II ВАРІАНТ

Для того щоб правильно виконати контрольне завдання, необхідно засвоїти наступні розділи курсу англійської мови:

- Герундій
- Дієприкметник
- Інфінітив
- Фразові дієслова
- Складнопідрядні речення.

**I. Прочитайте, перепишіть та письмово перекладіть текст.**

### MARKETS

A market is simply a mechanism, which allows individuals or organizations to trade with each other. Markets bring together buyers and sellers of goods and services. In some cases, such as a local fruit stall, buyers and sellers meet physically. In other cases, such as the stock market, business can be transacted over the telephone, almost by remote control. There's no need to go into these details. Instead, we use a general definition of markets.

A market is a shorthand expression for the process by which households\* decisions about consumption of alternative goods, firms' decisions about what and how to produce, and workers' decisions about how much and for whom to work are all reconciled by adjustment of prices.

Prices of goods and of resources, such as labour, machinery and land, adjust to ensure that scarce resources are used to produce those goods and services that society demands.

Much of economics is devoted to the study of how markets and prices enable society to solve the problems of what, how and for whom to produce. Suppose you buy a hamburger for your lunch. What does this have to do with markets and prices? You chose the cafe because it was fast, convenient and cheap. Given your desire to eat, and your limited resources, the low hamburger price told you that this was a good way to satisfy your appetite. You probably prefer steak but that is more expensive. The price

of steak is high enough to ensure that society answers the "for whom" question about lunchtime steaks in favour of someone else.

Now think **about the seller's viewpoint**. The cafe owner is in business because, given the price of hamburger meat, the rent and the wages that must be paid, it is still possible to sell hamburgers at a profit. If rents were higher, it might be more profitable to sell hamburgers in a cheaper area or to switch to luxury lunches for rich executives on expense accounts. The student behind the counter is working there because it is a suitable part-time job, which pays a bit of money. If the wage were much lower it would hardly be worth working at all. Conversely, the job is unskilled and there are plenty of students looking for such work, so owners of cafes do not have to offer very high wages.

Prices are guiding your decision to buy a hamburger, the owner's decision to sell hamburgers, and the student's decision to take the job. Society is allocating resources – meat, buildings, and labour – into hamburger production through the price system. If nobody liked hamburgers, the owner could not sell enough at a price that covered the cost of running the cafe and society would devote no resources to hamburger production. People's desire to eat hamburgers guides resources into hamburger production. However, if cattle contracted a disease, thereby reducing the economy's ability to produce meat products, competition to purchase more scarce supplies of beef would bid up the price of beef, hamburger producers would be forced to raise prices, and consumers would buy more cheese sandwiches for lunch. Adjustments in prices would encourage society to reallocate resources to reflect the increased scarcity of cattle.

There were several markets involved in your purchase of a hamburger. You and the cafe owner were part of the market for lunches. The student behind the counter was part of the local labour market. The cafe owner was part of the local wholesale meat market and the local market for rented buildings. These descriptions of markets are not very precise. Were you part of the market for lunches, the market for prepared food or the market for sandwiches to which you would have turned if hamburgers had been more expensive? That is why we have adopted a very general definition of markets, which emphasizes that they are arrangements through which prices influence the allocation of scarce resources.

## VOCABULARY NOTES

**to devote resources** – виділяти ресурси;

**the local wholesale market** – локальний оптовий ринок;

**the local market for rented buildings** – локальний ринок оренди приміщень;

**arrangements through which prices influence smth.** – структури (механізми), через які ціни впливають на щось.

### II. Дайте відповіді на запитання до тексту

1. Why do prices adjust?
2. What problems do markets and prices solve for society?
3. Why is the cafe owner in business?
4. Why don't cafe owners have to pay high wages?
5. What makes society put resources into hamburger production?
6. What would consumers do if hamburger prices rose?
7. How many markets are you involved in if you buy a hamburger? What are those markets?
8. Enumerate all the components comprising the concept of "Market".
9. What does the term "resources" comprise?
10. In what way can prices guide a person's decision to take a job?

### III. Найдіть у тексті англійські еквіваленти наступних виразів:

поведінка ринку;

мати щось спільне з чимось;

на користь когось іншого;

продавати з прибутком;

розподіляти ресурси за допомогою системи цін;

скорочувати можливості економіки;

набавляти ціну; перерозподіляти витрати;

оптовий ринок;

механізми (структури), за допомогою яких ціни впливають на розподіл.

**IV. Заповніть пропуски словами та виразами із тексту и перекладіть речення.**

1. To understand reports of market behaviour you have to \_\_\_\_ the way the market works.
2. On the stock market, business can be transacted over the telephone, almost by \_\_\_\_.
3. Much of economics is devoted to the study of how markets and prices \_\_\_\_ society to solve the problems.
4. \_\_\_\_ your desire to eat, and your limited resources, the low hamburger price told you that this was a good way to \_\_\_\_ your appetite.
5. Society answers the "for whom" question about lunchtime steaks \_\_\_\_ someone else.
6. The cafe owner is in business because it is still possible to sell hamburgers \_\_\_\_.
7. If rents were higher, it might be more profitable to sell hamburgers in a cheaper area or \_\_\_\_ to \_\_\_\_ lunches.
8. The student is working there because it is a suitable \_\_\_\_, which pays a bit of money.
9. Society is allocating resources into hamburger production \_\_\_\_ the price system. If nobody liked hamburgers, the owner could not sell enough at a price that \_\_\_\_ of running the cafe and society would \_\_\_\_ no resources to hamburger production.

**V. Перепишіть речення, вставте пропущені сполучення which, who, that, what, whose, where, whom та перекладіть:**

1. We have a vacancy for a Sales Manager \_\_\_\_ will be responsible for the overall control of the Sales Department \_\_\_\_ consists of 15 representatives.
2. If you would like to work for an organization \_\_\_\_ is expanding fast and \_\_\_\_ can offer you the chance to fulfill your potential, send your CV.
3. I can give you the name of the accountant \_\_\_\_ I deal with.
4. I am in a department \_\_\_\_ consists of twenty people.
5. Would you like to visit the factory \_\_\_\_ we make the cars in?
6. The Oriental Hotel, \_\_\_\_ many famous people have stayed, is said to be the best in the world.
7. Brazil, \_\_\_\_ is the world's largest exporter of coffee, has high inflation.

