

МИНИСТЕРСТВО ОБРАЗОВАНИЯ И НАУКИ РОССИЙСКОЙ ФЕДЕРАЦИИ

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СБОРНИК ТЕКСТОВ ДЛЯ ЧТЕНИЯ И ЗАДАНИЙ ПО АНГЛИЙСКОМУ ЯЗЫКУ

ПРАКТИКУМ

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Сборник текстов для чтения и заданий по деловому английскому языку для слушателей (магистрантов) по дополнительной образовательной программе «Мастер делового администрирования – Master of Business Administration (МВА)», по специализации 380408 «Финансы и кредит»: практикум / сост. С.Б. Жулидов. – Н. Новгород, Изд-во ННГУ, 2016 – 27 с.

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Представлены материалы для практического освоения обучаемыми лексико-грамматических особенностей, характерных для текстов финансово-экономической тематики («финансовый менеджмент» и «банковское дело»). В основу практикума положены тексты, взятые из аутентичных источников, и разработанный составителем на их базе комплекс упражнений, направленных на усвоение и закрепление лексики и грамматических закономерностей данного функционального стиля. Практикум призван помочь научить слушателей самостоятельно читать и переводить тексты на английском языке по избранной специальности.

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PART ONE. FINANCIAL MANAGEMENT

CHAPTER 1 RISK MANAGEMENT

Entrepreneurship is about taking risks. An entrepreneur risks the loss of capital which he invests in an enterprise. If the enterprise is successful, he or she will earn profits and probably also a capital gain; if it is a failure, the capital invested may lose its value. *Exposure* means being open to or vulnerable to risk.

A business typically faces risks of various sorts. There are risks such as fire and theft, which can usually be insured against. There are general risks of business failure. Some businesses face the risk that their products will become obsolete following technical advances achieved by competitors; others, such as farmers, face risks which derive from the uncertainties of the weather.

Businesses may also have exposure to the risks of foreign exchange movements or fluctuations in interest rates.

Risk management describes the policies which a firm may adopt and the techniques it may use to manage the risks it faces.

Broadly, there are two reasons why risk management makes good business sense: (a) a business may wish to *reduce* risks to which it is exposed to acceptable levels. What is an acceptable level of risk may depend upon various factors, including the scale of operations of the business and the degree to which its proprietors or shareholders are 'averse' to risk-taking; (b) a business may wish to avoid particular *kinds* of risks. For example, a business which makes widgets, although it is willing to accept the various risks inherent in widget-making (e.g. customers may prefer a competitor's product), may be averse to taking risks with exchange rates. The good reasons may include the fact that the risks are simply too great for the business to bear: for example, if exchange rate movements could easily put the business out of business. Or the business may wisely decide that since it is first and foremost a widget-maker of many years' experience without any real expertise in foreign exchange dealings, it should try to cut down on its exposure to foreign exchange risk. It may thus choose to manage those risks such as foreign exchange risks which derive from conditions external to its business, which is widget-making.

There are basically two ways in which exposure to risk may be reduced.

(a) *Pooling* of risks. This method underlies insurance, in which risks which may be unacceptable to individual policyholders are aggregated or 'pooled' by being taken on by the insurance company. Pooling of risk also underlies the diversification of a portfolio of investments.

(b) *Hedging* of risks. In the case of hedging, different parties come to an agreement which cancels one of the parties' risks against the other's. The different parties may be subject to similar but opposite risks which they wish to hedge. Alternatively, one party may wish to hedge a risk while the other party may be a

speculator. In any case, it is likely in practice that financial intermediaries will be involved.

VOCABULARY FOCUS

1. Find in the text English equivalents of the following Russian words and phrases:

Приходить к соглашению, страховая компания, сторона (в договоре), портфель ценных бумаг, клиент, стоять, перспектива, идти на риск, подвергать себя риску, ущерб от пожара, быть неприемлемым, получать прибыль.

2. Match the synonyms

- | | |
|-----------------|----------------|
| 1) similar | a) gain |
| 2) various | b) side |
| 3) company | c) handle |
| 4) harm | d) business |
| 5) profit | e) glad |
| 6) effect | f) sort |
| 7) skill | g) different |
| 8) kind | h) damage |
| 9) happy | i) opposite |
| 10) alternative | j) expertise |
| 11) party | k) same |
| 12) manage | l) consequence |

3. Match the antonyms

- | | |
|---------------|-----------------|
| 1) domestic | a) unhappy |
| 2) acceptable | b) with |
| 3) practice | c) pooled |
| 4) individual | d) theory |
| 5) particular | e) internal |
| 6) external | f) accept |
| 7) refuse | g) general |
| 8) happy | h) failure |
| 9) success | i) foreign |
| 10) different | j) unacceptable |
| 11) without | k) similar |
| 12) gain | l) high |
| 13) low | m) lose |

4. Match the words on the left with the definitions on the right:

- | | |
|------------------|--|
| 1) risk | a) someone who buys goods or services from a shop or business regularly |
| 2) customer | b) a possibility that something bad may happen |
| 3) dealer | c) money which is earned by doing business, after all the costs are taken from it |
| 4) competitor | d) an amount of money put into a business so that you can get a profit |
| 5) interest rate | e) a charge or payment fixed according to a standard scale |
| 6) investment | f) an agreement by contract to pay money in case of a misfortune such as damage, loss, or accident |
| 7) profit | g) a person who buys and sells a particular type of things |
| 8) insurance | h) a person or firm competing with another or others |

5. Complete the sentences with the words and phrases in the box:

face risks, competitors, insurance, company, capital,
an agreement, take on the risk

1. Having discussed the scale of operations including all possible risks, both parties came to _____ .
2. Our _____ is prepared to accept the pooled risks of fire damage which you are unwilling to take individually.
3. Normally, all profitable businesses _____ of various sorts.
4. An entrepreneur risked the loss of _____ which he had invested in that enterprise.
5. If there is the prospect of making a profit, our customers may be prepared to _____ .
6. If your products become obsolete because of technical advances achieved by _____ , your business will face a great risk.