**VI. Розкрийте дужки та поставте слова в правильну форму герундія або інфінітива:**

1. I really enjoy (travel) abroad.
2. The company is taking on a lot of new staff. We are planning (expand).
3. I enjoy my work, but I wouldn't mind (have) a bit more responsibility.
4. Rupert Murdoch of News International risked (lose) millions of pounds when he launched his satellite company Sky TV.
5. As a buyer for a large chain store, part of my job involves (negotiate) competitive prices with suppliers.
6. The negotiators persuaded the union (accept) the pay deal.
7. The fall in demand forced us (cut) production.
8. He encouraged me (apply) for the job.
9. They made us (speak) English all the time.
10. My parents encouraged me (work) during the holidays when I was young.

**VII. Визначте, чи правильно вжиті в наступних реченнях підкреслені інфінітив та герундій. Якщо ні, виправте їх за зразком:**

1. I'm sorry I broke the glass. I couldn't help to drop it.  
**to drop – невірно, вірно - dropping**
2. He found it very difficult to get work because he was unemployed, and soon regretted resigning from his previous job.
3. We have appointed another candidate to the post, so I regret saying that we will not be able to offer you the job.
4. On the way to the airport he stopped collecting some traveler's cheques from the bank.
5. It's hard to find parts for this machine. The manufacturers stopped to produce this model over 15 years ago.
6. I'm afraid I'm fairly busy tomorrow, so I'd prefer to arrange the meeting for Monday.
7. The meeting had gone on for two hours already, so we stopped to report back to the head negotiator.
8. I prefer eating out because the food is much better.
9. It is likely that the union will go on strike demanding a pay rise.

10. She got a job with Conoco after leaving university.

**УІІІ. Перепишіть та перекладіть речення, підкресліть дієприкметники, вкажіть їх форму:**

1. He left the office at three o'clock, saying he would be back at five.
2. These are the samples of products sent last month.
3. Having spent twenty years abroad, he was happy to be coming home.
4. He retired leaving the company in the hands of a talented successor.
5. Probably the first metals used by man were gold, silver and copper, these metals being found in nature in the native or metallic state.

**ІХ. Перекладіть речення на рідну мову, підкресліть фразові дієслова:**

1. We have taken on 20 new workers.
2. Carol has trouble getting her ideas across.
3. I was talking to her on the phone, but we were suddenly cut off.
4. Sue is getting on very well in her new job.
5. Let's get this job over with as soon as possible.
6. In the end it all comes down to a question of trust.



### **III ВАРІАНТ**

Для того щоб правильно виконати контрольне завдання, необхідно засвоїти наступні розділи курсу англійської мови:

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**I. Прочитайте, перепишіть та письмово перекладіть текст.**

#### **MEASURING ECONOMIC ACTIVITY**

There are a large number of statistics produced regularly on the operation of the world's major economies. The UK's economy is no exception in this respect. You will probably have noticed that often the headlines in newspapers or important items on television news programmes relate to economic data and the implications for individuals and businesses. A prime example of this occurs when interest rates are increased: the media responds by highlighting the adverse effects on businesses with debts and householders with mortgages.

Data is provided on a wide range of aspects of the economy's operation. Statistics are available to show.

- the level of unemployment
- the level of inflation
- a country's trade balance with the rest of the world
- production volumes in key industries and the economy as a whole
- the level of wages
- raw material prices, and so forth.

The main statistics illustrating the economy's behaviour relate to the level of activity in the economy. That is, they tell us whether the economy is working at full capacity using all or nearly all, available resources of labour, machinery and other

factors of production or whether these resources are being under-utilized.

The unemployment figures for the economy give an indicator of the level of activity. As the economy moves towards a recession and a lower level of prosperity it is likely that unemployment figures will rise. An alternative measure of the level of activity is national income statistics, which show the value of a nation's output during a year. Economists use the term Gross National Product to describe this data. Changes in the level or trends of such key data have great significance for businesses, as we shall see later.

There are numerous sources of data on the economy of which we can make use. The government publishes much through the Treasury, Department of Trade and Industry, the Bank of England and the Department of Employment. The Central Statistical Office, which was established during the Second World War, publishes about half of the government's economic data.

Much of this is contained in its annual publication, "The Annual Abstract of Statistics". It also publishes the equally valuable "Social Trends" annually. Additionally, private organizations, such as the banks, building societies and universities, publish figures on various aspects of the economy's performance.

Economic statistics are presented in many forms, the most common being graphs and tables. Although these statistics can be valuable in assisting managers, they should be treated with some caution when predicting the future trend of the economy and thus helping the business to take effective decisions.

## VOCABULARY NOTES

**to highlight the adverse effects on...** – висвітлювати несприятливий вплив на ... ;

**statistics are available to show** – статистика показує;

**factors of production** – фактори виробництва (*труд, земля, природні ресурси капітал*);

**to be under-utilized** – не використовуватися повністю;

**the value of a nation's output** – оцінка обсягу виробництва країни;

**Gross National Product (GNP)** – валовий національний продукт (ВНП);

**Treasury** – Державне казначейство, Міністерство фінансів (*у Великій Британії*);

**the Department of Employment** – Міністерство з питань зайнятості (у Великій Британії).

**II. Дайте відповіді на запитання до тексту.**

1. Why does the media relate to economic data and the implications for individuals and businesses?
2. What aspects of the economy's operation do available statistics show?
3. What do statistics show?
4. What are the sources of data on the economy in the UK? In Russia?
5. What is the GNP?
6. Why should statistics be treated with caution?

**III. Найдіть у тексті англійські еквіваленти наступних виразів:**

рівень зайнятості;  
працювати на повну потужність;  
численні джерела даних;  
скоротити розміри прибутку;  
торговий баланс.

**IV. Заповніть пропуски словами та виразами із тексту и перекладіть речення.**

1. The headlines in newspapers often \_\_\_\_ economic data and \_\_\_\_ for individuals and businesses.

2. The statistics tell us whether the economy is working \_\_\_\_ using all or nearly all, \_\_\_\_ resources of labour, machinery and other factors of production or whether these resources are being \_\_\_\_ .