COMPREHENSION

6. Answer these questions:

1. What does the term *exposure* mean?
2. When may your customers prefer a competitor's product?
3. In what cases are the risks too great for the business to bear?
4. What risks can usually be insured against?
5. What factors may an acceptable level of risk depend upon?
6. What can easily put the business out of business?
7. When do foreign exchange dealers take risks with exchange rates?
8. What does pooling of risk underlie?
9. In what cases will financial intermediaries be likely involved in hedging of risks?
10. In what cases should a business try to cut down on its exposure to foreign exchange risks?

7. Complete these sentences with appropriate words or phrases:

1. There are two main reasons why _____ makes good business sense.
2. Some _____ are unwilling to take risks of fire damage individually.
3. _____ also underlies the diversification of a portfolio of investments.
4. Businesses may wish to avoid particular _____ of risks.
5. Risks which are unacceptable to individual policyholders may be aggregated or 'pooled' by being taken on by _____.
6. Without any _____ in foreign exchange dealings, one should not try to take risks with currency operations.

8. State whether the following statements are true or false. Comment on the true statements and correct the false ones.

1. Some proprietors may be prepared to take on the risk if there is no prospect of them making a profit.
2. Farmers often face risks which derive from the uncertainties of the weather.
3. If the risks are too great for the business to bear, the financial manager will try to reduce them to acceptable levels.
4. In hedging of risks it is likely in practice that financial intermediaries will not be involved.

DISCUSSION

9. Define optimum ways of running a successful firm and taking on risk only if there is the prospect of making a profit. Use the following words and phrases:

- | | |
|---|---|
| <ul style="list-style-type: none"> – to invest capital in an enterprise – to be a success – to be 'averse' to risk-taking – insurance company – to be exposed to risks – acceptable levels – to reduce risks | <ul style="list-style-type: none"> – to make losses – unacceptable risks – failure – to adopt – policies – technique – anticipation of making profits. |
|---|---|

10. Divide the text into paragraphs and entitle each of them.

FROM TIME IMMEMORIAL...

TO BURY ONE'S TALENT – ЗАРЫТЬ ТАЛАНТ В ЗЕМЛЮ

A talent was an ancient monetary unit, a gold or silver coin. The phrase *to bury one's talent* is taken from a Gospel parable. A slave buried in the ground the money (a talent) given to him by his master. When the man returned and asked the slave what he had done with the money, the latter replied that he had hidden the talent in the ground and had it quite safe. The master reproached his slave for being lazy, adding that he could have lent the money to the traders and thus he could have made more money.

In the course of time the word *talent* changed its meaning and came to denote the natural endowments of man. To bury one's talent means to disregard one's abilities and gifts, to make no use of them.

Do the following two-way translation:

- Откуда возникло выражение "зарыть талант в землю"?
- The phrase is drawn from a Gospel parable about a slave and his master.

- В притче, насколько я помню, слово "талант" имеет значение, отличающееся от современного.
- You are right. There *talent* is used in its original meaning and denotes an ancient monetary unit.
- Как распорядился раб деньгами, полученными от хозяина?
- The slave secreted the talent in the ground and on his master's return said that he had all his money safe.
- Но хозяин, кажется, вовсе не стал ни благодарить, ни хвалить его за бережливость, ведь так?
- Just on the contrary. The master reproached the slave for being lazy.
- А как, по мнению хозяина, раб должен был распорядиться деньгами?
- The master said that the slave could have lent the money to the traders and thus could have made more money.
- С течением времени слово *талант* изменило свое значение и стало синонимом природных способностей или одаренности человека.
- And the expression *to bury one's talent* changed the meaning accordingly. Now it means to disregard one's abilities and gifts, to make no use of them.

CHAPTER 2

EXCHANGE-RATE RISK

A company may become exposed to exchange-rate risk in a number of ways, including the following:

- (a) as an exporter of goods and services;
- (b) as an importer of goods and services;
- (c) through having an overseas subsidiary;
- (d) through being the subsidiary of an overseas company;
- (e) through transactions in overseas capital markets;

The following different types of exchange-rate risk may be distinguished:

(a) *Transaction exposure* is the risk of adverse exchange-rate movements occurring in the course of normal international trading transactions. This arises when export prices are fixed in foreign-currency terms, or imports are invoiced in foreign currencies.

(b) *Transaction exposure* arises from differences in the currencies, in which assets and liabilities are denominated. If a company has different proportions of its assets and liabilities denominated in particular currencies, then exchange-rate movements are likely to have varying effects on the value of these assets and liabilities. This could influence investors' and lenders' attitudes to the financial worth and creditworthiness of the company. Clearly, such risk can be reduced if assets and liabilities denominated in particular currencies can be held in balanced amounts.