3. Economists use the term \_\_\_\_ to describe the value of a nation's output during a year.

Although these statistics can be \_\_\_\_ in assisting managers, they should\_\_with\_\_when\_\_the future trend of the economy.

**V. Перепишіть речення, вставте пропущені сполучення which, who, that, what, whose, where, whom та перекладіть:**

1. We are looking for someone \_\_\_\_\_ has a proven track record of success in sales and \_\_\_\_\_ will be able to motivate the existing sales team.
2. We drew up a short list of candidates \_\_\_\_\_ CV were very good.
3. The client from \_\_\_\_\_ we have received this complaint wishes us to take action immediately.
4. In my work I deal with people \_\_\_\_\_ need advice on financial planning.
5. I've got the details of the hotel \_\_\_\_\_ you'll be staying in.
6. Richard Bronson, \_\_\_\_\_ has now sold his record company to Sony, runs the airline Virgin Atlantic.
7. The negotiators finally reached a formula on \_\_\_\_\_ everyone could agree.

**VI. Розкрийте дужки та поставте слова в правильну форму герундія або інфінітива:**

1. I dislike (deal) with difficult customers.
2. I can't stand (argue) about money.
3. If I moved to another town, I would miss (see) all my friends.
4. We won't know the final cost of the TV program until the production company (finish) filming
5. I'm afraid the manager is busy at the moment. Would you mind (wait) a few minutes?
6. The lawyer advised me (read) the contract carefully.
7. They have invited me (speak) at the conference.
8. He reminded me (post) the letters.
9. They let us (watch) TV.
10. We made record profits last year, and this will enable us (take) on another twenty new workers.

**VII. Визначте, чи правильно вжиті в наступних реченнях підкреслені інфінітив та герундій. Якщо ні, виправте їх за зразком:**

1. Do you think this book is worth to read?  
to read невірно, вірно - reading

2. If their Accounts Department is slow at paying bills, try to send a fax to the chairman. That usually works well.

3. As a company, we usually try providing our customers with the best service possible.

4. I've given my PA a list of jobs that need doing before the sales conference starts.

5. There are plenty of hotel rooms available, so you don't need booking one in advance.

6. He's afraid of flying, so when he has to go to Frankfurt he prefers to travel by boat rather than to take a plane.

7. People often have difficulty to read my writing.

8. I would prefer being rich because if I were famous, I wouldn't be free.

9. I'm writing to inform you of our change of address.

10. We will give them better credit terms instead of offering them a discount.

**УІІІ. Перепишіть та перекладіть речення, підкресліть дієприкметники, вкажіть їх форму:**

1. Informed of the arrival of the ship, they sent a car to the port.

2. The workers building this house used new construction methods.

3. Not wishing to discuss the problem, he changed the conversation.

4. He retired having turned the company into a powerhouse.

5. The letter having been written, the secretary went out to post it.

**ІХ. Перекладіть речення на рідну мову, підкресліть фразові дієслова:**

1. People are often taken in by fast-talking salesmen.

2. You say our total publicity budget is \$50.000. Could you break down that figure please?

3. His doctor said he was drinking too much and should give it up.

4. After much discussion I brought the committee round to my point of view.

5. We've come up against a rather nasty problem.

6. The hotel didn't come up to my expectations.

## IV ВАРИАНТ

Для того щоб правильно виконати контрольне завдання, необхідно засвоїти наступні розділи курсу англійської мови:

- Герундій
- Дієприкметник
- Інфінітив
- Фразові дієслова
- Складнопідрядні речення.

**I. Прочитайте, перепишіть та письмово перекладіть текст.**

### MICROECONOMICS AND MACROECONOMICS

Many economists specialize in a particular branch of the subject. For example, there are labour economists, energy economists, monetary economists, and international economists. What distinguishes these economists is the segment of economic life in which they are interested. Labour economics deals with problems of the labour market as viewed by firms, workers, and society as a whole. Urban economics deals with city problems: land use, transport, congestion, and housing. However, we need not classify branches of economics according to the area of economic life in which we ask the standard questions what, how and for whom. We can also classify branches of economics according to the approach or methodology that is used. The very broad division of approaches into microeconomic and macroeconomic cuts across the large number of subject groupings cited above.

**Microeconomic analysis** offers a detailed treatment of individual decisions about particular commodities.

For example, we might study why individual households prefer cars to bicycles and how producers decide whether to produce cars or bicycles. We can then aggregate the behaviour of all households and all firms to discuss total car purchases and total car production. Within a market economy we can discuss the market for cars. Comparing this with the market for bicycles, we may be able to explain the relative output of these

two goods. The sophisticated branch of microeconomics known as **general equilibrium theory** extends this approach to its logical conclusion. It studies simultaneously every market for every commodity. From this it is hoped that we can understand the complete pattern of consumption, production, and exchange in the whole economy at a point in time.

Microeconomists tend to offer a detailed treatment of one aspect of economic behaviour, but ignore interactions with the rest of the economy in order to preserve the simplicity of the analysis. A microeconomic analysis of miners' wages would emphasize the characteristics of miners and the ability of mine owners to pay. It would largely neglect the chain of indirect effects to which a rise in miners' wages might give rise. For example, car workers might use the precedent of the miners' pay increase to secure higher wages in the industry, thus being able to afford larger houses, which burned more coal in heating systems. When microeconomic analysis ignores such indirectly induced effects it is said to be **partial analysis**.

In some instances, indirect effects may not be too important and it will make sense for economists to devote their effort to very detailed analyses of particular industries or activities. In other circumstances, the indirect effects are too important to be swept under the carpet and an alternative simplification must be found.

**Macroeconomics** emphasizes the interactions in the economy as a whole. It deliberately simplifies the individual building blocks of the analysis in order to retain a manageable analysis of the complete interaction of the economy.

For example, macroeconomists typically do not worry about the breakdown of consumer goods into cars, bicycles, televisions, and calculators. They prefer to treat them all as a single bundle called "consumer goods" because they are more interested in studying the interaction between households' purchases of consumer goods and firms' decisions about purchases of machinery and buildings.

## VOCABULARY NOTES

**congestion** – перенаселеність;

**to devise judicious simplifications** – виробити розумні спрощення;

**to keep the analysis manageable** – дозволяти проводити аналіз;

**indirectly induced effects** – вплив, викликаний непрямими причинами;

**to sweep under the carpet** – ховати, маскувати (*заметати під килим*);

**to retain a manageable analysis** – зберігати можливість аналізу (здійснений, що піддається виконанню аналіз);

**breakdown of consumer goods** – класифікація (поділ) товарів вжитку.

## II. Дайте відповіді на запитання до тексту.

1. What distinguishes an energy economist from an urban economist?
2. Are the same questions asked in each area of economic life?
3. What is needed before total car purchases and production can be discussed?
4. What does the general equilibrium theory examine?
5. What can be understood from such a study?
6. What do most microeconomists leave out of their analysis?
7. What does partial analysis ignore?

## III. Найдіть у тексті англійські еквіваленти наступних виразів:

перенаселеність; збирати в одне ціле;

теорія загальної рівноваги;

спотворювати реальність;

докладний аналіз (розгляд);

зберегти простоту аналізу;

непрямий вплив (ефект);

взаємодія усередині економіки.

## IV. Заповніть пропуски словами та виразами із тексту і перекладіть речення.

1. What distinguishes different economists is \_\_\_\_\_ in which they are interested.
2. Urban economics deals with city problems: land use, transport, \_\_\_\_\_, and housing.
3. We can also classify branches of economics according to \_\_\_\_\_ that is used.
4. The very broad division of approaches into microeconomic and macroeconomic \_\_\_\_\_ the large number of subject groupings.
5. To discuss total car purchases and total car production we can \_\_\_\_\_ the behaviour of all households and all firms.
6. The sophisticated branch of microeconomics known as studies \_\_\_\_\_ every



market for every commodity.

7. The task for economics is to devise \_\_\_\_\_ simplifications, which keep the Analysis \_\_\_\_\_ without.

8. Microeconomists tend to offer \_\_\_\_\_ of one aspect of economic behaviour but \_\_\_\_\_ with the rest of the economy in order to \_\_\_\_\_ of the analysis, largely \_\_\_\_\_ the chain of.

9. When microeconomic analysis ignores such indirectly induced effects it is said to be \_\_\_\_\_.

10. Macroeconomics \_\_\_\_\_ the individual building blocks of the analysis in order to \_\_\_\_\_ a manageable analysis of \_\_\_\_\_ of the economy.

**V. Перепишіть речення, вставте пропущені сполучення which, who, that, what, whose, where, whom та перекладіть:**

1. This is a job \_\_\_\_\_ will involve a great deal of dedication, flair and enthusiasm and priority will be given to applicants \_\_\_\_\_ have experience in the retail clothing sector.

2. They promoted one of the managers \_\_\_\_\_ department was doing well.

3. I was ordering some supplies on the phone, and then the person \_\_\_\_\_ I was talking to suddenly hung up.

4. I work for a company \_\_\_\_\_ manufactures components for aircraft.

5. Is this the building \_\_\_\_\_ they filmed the Coke advertisement.

6. The Rover Group \_\_\_\_\_ name has been changed several times, is now part of BMW.

7. I suggest we have a meeting in Romsey Street, \_\_\_\_\_ we rent a few offices.

**VI. Розкрийте дужки та поставте слова в правильну форму герундія або інфінітива:**

1. I like (take out) clients.

2. I don't like (deal) with paperwork.

3. At the moment I can't afford (go) on holiday.

4. At the moment I am considering (take up) an offer from ICL.

5. It's a waste of money (buy) a Pentium PC if you only want a computer for word processing.

6. She wanted to go home but her boss made her (stay) until the work was finished.

7. They persuaded the bank (finance) the project.

8. He asked me (finish) the report as soon as possible.

9. They let us (give) as presentation every morning.

10. The conference organizers have invited me (give) a talk on Corporation Tax.

**УІІ. Визначте, чи правильно вжиті в наступних реченнях підкреслені інфінітив та герундій. Якщо ні, виправте їх за зразком:**

1. I'd like having a word with you about next week's meeting.

**having – невірно, вірно - to have**

2. I'll make a note in my diary so that I will remember sending you the information you need.

3. Remind me to phone the Sales Manager tomorrow.

4. He lost several hours' work. He switched off the computer but he had forgotten to save the file.

5. I don't mind giving talks now but I'll never forget to give my first presentation. It was a disaster.

6. I'm a very organized person, I like to do all my filing at the end of the day.

7. A lot of business people in this country object to paying such high taxes.

8. I would prefer working for a woman because they are much more reasonable..

9. I need a day off next week to go to an interview.

10. He worked in industry for many years before joining the government.

**УІІІ. Перепишіть та перекладіть речення, підкресліть дієприкметники в реченнях, вкажіть їх форму:**

1. Having been well prepared for the interview, he could answer all the questions.

2. At the conference they discussed new methods used in building.

3. Being rejected by CEO, the report was returned to the manager.

4. Having looked through the paper, he gave it to the secretary to be typed.

5. The plant supplied with good raw materials, the quality of products has been improved.

**IX. Перекладіть речення на рідну мову, підкресліть фразові дієслова:**

1. When Mr. Brown took over as managing director he set out to improve the company's sales.

2. Which is the best area in your country to set up a factory?

3. If your boss asks you to take on extra work without more pay should you agree to do the work?

4. My friend is coming over and I need to know when he wants me to pick him up from the airport.

5. Sally came up with the best solution.

6. What were you getting up to just now in the garden?

## V ВАРІАНТ

Для того щоб правильно виконати контрольне завдання, необхідно засвоїти наступні розділи курсу англійської мови:

- Герундій
- Дієприкметник
- Інфінітив
- Фразові дієслова
- Складнопідрядні речення.

**I. Прочитайте, перепишіть та письмово перекладіть 1-5 абзаци тексту.**

### **THE IMPACT OF INFLATION ON BUSINESS**

Inflation can adversely affect business in a number of ways. Significant rates of inflation can cause accounting and financial problems for businesses. They may experience difficulty in valuing assets and stocks, for example.