(c) *Economic exposure* refers to the effect of exchange-rate movements on the international competitiveness of a company. For example, a UK company might use raw materials, which are priced in US dollars, but exports its products mainly within the European Community. A depreciation of sterling against the dollar or an appreciation of sterling against other EC currencies will both erode the competitiveness of the company. Economic exposure can be difficult to avoid, although diversification of the supplier and customer base across different countries may reduce this kind of exposure to risk.

VOCABULARY FOCUS

1. Match the words and phrases on the left with their correct equivalents on the right:

- | | |
|----------------|----------------------|
| 1. transaction | a) конкретный |
| 2. occur | b) внутри |
| 3. influence | c) использовать |
| 4. subsidiary | d) происходить |
| 5. amount | e) сделка |
| 6. use | f) сумма |
| 7. within | g) влиять |
| 8. particular | h) хотя |
| 9. include | i) филиал |
| 10. although | j) включать (в себя) |

2. Match the words on the right with the suitable attributes on the left and translate the resulting word-combinations:

- | | |
|------------------|--------------------|
| 1. exchange-rate | a) exposure |
| 2. capital | b) price |
| 3. balanced | c) company |
| 4. raw | d) Community |
| 5. transaction | e) competitiveness |
| 6. European | f) effects |
| 7. foreign | g) amounts |
| 8. varying | h) currency |
| 9. export | i) risk |
| 10. overseas | j) market |
| 11. high | k) materials |

3. Match the synonyms:

- | | |
|--------------|------------------|
| 1) varying | a) kind |
| 2) firm | b) international |
| 3) foreign | c) sterling |
| 4) currency | d) country |
| 5) employ | e) influence |
| 6) pound | f) use |
| 7) worldwide | g) overseas |
| 8) hard | h) difficult |
| 9) land | i) money |
| 10) type | j) different |
| 11) affect | k) company |

4. Match the antonyms:

- | | |
|---------------|-------------|
| 1) demand | a) customer |
| 2) exporter | b) branch |
| 3) above | c) importer |
| 4) supplier | d) easy |
| 5) difficult | e) below |
| 6) subsidiary | f) supply |

5. Match the words on the left with the definitions on the right:

- | | |
|-----------------|---|
| 1) competitive | a) financially sound enough to justify the extension of credit |
| 2) raw material | b) a person who purchases a commodity or service |
| 3) invoice | c) something (such as coins, treasury notes, and banknotes) that is in circulation as a medium of exchange |
| 4) customer | d) inclined, desiring, or suited to compete |
| 5) sterling | e) consideration of a question in open and usually informal debate |
| 6) country | f) a political state or nation and its territory |
| 7) discussion | g) an itemized list of goods shipped, usually specifying the price and the terms of sale |
| 8) foreign | h) British money |
| 9) creditworthy | i) situated outside one's own country |
| 10) currency | j) crude or processed stuff that can be converted by manufacture, processing, or combination into a new and useful product. |

COMPREHENSION

6. Answer the questions on the text:

1. What kinds of companies may become exposed to exchange-rate risk?
2. How many types of exchange-rate risk are usually distinguished?
3. What can arise when export prices are fixed in foreign-currency terms?
4. When does the risk of adverse exchange-rate movements arise?
5. What arises from differences in the currencies in which assets are denominated?
6. What risk arises when imports are invoiced in foreign currencies?
7. What factors can erode the competitiveness of a company?
8. How can economic exposure affect competitiveness of a company?
9. Why is economic exposure very difficult to avoid?
10. What factor may reduce economic exposure to risk?

7. Complete the sentences using proper words and phrases in the box:

the depreciation, their assets and liabilities, the creditworthiness, export these products, transactions, the competitiveness, exchange-rate movements, priced, a foreign currency

1. All their imports have been invoiced not in roubles but in _____ .
2. In 2007, _____ had serious effects on the value of his company's assets and liabilities.
3. Our trading _____ with France were seriously affected by adverse exchange-rate movements.
4. It was _____ of rouble against the dollar that eroded the competitiveness of the company.
5. Not to lose the company's assets, we _____ all our services in US dollars.
6. The default of 1998 influenced investors' attitude to _____ of many Russian companies.
7. Exchange-rate movements in Russia will only have a minor effect on the international _____ of our goods.
8. Germans _____ mainly within the European Community.
9. To reduce such a great risk, they held _____ denominated in particular currencies in balanced amounts.

8. Say whether the following statements are true or false. Comment on the true statements and correct the false ones.

1. The appreciation of sterling against other EC currencies can erode the competitiveness of the company.
2. Economic exposure is quite easy to avoid.
3. Any company having overseas subsidiaries may become exposed to exchange-rate risk.
4. An appreciation of euro against other currencies cannot erode the competitiveness of a business.
5. Transaction exposure arises from similarities in the currencies, in which assets and liabilities are denominated.
6. Russian raw materials priced in dollars may be exported within Europe.

9. Divide the text into paragraphs and entitle each of them.

FROM TIME IMMEMORIAL...

RICH AS CROESUS — БОГАТ, КАК КРЕЗ

Rich as Croesus is said of any person of great wealth. It comes after the name of Croesus, the last king of Lydia of 6th century B.C., an extremely wealthy man.