#### **Falling sales**

Many businesses may experience falling sales during inflationary periods for two broad reasons. Firstly, it may be that saving rises in a time of inflation. We would expect people to spend more of their money when prices are rising to avoid holding an asset (cash), which is falling in value. However, during the mid-1970s, when industrialized nations were experiencing high inflation rates, savings as a proportion of income rose! It is not easy to identify the reason for this, but some economists suggest that people like to hold a relatively high proportion of their assets in a form which can be quickly converted into cash when the future is uncertain. Whatever the reason, if people save more, they spend less and businesses suffer falling sales. The economic model predicts that if savings rose the level of activity in the economy would fall. Clearly, if this happened we would expect businesses to experience difficulty in maintaining their levels of sales.

Businesses may be hit by a reduction in sales during a time of inflation for a second reason. As inflation progresses, it is likely that workers' money wages (that is,

wages unadjusted for inflation) will be increased broadly in line with inflation. This may well take a worker into a higher tax bracket and result in a higher percentage of his or her wages being taken as tax. This process, known as fiscal drag, will cause workers to have less money available to spend on firms' goods and services. The poverty trap has a similar impact. As money wages rise, the poor may find that they no longer qualify for state benefits to supplement their incomes and at the same time they begin to pay income tax on their earnings. Again, this leaves less disposable income to spend on the output of firms. Finally, it may be that the wages of many groups are not index-linked and so they rise less quickly than the rate of inflation, causing a reduction in spending power and demand for goods and services.

Once again, the economic model can be used to predict that increases in the level of taxation will increase withdrawals, lowering the level of economic activity and depressing firms' sales.

Not all businesses will suffer equally from declining demand in an inflationary period. Those selling essential items, such as food, may be little affected whilst others supplying less essential goods and services, such as foreign holidays, may be hard hit.

### **High interest rates**

Inflation is often accompanied by high interest rates. High interest rates tend to discourage investment by businesses as they increase the cost of borrowing funds. Thus, investment may fall. Businesses may also be dissuaded from undertaking investment programmes because of a lack of confidence in the future stability and prosperity of the economy. This fall in investment may be worsened by foreign investment being reduced as they also lose some confidence in the economy's future.

Such a decline in the level of investment can lead to businesses having to retain obsolete, inefficient and expensive means of production and cause a loss of international competitiveness. Finally, a fall in investment can lower the level of economic activity, causing lower sales, output and so on. Thus, to some extent, businesses can influence the economic environment in which they operate.

### **Higher costs**

During a period of inflation firms will face higher costs for the resources they need to carry on their business. They will have to pay higher wages to their employees to compensate them for rising prices. Supplies of raw materials and fuel will become more expensive as will rents and rates. The inevitable reaction to this is that the firm

has to raise its own prices. This will lead to further demands for higher wages as is called **the wage-price spiral**. Such cost-push inflation may make the goods and services produced by that enterprise internationally less competitive in terms of price. An economy whose relative or comparative rate of inflation is high may find that it is unable to compete in home or foreign markets because its products are expensive. The economic model tells us that a situation of declining exports and increasing imports will lower the level of activity in the economy with all the consequent side-effects.

### VOCABULARY NOTES

**to avoid holding an asset** – щоб позбутися готівки;

**wages unadjusted for inflation** – заробітна плата без урахування рівня інфляції;

**a higher tax bracket** – наступна група, категорія (*платників податків з доходу*);

**fiscal drag** – фінансове гальмо економічного зростання за допомогою податкових вилючень;

**they no longer qualify for** – вони більш не підпадають під...;

**this leaves less disposable income** – через це залишається менше коштів.

### II. Дайте відповіді на запитання до тексту

1. Could you identify the reason why savings as a proportion of income rose?
2. What process is known as a fiscal drag?
3. What causes a reduction in spending power and demand for goods and services?
4. How can high interest rates influence investment?
5. How can inflation influence costs?

### III. Найдіть у тексті англійські еквіваленти наступних виразів:

робити щось важким;

періоди інфляції;

назвати причину чогось;

перетворити в готівку;

поширюватись на когось (про державні пільги);

прибуток, що залишається після сплати податків;  
товари першої необхідності;  
компенсувати комусь щось.

**IV. Заповніть пропуски словами і виразами з тексту і перекладіть речення.**

1. Accounting and financial problems can waste and make \_\_\_\_\_, And \_\_\_\_\_ more \_\_\_\_\_ .
2. Businesses may be \_\_\_\_\_ by a reduction in sales.
3. The process, known as \_\_\_\_\_, will cause workers to have less money available.
4. If the wages are not \_\_\_\_\_, they rise less quickly than the rate of inflation.
5. Those selling \_\_\_\_\_, such as food, may be little affected in an inflationary period.
6. High interest rates tend to \_\_\_\_\_ by businesses.
7. The fall in investment may be \_\_\_\_\_ by foreign investment being reduced.  
Firms will have to pay higher wages to their employees to \_\_\_\_\_ rising prices.

**V. Перепишіть речення, вставте пропущені сполучення which, who, that, what, whose, where, whom та перекладіть:**

1. Nokia is a large Finnish company \_\_\_\_\_ headquarters are in Helsinki.
2. Casio is a Japanese electronics company \_\_\_\_\_ key competitors are Sony and Sanyo.
3. The salesperson to \_\_\_\_\_ you spoke was correct in saying that goods must be returned to the store from \_\_\_\_\_ they were purchased.
4. The hotel has a large conference hall in \_\_\_\_\_ presentations and exhibitions can be held.
5. Ivrea is the town \_\_\_\_\_ Olivetti has its headquarters.
6. Their new range of cosmetics on \_\_\_\_\_ they have spent \$10mln will be launched next month.
7. I found it difficult to hear \_\_\_\_\_ the speaker was talking about.

**VI. Розкрийте дужки та поставте слова в правильну форму герундія або інфінітива:**

1. I really enjoy (work) on new projects.

2. I like (meet) new people.
3. I am really looking forward to (start) the course.
4. In a few years' time I hope (be) in charge of Production Department.
5. There's no point (apply) for the shares now – the offer closed last week.
6. My boss let me (have) the afternoon off to go to my sister's wedding.
7. The new law will allow supermarkets (open) on Sundays.
8. He wanted me not (rush) into a decision.
9. They made us (work) extremely hard on the training course.
10. Before I went to New York a colleague warned me not (go out) alone at night.