The riches of Croesus, obtained chiefly from the river gold dust, were greater than those of any king before him, so that his wealth became proverbial. He carried

his love of splendor to extravagance and thought himself the happiest of men. His capital became the brilliant centre of arts and letters. Various legends were told about Croesus by the Greeks. According to one of them, he once asked the philosopher Solon what he thought of his good fortune. "I pronounce no man fortunate until his death", was the sage's reply. Later a great army of Cyrus, king of the Persians and Medes invaded Lydia. The Lydians were conquered, and Croesus was taken prisoner by Cyrus. When seated on the funeral pyre and about to be burned to death, he recalled the words of Solon, and thrice repeated his name. Cyrus demanded an explanation and, on hearing it, spared his life.

Pronunciation and stress:

Croesus ['krɪ:səs], Lydia ['lɪdɪə], Solon ['səʊlɒn], legend ['ledʒənd], conquer ['kɒŋkə], Persians ['pɜ:ʃənz], Medes [mɪ:dz], Cyrus ['saɪərəs], sage [seɪdʒ], extravagance [ɪk'strævəgəns], thrice [θraɪs], splendor ['splendə], pyre [paɪə], proverbial [prə'vɜ:bɪəl], fortune ['fɜ:tʃən].

Translate the following questions into English and supply the answers:

1. О ком можно сказать: *богат, как Крез* ?
2. Кем был Крез, когда и где он жил?
3. Что было источником его несметных богатств?
4. Что вы можете сказать об образе жизни Креза?
5. Чем стала Лидия во времена Креза?
6. С именем какого философа связывает легенда имя царя Лидии?
7. Что ответил Крезу Солон, когда царь сказал ему, что он — счастливейший из людей?
8. Что случилось впоследствии с Крезом?
9. Какую роль в жизни Креза сыграла его встреча с Солоном?

CHAPTER 3

INTEREST-RATE RISK

Methods of reducing interest-rate risk include interest-rate swaps, forward interest-rate agreements (FRAs), interest-rate futures and interest-rate options (or interest-rate guarantees).

Interest-rate swaps

An interest-rate swap is an agreement between two parties (usually firms or financial institutions). This agreement means that the parties effectively swap their interest-rate commitments. In a sense, each party simulates the other's borrowing, for example, such that one party exchanges a floating rate for a fixed rate.

(f) A company, which has debt at a fixed rate of interest, can make a swap so that it ends up paying interest at a variable rate.

(g) A company, which has debt at a variable rate of interest (floating rate debt), ends up paying a fixed rate of interest.

This kind of arrangement can be used where one party wants a fixed rate loan but has access only to variable-rate finance, while conversely another party wants a variable-rate loan but has only a fixed interest-rate loan as its source of finance.

Note that the parties to a swap retain their obligations to the original lenders. This means that the parties must accept *counter party risk*: if the party defaults on the agreement to pay interest, the original borrower remains liable to the lender. This can present complicated legal problems, and some borrowers are unwilling to get involved in swap transactions for this reason.

Interest-rate swaps have some attractions:

(a) They are easy to arrange.

(b) They are flexible. They can be arranged in any size and, if required, reversed.

(c) The transaction costs are low, limited to legal fees.

As with all hedging methods, interest-rate swaps can alternatively be used as a means of financial speculation. In cases receiving much publicity, local authority's treasurers have engaged in such speculation with disastrous results.

Forward rate-interest agreements (FRAs)

Forward rate-interest agreements (FRAs) are agreements to fix the interest rate applying to a loan for some period in advance. Just as the individual seeking a mortgage to buy a house may be offered a fixed interest-rate deal, which fixes the mortgage interest rate charged for a certain period, so a corporate borrower may be able to negotiate a fixed rate of interest by means of a FRA.

One limitation on FRAs is that they are usually only available on loans of at least £500,000. They are also difficult to obtain for periods of over one year.

An advantage of FRAs is that, for the period of the FRA at least, they protect the borrower from adverse market interest-rate movements to levels above the rate negotiated for the FRA. With a normal variable rate loan the borrower is exposed to the risk of such adverse market movements. On the other hand, the borrower will similarly not benefit from the effects of favourable market interest-rate movements.

VOCABULARY FOCUS

1. Match the synonyms:

- | | |
|---------------|-----------------|
| 1) kind | a) guarantee |
| 2) certain | b) instrument |
| 3) strange | c) catastrophic |
| 4) receive | d) cause |
| 5) warranty | e) advantage |
| 6) disastrous | f) normal |

2. Match the antonyms:

- | | |
|--------------|----------------|
| 1) beginning | a) variable |
| 2) borrow | b) adverse |
| 3) limited | c) illegal |
| 4) favorable | d) eager |
| 5) fixed | e) lose |
| 6) reluctant | f) complicated |

7) finish	g) negotiate	7) local	g) unlimited
8) means	h) unfavorable	8) legal	h) limitation
9) unwilling	i) type	9) advantage	i) lend
10) danger	j) some	10) easy	j) end
11) reason	k) reluctant	11) find	k) international
12) talk	l) risk		
13) adverse	m) get		
14) attraction	n) end		

3. Match the words on the right with the suitable attributes on the left and translate the resulting word-combinations:

1) adverse	a) swap
2) counter	b) lender
3) legal	c) situation
4) original	d) loan
5) disastrous	e) speculation
6) floating	f) party
7) available	g) problem
8) local	h) result
9) interest-rate	i) rate
10) mutual	j) obligation
11) financial	k) authority
12) favourable	l) market
13) variable-rate	m) cash

4. Match the words on the left with the definitions on the right:

1) default	a) to give money to somebody for temporary use on condition of repayment with interest
2) borrow	b) something, e.g. money, owed; obligation
3) risk	c) to receive money with the expressed intention of returning the same amount plus interest
4) speculation	d) permission, liberty, or ability to enter, approach, communicate with, or pass to and from
5) lend	e) possibility of loss
6) access	f) deriving authority from or founded on law
7) favourable	g) tending to promote or facilitate; offering advantageous circumstances
8) company	h) a transaction involving unusual business risk in hopes of obtaining commensurate gain
9) legal	i) obligated according to law or equity

- 10) liable j) opposed to one's interests
- 11) loan k) money lent at interest
- 12) debt l) an association of persons for carrying on a commercial or industrial enterprise
- 13) adverse m) failure to do something required by duty or law

COMPREHENSION

5. Answer the questions on the text:

1. What do methods of reducing interest-rate risk include?
2. Can a company having debt at a fixed rate of interest make a swap so that it ends up paying interest at a variable rate?
3. Can one party to a swap exchange a floating rate for a fixed rate?
4. What kind of arrangement is an interest-rate swap?
5. When can an interest-rate swap be used?
6. What do we call a *fixed interest-rate loan*?
7. Why do the parties to a swap retain their obligations to the original lenders?
8. What may happen if the party defaults on the agreement to pay interest?
9. Does the original borrower always remain liable to the lender?
10. What can present complicated legal problems for the parties to a swap? Why?
11. Why are some borrowers unwilling to get involved in swap transactions?
12. Are interest-rate swaps easy to arrange?
13. What attractions do interest-rate swaps have?
14. Can interest-rate swaps be used as a means of financial speculation?
15. What financial speculation may have disastrous results?
16. What does the abbreviation "FRA" mean?
17. What is a forward rate-interest agreement aimed at?
18. What can be negotiated by means of a FRA?
19. What are the main limitations on FRAs?
20. Is it easy to obtain FRAs for periods of over one year?
21. What risk is the borrower exposed to with a normal variable rate loan?
22. What market movements are considered adverse?
23. Will the borrower of a FRA benefit from the effects of favourable market interest-rate movements?

6. Complete the sentences using proper words and phrases in the box:

interest-rate risk, a variable rate, available, to a swap, obligations,
 adverse market, speculations, to get involved

1. FRAs protect the borrower from _____ interest-rate movements.
2. The parties _____ must accept counter party risk.

3. The company has debts at a fixed rate of interest, but now it has to pay interest at _____ .
4. FRAs were _____ on loans of at least \$ 10,000.
5. Sometimes, borrowers are unwilling _____ in swap transactions.
6. In 1998, a lot of brokers engaged in _____ with disastrous results.
7. Methods of reducing _____ include various swaps and agreements.
8. The parties retain their _____ to the original lenders.

7. Say whether the following statements are true or false. Comment on the true statements and correct the false ones.

1. The original lenders retain their obligations to the parties to a swap.
2. FRAs are to fix the interest rate applying to a loan for some period in advance.
3. Borrowers are usually willing to get involved in swap transactions.
4. Interest-rate swaps cannot be arranged in any size.
5. The parties to a swap retain their obligations to the original lenders.
6. Any person seeking a mortgage to buy a flat may be offered a fixed interest-rate deal.
7. Interest-rate swaps cannot be used as a means of financial speculation.

8. Find in the text sentences describing the following :

1. Основной недостаток соглашения о будущей процентной ставке.
2. Привлекательные для клиентуры свойства процентного свопа.
3. Предложение, которое можно сделать клиенту, стремящемуся приобрести жилой дом.
4. Тип соглашения, каким является процентный своп.
5. Главное преимущество соглашения о будущей процентной ставке.
6. Использование процентного свопа в спекулятивных целях.

9. Divide the text into paragraphs and entitle each of them.

FROM TIME IMMEMORIAL...

AS POOR AS LAZARUS – БЕДЕН, КАК ЛАЗАРЬ

The phrase "as poor as Lazarus" is derived from the Gospel parable of the rich man and the beggar. Lazarus, a leprous beggar, was so poor and miserable that lying near the door of a rich man's house he dreamed of a few morsels of bread that would fall from the dinner table.

In modern speech the words are used to describe a very poor man, especially a diseased beggar or a homeless person.

Pronunciation and stress:

Lazarus ['læzərəs], parable ['pærəbl], leprous ['leprəs], morsel ['mɔ:səl], diseased [dɪ 'zi:zd].

PART TWO. CURRENT BANKING PROBLEMS

CHAPTER 1

GERMANY: GOLD AND THE BUNDESBANK

Frankfurt. Germany's central bank cuts off its nose to spite its face¹.

1. Read the text and translate it. While reading the text try and find answers to these questions:

1. What is Germany's Bundesbank proud of?
2. Who is Germany's new finance minister?
3. Who tried to coax the central bank into selling some gold?
4. When did the Bundesbank hand monetary policy over to the European Central Bank?

A truce was called last week in a battle between Germany's Bundesbank and federal government over the country's 3,400 tonnes of gold reserves. The central bank is proud of having stood up to the finance minister. However, it is hard to see what it has gained.

The gold is worth about €50 billion (\$60 billion) according to the Bundesbank (valuing its stash at recent market prices). Every finance minister for the past two decades has been trying to coax the central bank into selling some. Although an agreement between central banks, sealed in 2014, would allow it to unload 120 tonnes a year until 2019, the Bundesbank wouldn't budge.