**УІІ. Визначте, чи правильно вжиті в наступних реченнях підкреслені інфінітив та герундій. Якщо ні, виправте їх за зразком:**

1. I am really looking forward to go away next week.  
to go - невірно, вірно - going
2. There's nothing wrong with the photocopier. It just needs to service.
3. Mr. Thomas doesn't allow smoking in his office.
4. He wasn't at the office when I phoned, so I think I'll try ringing him on his home number.
5. For a long time the company tried entering the Japanese market but it was extremely difficult.
6. I like to work with my new boss because she gives me a lot of encouragement.
7. I have a lot of responsibilities at work. In addition to looking after the company payroll, I'm in charge of finances for the new building.
8. I would prefer having a larger house, because I am not interested in cars.
9. He decided to take a later train to miss the morning rush hour.
10. We managed to expand without increasing our debts.

**УІІІ. Перепишіть та перекладіть речення, підкресліть дієприкметники: в реченнях, вкажіть їх форму:**

1. These machines will be sent to the plant being constructed in this region.
2. The factories built many years ago are not as efficient as the modern ones.
3. Leaving a note with the secretary, he said he would be backing half an hour.



4. He had a good practical knowledge of the language.

5. Considering the results this year, I feel that we should bring forward the investment.

**IX. Перекладіть речення на рідну мову, підкресліть фразові дієслова:**

1. I can't make the meeting on the 18<sup>th</sup>, as I'll still be in Germany, so could we put it off until the 24<sup>th</sup>?

2. Breaking into a new foreign market needs careful planning.

3. Could you put me through to extension 234? – Certainly, OK, you are through now.

4. What should you find out before you take up the offer of a new job?

5. Carol has trouble getting her ideas across.

6. At first Tim insisted he was right, but then he began to back down.

## ТЕКСТИ ДЛЯ ДОДАТКОВОГО ЧИТАННЯ

### FROM DOTCOMMERY TO GREENERY

When Shai Agassi, the heir at SAP, was told in March 2007 that he would not become chief executive for at least another two years, he quit. And when the German software giant then tried to change his mind by offering to make him boss right away, he realized he was much more excited about the new chance that his unexpected freedom would grant him. In January Mr. Agassi's new start-up, Better Place, announced its first deal, in partnership with Renault, a carmaker, and the government of Israel: to “get an entire country off its addiction to gasoline” by switching to electric cars.

Though Mr Agassi is the most senior executive so far to quit a mainstream information-technology firm for clean tech, he is far from alone. Mr. Agassi joins Elon Musk, a co-founder of PayPal who is now chairman of Tesla Motors, an electric-car start-up, and Vinod Khosla, a legendary venture capitalist who has switched his focus from dotcommery to greenery, among many others. There is an unbelievable migration of talent from traditional technology to clean technology. They have had their social conscience energized, and they believe there is a lot of money to be made. So you get to exercise your capitalist desires while feeling self-righteous at the same time.

Many of these techies are being recruited by the same Silicon Valley venture firms that were behind successive generations of tech companies, from PC-makers to software companies to two waves of internet firms. Along with Foundation Capital, several of the leading venture firms, including Kleiner Perkins and Khosla Ventures, are now betting big on green.

The multi-billion-dollar question is whether the skills that make somebody a successful executive, entrepreneur or investor in digital technology also work with green technology. What does a software guru bring to biofuels? Can you build an electric car in a garage? The answers may have huge implications for the planet.

Mr. Khosla, who made his fortune as a co-founder of Sun Microsystems, a computer-maker, has no doubt that the Silicon Valley model can succeed in this new field. Partly, that is because he believes that dramatic change can best be achieved by entrepreneurial start-ups, which are not lumbered with the incremental outlook of what, in the early days of the internet, were called “big dumb companies”.

With market risk declining fast, as even the American government mandates big increases in renewable energy and energy efficiency, much of the job is coming down to backing the right technology. Mr Khosla believes that venture capitalists are good at understanding and managing technology risks, in whatever industry they are in. Traditional energy companies understand and take on exploration risk, say, but do not feel comfortable investing in a new fuel technology with a similar level of risk, he says. “People in venture and IT are used to operating in a context when you don't know if a technology will work, and we start building before the design is finalized and fix it as we go along,” he says. They are also used to a high failure rate, which they balance against the prospect of rich rewards when things go well.

“What really differentiates the Silicon Valley community is its ability to work with entrepreneurs in all sectors and shape early-stage businesses,” says Bill Ford of General Atlantic, a private-equity firm that is investing heavily in greenery. “Over my career in Silicon Valley, I have learnt how to create and grow technology-based companies,” says David Cope, chief executive of Purfresh, a company that focuses on purifying water and food without using nasty chemicals. He previously worked for a string of tech companies, from IBM to BizGenics, a software firm.

### **The internet is so passé**

Mr Agassi says that what he brings from SAP is an ability to think systematically about solving problems. “I learnt how to understand a big problem, break it into small pieces and solve every one of these pieces and to reintegrate them back into a system,” he says, noting that previous attempts to introduce electric cars have failed because of a lack of systemic thinking. His solution brings together four pieces: Renault, which will build the cars; Better Place, which will provide the infrastructure that allows consumers to recharge the cars easily; investors to finance the infrastructure; and a government ready to offer a large tax break to anyone ready to buy a zero-emissions car – Israel has guaranteed its tax break until 2019.

In some cases, the leap from computing to greenery may not be all that big. Most geeks already have a science background (though Mr. Musk abandoned his physics doctorate after two days). Building solar panels has much in common with building microchips. “It is all about miniaturization and the use of silicon,” says Mr. Ford. If he is right to expect a “Moore's Law for solar”, the effectiveness of the technology will increase at a predictable rate. One of the early successes in the green boom is

SunPower, a solar-energy firm spun out of Cypress Semiconductor, which now has a stock market value of nearly \$6 billion.