Selling some of it, especially to fill part of the gaping hole in the public finances, would both erode that wealth and damage the central bank's fiercely guarded independence. So when Peer Steinbrück, the new finance minister, proposed that the Bundesbank should keep the capital proceeds of any gold sales but that the interest should go to the budget, he was sent away with a flea in his ear². The Bundesbankers were especially miffed by a veiled threat that if they did not cooperate, their special pay supplement, which adds up to 19% to their basic salaries, would be removed.

The days when journalists would invariably describe the Bundesbank as "mighty" are long gone. With other euro-zone central banks, it handed monetary policy over to the European Central Bank when the euro was born in 1999. In the past four years the Bundesbank's staff has been reduced by over 20%, to 12,300. It will fall to 11,100 by the end of 2017. That is still too many for what is now merely one

member, albeit the biggest, of the euro club. And its eight-man board is too big, a concession to regional politics. Nevertheless, it is a founding principle of the euro area that national central banks be independent of their governments. This gives Axel Weber, the Bundesbank's president, a strong hand in any disputes with ministers.

Although Mr Steinbrück was seen off, the Bundesbank looks a little ridiculous. Under last week's truce, Bundesbankers' supplement will be phased out, but gradually, to be replaced with increases in basic pay; the bank's top officials in Frankfurt will still get a 9% top-up. But under the existing Bundesbank law the proceeds of any gold sales go to the government anyway, as do all the central bank's profits. This week Mr Steinbrück unveiled a budget, which foresees that €3 billion will come in from the Bundesbank this year. Meanwhile, one parliamentarian has proposed putting Mr Steinbrück's proposal into law anyway.

So, to spite Mr Steinbrück, the once-mighty Bundesbank has simply robbed itself of flexibility. It risks hoots of derision if it now sells an ounce of gold.

Notes:

¹To cut off your nose to spite your face = to do something because you want to harm someone else but really harm yourself more.

²To send someone off with a flea in their ear = to criticize someone severely.

VOCABULARY FOCUS

2. Match the synonyms:

- | | |
|---------------|--------------|
| 1) staff | a) zone |
| 2) reduce | b) only |
| 3) foresee | c) suggest |
| 4) battle | d) personnel |
| 5) miffed | e) add |
| 6) propose | f) decrease |
| 7) merely | g) buy |
| 8) supplement | h) argument |
| 9) purchase | i) predict |
| 10) area | j) fight |
| 11) dispute | k) offended |

3. Match the antonyms:

- | | |
|-------------|-------------|
| 1) increase | a) battle |
| 2) truce | b) subtract |
| 3) add | c) sell |
| 4) strong | d) central |
| 5) buy | e) weak |
| 6) regional | f) reduce |

4. Match the words on the right with the suitable attributes on the left and translate the resulting word-combinations:

- | | |
|------------|---------------|
| 1) basic | a) supplement |
| 2) market | b) minister |
| 3) price | c) price |
| 4) general | d) zone |
| 5) pay | e) politics |

- | | |
|--------------|---------------|
| 6) euro | f) salary |
| 7) take-home | g) inducement |
| 8) finance | h) finance |
| 9) public | i) public |
| 10) regional | j) pay |

5. Match the words on the left with the definitions on the right:

- | | |
|----------------|---|
| 1) cooperate | a) something you give or allow to someone in order to reach an agreement |
| 2) derision | b) a basic belief, theory, or rule that has a major influence on the way in which something is done |
| 3) gold | c) an official in charge of a government department |
| 4) independent | d) an official rule that people must obey |
| 5) decade | e) not influenced or controlled by anyone else |
| 6) principle | f) the opinion that someone or something is stupid, unimportant, or useless |
| 7) concession | g) the people who work for a particular company, organization, or institution |
| 8) law | h) to work with other people to achieve a result that is good for everyone involved |
| 9) member | i) a group of people who have the responsibility of managing important business or government activities |
| 10) board | j) a valuable yellow metal used for making jewelry |
| 11) minister | k) a period of ten years, especially one beginning with a year that ends in a 0, for example 2010 to 2019 |
| 12) staff | l) someone who belongs to a group or an organization |

COMPREHENSION

6. Answer the questions on the text:

1. What was the main issue in the battle between Germany's Bundesbank and federal government?
2. How much are Germany's gold reserves worth now?
3. How many tonnes do Germany's gold reserves consist of?
4. Why did all finance ministers try to coax the central bank into selling some gold?

5. What experts see themselves as custodians of the people's wealth? Why?
6. What can damage the central bank's independence?
7. Who would describe the Bundesbank as "mighty"?
8. When was the euro born?
9. Why did the Bundesbank hand monetary policy over to the European Central Bank?
10. What other banks handed monetary policy over to the European Central Bank in 1999?
11. What country is the biggest member of the euro club?
12. What is Peer Steinbrück's position in the German government?
13. How many persons does the Bundesbank's board consist of?
14. What is a founding principle of the euro area as far as national central banks are concerned?
15. Who is the Bundesbank's president?
16. What gives the Bundesbank's president a strong hand in any disputes with ministers?
17. Where do the proceeds of any gold sales go to?
18. Where do central bank's profits go to under the existing Bundesbank law?
19. What sum could Germany's budget receive from the Bundesbank in 2014?
20. What does the Bundesbank risk if it now sells an ounce of gold?

7. Complete the sentences using proper words and phrases in the box:

independent, minister, gold sales, basic salaries, the central bank, interest, the capital proceeds, gold, the public finances, monetary policy, a budget, the U.K. government

1. All Russian commercial banks handed _____ over to the Central Bank.
2. Euro-zone national central banks are _____ of their governments.
3. The Bundesbank keeps _____ of any gold sales, but the _____ goes to the budget.
4. The finance minister tries to coax _____ into selling some gold.
5. The Bank of England is absolutely independent of _____ .
6. The interest of any _____ goes directly to the country's budget.
7. To fill part of the gaping hole in _____, some gold was sold.
8. The employees were miffed by a threat that their _____ would be reduced.
9. The finance _____ suggested that the central bank should sell some of its _____ .
10. The finance minister unveiled _____ which foresees that \$4.5 billion will come in from the central bank.

8. Say whether the following statements are true or false. Comment on the true statements and correct the false ones.

1. The European Central Bank handed monetary policy over to the Bundesbank when the euro was born in 1999.
2. Federal Republic of Germany is by far the biggest member of the euro club.
3. Peer Steinbrück proposed that the interest of any gold sales should go to the country's budget.
4. Nowadays, journalists invariably describe the Bundesbank as "mighty".
5. Under the existing law the proceeds of any gold sales go to the government.
6. The Bundesbank's staff has been increased by over 20 %, to 12,300.
7. It is a founding principle of the euro area that retail banks be independent of their national central banks.
8. All euro-zone central banks handed monetary policy over to the European Central Bank in 1999.
9. Most national central banks are independent of their governments.
10. There was a battle between the Bundesbank and European Central Bank over the country's gold reserves.
11. The new finance minister suggested that the Bundesbank should keep the capital proceeds of any gold sales.
12. Germany's 3,400 tonnes of gold reserves are worth about €60 billion (\$50 billion).
13. The Bundesbankers were glad to learn that their special pay supplement to their basic salaries would be removed.
14. Gold may be sold for different reasons, especially to fill part of the gaping hole in the public finances.

9. Find in the text sentences describing the following:

1. Перемирие, заключенное в ходе противостояния Федерального банка и правительства.
2. Позиция председателя Федерального банка в его спорах с министрами.
3. Численный состав сотрудников Федерального банка.
4. Общая стоимость золотого запаса Федерального банка.
5. Продажа части золотого запаса с целью "заткнуть зияющую брешь" в финансировании общественного сектора.
6. Предложение, сделанное новым министром финансов.
7. То, чем Федеральный банк особенно гордится в своем противостоянии с правительством.
8. Угроза сократить зарплату сотрудников Федерального банка.
9. Доходы от продажи золота всегда направляются в правительственный фонд.

10. Divide the text into paragraphs and entitle each of them.

FROM TIME IMMEMORIAL...

MONEY HAS NO SMELL — ДЕНЬГИ НЕ ПАХНУТ

The proverb *money has no smell* is ascribed to Vespasian, an emperor of Rome. Suetonius, a Roman historian, writes that the words were used by Vespasian on the following occasion. When the emperor's son Titus reproached his father for having introduced a tax on public lavatories, Vespasian told him to smell the money he was holding in his palm, and to see if the smell was foul. Titus answered it was not, and Vespasian remarked that the money was of the urine for it had been just paid as the tax on the lavatories.

Pronunciation and stress:

Vespasian [ves'peɪzjən], emperor ['emprə], Suetonius [swɪ:'təʊnjəs], Titus ['taɪtəs], reproach [rɪ'prəʊtʃ], urine ['juərɪn], lavatory ['lævətɹɪ].

The following sentences make up a story. Translate them into English and retell the story.

1. Выражение *деньги не пахнут* приписывается римскому императору Веспасиану.
2. Как пишет Светоний, слова эти были сказаны Веспасианом по следующему поводу.
3. Сын Веспасиана Тит упрекнул отца за то, что он ввел налог на общественные туалеты.
4. В ответ Веспасиан поднес к его носу деньги и спросил, пахнут ли они.
5. Услышав отрицательный ответ Тита, Веспасиан сказал ему, что эти деньги только что поступили в казну именно как налог на туалеты.

CHAPTER 2 FRANCE: BATTLE OF THE POCKET-BOOKS

Brussels and Paris. The post office gets a new banking arm. It may get unwelcome competition too.

1. Read the text and translate it. While reading the text try and find answers to these questions:

1. What did the European Court of First Instance annul?
2. Can duopoly distort the French banking market?
3. What is *La Poste's* minimum deposit?
4. What clients is *La Poste* primarily interested in?

For a decade France's big banks have been demanding the right to offer the *Livret A*², the country's most popular saving plan and the exclusive domain of *La Poste*, the state-owned post office, and *Caisse d'Epargne*³, a mutual savings bank.

The banks may at last be making progress. Even though on December 21st, 2014 the European Commission is expected to approve, against their wishes, the launch on January 1st, 2015 of a bank owned by *La Poste*, Neelie Kroes, the competition commissioner, will continue to consider whether the duopoly distorts the French banking market.

Jean-Paul Bailly, boss of *La Poste*, announced his plans for a bank, called *La Banque Postale*, in November 2014. Yet *BNP Paribas*, *Société Générale*, *Crédit Agricole* and *Banque Fédérale des Banques Populaires* waited until the French banking regulator approved the new venture on November 30th before complaining to the commission. They knew they had little chance of stopping the bank's launch, but thought they might open the *Livret A*.