Similarly, energy firms operate huge distribution networks – another area in which geeks feel at home. “When I joined from Perot Systems in 2004, the last-mile technology for energy utilities had not been invented, and I saw a huge opportunity to help utilities connect more efficiently with their customers,” says Scott Lang, the chief executive of Silver Spring Networks. His firm applies internet technology to utilities' networks to improve energy efficiency and manage demand. “This is classic IT,” he says. He reckons that nearly half of the demand for new generation capacity around the world over the next 15 years could be met instead through greater efficiency.

One danger for tech executives who go green is that “they may expect things to happen too quickly,” says Mr. Lang. “They are used to overnight change, but this is going to take time.” Another, at least for some green start-ups, is the amount of capital that has to be laid out at an early stage.

“The amounts of money on the line are radically different from traditional technology start-ups,” says Mitch Mandich, a 25-year veteran of Silicon Valley technology firms, including Apple, who runs Range Fuels, which is building America's first cellulose-ethanol plant in Georgia. (The idea is that turning plant material such as switch grass, wood or agricultural waste into biofuel will overcome the drawbacks of corn-based ethanol, which is inefficient and drives up food prices.) He has had to learn to raise money from New York investment banks and hedge funds, as well as from his venture-capital backers. Clean-tech start-ups very quickly leave the \$5m-10m range, he says, and go to \$50m and \$100m fundraising rounds. “The stakes get very high much earlier.”

For this reason, Foundation Capital is focusing on firms that improve energy use. Attempts to design clean fuels are “not capital efficient”, says Mr. Grosser, noting that “building plants costs hundreds of millions, and the margins may be low.” Mr. Khosla, an investor in Range Fuels and other clean-fuel firms, disagrees. He thinks the huge market opportunity in “replacing coal and oil” justifies the huge risks.

Then there is the need to focus on government policy. When it comes to green investing, public-policy risk may matter at least as much as technology risk. Even though the three main remaining candidates for the White House all say they will introduce a mandatory federal cap-and-trade scheme to limit America's carbon-dioxide

emissions, the details have yet to be agreed on and the votes cast. “Managing public-policy risk is not something traditional technology executives have had to do, so there will be a steep learning curve,” says Diana Glassman, an environmental-business banker at Credit Suisse.

Still, they are off to a promising start. Mr. Khosla is fast building a reputation as a wily Washington wheeler-dealer. Range Fuels has won a \$76m grant for its Georgia plant from the Department of Energy. And having bonded successfully with Shimon Peres and Ehud Olmert in Israel, Mr. Agassi confidently predicts another deal between Better Place and a national government “within 100 days”.

### **ALWAYS LOW PRICES**

#### **AS THE AMERICAN ECONOMY TURNS DOWN, WAL-MART IS LOOKING UP**

“We know the economy will be a critical factor this year,” said Lee Scott, the boss of Wal-Mart, as the world's biggest retailer released its quarterly results on February 19th. Wal-Mart's prospects do indeed reflect those of the economy at large – but not in the way you might expect. With America tipping towards recession, Wal-Mart is doing much better than in the past couple of years when the economy was booming. Sales increased by 8.3% compared with the same period last year, to a record \$106.3 billion. Mr. Scott concluded that in a volatile economy Wal-Mart was well positioned to succeed.

The secret of Wal-Mart's meteoric rise over the past five decades has been its obsession with low prices. It got into trouble in 2005-07 when it focused less on “always low prices” (its longstanding motto) and more on expansion. Sales growth, productivity and profits fell, while Target and other upmarket rivals snatched market share. Wal-Mart, the biggest private employer, became a favourite public whipping boy because of its health-care, gender and labour policies. In February last year Mr. Scott's job was said to be on the line.

“We used to be quite negative on the stock, because the company threw too much money at new stores,” says Gregory Melich, a retail analyst at Morgan Stanley, an investment bank. Wal-Mart has over 7,100 stores worldwide and more than 4,000 in America. Last summer Mr. Melich upgraded his verdict on Wal-Mart, because he saw a big strategic shift: it reduced its capital expenditure to \$14 billion for the fiscal year,

from \$18 billion the year before, slowing its expansion to spruce up existing shops instead. It opened far fewer new shops in January than in previous years.

The economic downturn is another boost for the recovery of the Bentonville behemoth, as cost-conscious consumers defect (or return) to the cheapest of the big retailers. Prices for oil and many foods are at record highs, but Wal-Mart can pass some inflation on to shoppers without losing its low-price leadership. And it is in the right line of business in hard times. Its biggest strength is grocery sales, which are not slowing down, and are unlikely to, since they are essential purchases.

Other retailers are in a far harder spot. Home Depot, America's number two retailer, is in its sixth quarter of falling sales. The home-improvement market has been badly hit by the subprime-mortgage meltdown. Fashion retailers are in trouble, since most people think they can put off buying clothes. Ann Taylor, a fashion retailer, says it will close 117 of its 921 stores over the next three years.

Even so, analysts predict that overall retailing will escape a recession this year. They forecast 3% growth (excluding cars and petrol) compared with 4% last year. Retailers with international reach gain from the weak dollar. Wal-Mart's operations abroad, which represent one-quarter of sales, grew by 18.8% in the past three months. The American government's fiscal-stimulus package of up to \$168 billion will give retailers an extra \$15 billion or so, and Wal-Mart is likely to get the lion's share. In tune with the times, the firm with always low prices changed its slogan last year to a new variation on the theme: "Save money. Live better."

### **NOT SO EXCEPTIONAL FRENCH INDUSTRY IS TAKING ON MORE ANGLO-SAXON CHARACTERISTICS**

France has always fancied itself as a bit of an exception. Occasionally there are fleeting signs that it may be right. Compare, for instance, the economic gloom sweeping America and other places with the stellar profits of big French companies. In recent weeks leading companies such as ArcelorMittal, Total, L'Oréal, Suez and PSA Peugeot Citroën have all reported huge profits for 2007 and a cheerful outlook for this year. But what has boosted their profits? Despite France's reputation for insularity and protectionism, it is the enthusiasm of its companies for globalization. Their international scope protects them from downturns in some markets.

Some French firms now want to curtail production at home and switch to cheaper manufacturing abroad. Michelin (profits up 35%) and ArcelorMittal (up 30%) both plan to close French factories to improve their international competitive positions. Lakshmi Mittal, boss of ArcelorMittal, has refused government aid to keep a factory in the Moselle region open: he wants to close a plant that is no longer economic, aid or no aid. Similarly, Michelin, a global brand as well as a French star, is consolidating the smallest of its 32 factories in Western Europe (16 of them in France) for economies of scale. But it plans to expand production in Mexico, Brazil, India and China by 60% in the next few years.

This pains politicians with local elections looming, especially as the popularity of President Nicolas Sarkozy wanes. He has been whizzing round the country making protectionist noises. He popped up at the Alstom factory in La Rochelle last month to unveil a new high-speed train and to remind people that its maker is only around today because he bailed it out four years ago. He visited the Michelin site to talk up (prematurely) plans for a Suez tyre-recycling plant that could save some of the manufacturing jobs lost in tyre making.

Ever since the glory days of Gaullist *dirigisme*, French presidents and prime ministers have loved to intervene in industry. President Sarkozy is even meddling in the Société Générale affair, hinting again this week that the chairman, Daniel Bouton, should go. If it wants to do more than talk, the retention of stakes in privatised companies and the creeping privatization of Gaz de France (GDF) give the government plenty of industrial levers to pull.

But the pressures of globalization seem to have trumped old-style intervention. The head of the employers' federation, Laurence Parisot, told Mr Sarkozy that Mr. Bouton's career was none of his business. Proposals to bolt together two defence groups (Thales and Safran), and two power companies (Alstom, a turbine-maker and Areva, a nuclear group), have been shelved; this week Areva's boss, Anne Lauvergeon, repeated her opposition to any forced merger. The president's industrial achievements are limited to bashing heads to good effect at Airbus and advancing the privatization of GDF. This week talk of a bail-out of Alcatel-Lucent, a struggling Franco-American maker of telecoms gear, was denied by the finance ministry.

As *le Meccano industriel* has gone out of fashion, activist investors, led by firms such as Wendel (a listed, family-controlled investment firm) and AXA, an insurance

group, have been championing a more Anglo-Saxon style of French capitalism. Both are involved in a simmering row at Saint-Gobain, a building-materials firm. Wendel has taken an 18% stake, thinks the firm's assets could be sweated harder, and is demanding seats on the board.

But Jean-Louis Beffa, the veteran chairman of Saint-Gobain, wants to cancel the double-voting rights of long-term shareholders to stop Wendel taking control. Saint-Gobain's employee shareholders support him because they fear tougher management. For the first time, French managers are under pressure from stable shareholders who want them to improve returns – not just shelter from hostile bids. The coming months will show how this more global capitalism fares as the economic pressure grows.

### **THE PRICE OF RAW MATERIALS CONTINUES TO RISE DESPITE THE ECONOMIC GLOOM**

BANKERS and policymakers may be wringing their hands about the prospects for the world economy, but commodities traders, it seems, see no cause for concern. On February 20th the oil price hit a new record of \$101.32 a barrel. Soya beans and platinum, among others, have also reached record prices in the past week. Vale, a Brazilian mining firm, has persuaded some steelmakers to pay as much as 71% more this year for its iron ore. Across the world the inflationary impact is tangible. In America consumer prices in January were up 4.3% on a year-over-year basis. Excluding food and energy, they were up 2.5%, well above the Federal Reserve's comfort level.

Despite a few years of rising raw-materials prices, many traders remain bullish in part because of further bad news about supply. A shortage of electricity in South Africa, which has forced several big smelters to shut down, has helped cause platinum's giddy ascent. The political upheaval in Kenya has pushed tea prices higher. A leaking pipeline in Nigeria and a row between Exxon Mobil and Hugo Chávez, the president of Venezuela, have contributed to oil's recent gains.

Mining and oil firms are struggling to increase output, partly because it takes years to develop new mines or oilfields, partly because shortages of equipment and labour are hampering expansion, and partly because governments in resource-rich countries are becoming ever more prone to jacking up royalties or expropriating resources. Citigroup, for example, expects global copper production to rise by just 2%



this year, even though the price is now five times higher than it was five years ago and stocks amount to less than three days' demand.

In theory, farmers should be quicker to respond to price signals, since they can easily substitute one crop for another. But the prices of wheat, corn and soybean are all high, so any big shift towards one crop will come at the expense of the others. There is huge potential to bring more land under cultivation in Ukraine and Kazakhstan – but that would need improvements to infrastructure that could take years.

Meanwhile, most analysts expect demand for raw materials to remain firm despite the gloomy economic news. Although Goldman Sachs, for one, expects oil consumption to fall in America, it also predicts that continued growth in booming spots such as China and India will underpin global demand. The International Energy Agency, a watchdog group for consuming countries, still expects the world's consumption of oil to rise 1.9% this year.

Worse, rising prices and tightening credit give the firms that process raw materials an incentive to run down their stocks, argues Jeffrey Currie of Goldman Sachs, making prices all the more vulnerable to supply shocks. America's Department of Agriculture believes global demand for wheat will continue to exceed supply this year. That will push America's wheat stocks to their lowest level since 1948 (see chart).

Nonetheless, the prospects for demand must have diminished at least somewhat as the world economy has slowed, and the outlook for supply has not worsened dramatically in the past few months. Hence some other factor must be at play. Many analysts blame speculation. As falling interest rates, tumbling stock markets and contracting house prices drive investors out of bonds, equities and property, the argument runs, there is lots of money looking for a new home. And since commodities have produced such lavish returns in recent years, and have weathered the recent turmoil relatively unscathed, they are an alluring option.

Citigroup believes that the recent rise in the oil price “is driven principally by a sharp uptick in fund flows.” Lombard Street Research sees an “iron bubble”. Others worry that America's fiscal stimulus may cause trouble by inflating demand for commodities. In Citigroup's cheery phrase, “the collapse of one bubble often sows the seeds of the next.”

**Навчальне видання**

**МЕТОДИЧНІ ВКАЗІВКИ  
З АНГЛІЙСЬКОЇ МОВИ ДЛЯ СТУДЕНТІВ V КУРСУ  
ЕКОНОМІЧНИХ СПЕЦІАЛЬНОСТЕЙ  
ЗАОЧНОЇ ФОРМИ НАВЧАННЯ**

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