The banks say that the 17,000 post offices will join a market that, with 26,000 bank branches, is already full. They also claim that *La Poste* will not charge its banking arm enough for its infrastructure and that the pensions of the new bank's 1,000 employees will be subsidized by the state. They also say they would charge the government only 0.8% commission for running the *Livret A*, against *La Poste's* 1.3% and *Caisse d'Épargne's* 1.1%.

The *Livret A*, which dates back to 1818, is a tax-free account held by three-quarters of French people and containing almost one-fifth of their savings. *Caisse d'Épargne*³ runs 24.5 million accounts, with €67 billion (\$80 billion); *La Poste* has 21.6 million, with €47.5 billion. There is no minimum deposit, the maximum is €15,300. Savers get 2% interest and can pay in or take out money as they wish. Deposits are channeled to the *Caisse de Dépôts et Consignations*⁴, a state-controlled bank, to finance social housing.

This is not the banks' only such campaign. At the end of the 2000s they began a similar assault on the *Livret Bleu*, a tax-favoured savings plan distributed only by *Crédit Mutuel* €164 million for charging the state excessive handling fees between 2001 and 2008, but in January 2015 the European Court of First Instance annulled the fine. The court found that the commission had done too little to justify its original decision. Instead of appealing, Ms Kroes decided to start a new investigation into the *Livret Bleu*.

Combined, *La Poste*, *Caisse d'Épargne* and *Crédit Mutuel* manage more than two-fifths of French savings deposits. There seems to be little reason to bar the banks from distribution of the most popular ways of putting money aside. *La Poste* says that they are only interested in cherry-picking¹ clients with big accounts, not the average *Livret A* account, which holds a meager €150. Naturally, *La Banque Postale* would much prefer to take on the other banks with its privileges intact.

Notes:

¹ cherry-picking = choosing only the best

² livret – (фр.) сберегательная книжка

³ Caisse d'Épargne – (фр.) сберегательный банк

⁴ Caisse de Dépôts et Consignations – (фр.) банк по вкладам и депонированию

VOCABULARY FOCUS

2. Match the synonyms:

- | | |
|---------------|-------------------|
| 1) state | a) extra |
| 2) chief | b) attack |
| 3) excessive | c) withdraw |
| 4) government | d) customer |
| 5) put aside | e) country |
| 6) common | f) mutual |
| 7) wish | h) boss |
| 8) take out | h) administration |
| 9) assault | i) similar |
| 10) alike | j) want |
| 11) client | k) save |

3. Match the antonyms:

- | | |
|-----------------|------------|
| 1) headquarters | a) boss |
| 2) little | b) maximum |
| 3) continue | c) close |
| 4) open | d) without |
| 5) obsolete | e) much |
| 6) minimum | f) stop |
| 7) employee | g) branch |
| 8) with | h) new |
| 9) least | i) stop |
| 10) continue | j) most |

4. Match the words on the right with the suitable attributes on the left and translate the resulting word-combinations:

- | | |
|---------------------|----------------|
| 1) competition | a) client |
| 2) minimum | b) people |
| 3) bank | c) housing |
| 4) French | d) decision |
| 5) original | e) commission |
| 6) tax-free | f) account |
| 7) post | g) post office |
| 8) state-controlled | h) deposit |
| 9) social | i) branch |
| 10) state-owned | j) bank |
| 11) cherry-picking | l) office |

5. Match the words on the left with their definitions on the right:

- | | |
|--------------|--|
| 1) pension | a) a connected series of operations designed to bring about a particular result |
| 2) privilege | b) money deposited in a bank account and subject to withdrawal by the depositor |
| 3) branch | c) a person employed by another person usually for wages or salary and in a position below the executive level |
| 4) fee | d) a politically organized body of people usually occupying a definite territory; |
| 5) account | e) a fixed sum paid regularly to a person following his retirement from service or to his surviving dependents |

- | | |
|-------------|---|
| 6) employee | f) a right or immunity granted as a peculiar benefit, advantage, or favor |
| 7) state | g) a sum paid or charged for a service |
| 8) campaign | h) a separate but dependent part of a central organization |

COMPREHENSION

6. Answer these questions on the text:

1. What was the European Commission expected to approve on December 21st, 2014?
2. What can distort the French banking market?
3. What banks manage more than two-fifths of French savings deposits?
4. What is the country's most popular saving plan?
5. Is *La Poste* a private or a state-owned post office?
6. What is *La Poste*'s maximum deposit?
7. Who is the boss of *La Poste* — Neelie Kroes or Jean-Paul Dupont?
8. Is the market, which has 26,000 bank branches, already full?
9. Would the French government be charged for running the *Livret A*?
10. What year does the *Livret A* date back to?
11. What began at the end of the 2000s?
12. What did the European Court of First Instance find?
13. Why is *La Poste* only interested in cherry-picking clients?

7. Complete the sentences using proper words and phrases in the box.

subsidized, cherry-picking, retail banks, savings deposits, distort, saving plan

1. The *Livret A* is France's most popular _____ .
2. Duopoly may _____ the French banking market.
3. *Sberbank* manages more than two-fifths of Russian _____ .
4. The pensions of the *Central Bank*'s employees are _____ by the government.
5. Commercial banks are only interested in _____ clients with big accounts.
6. _____ are interested even in clients with the average accounts holding a meager \$100.

8. Say whether the following statements are true or false. Comment on the true statements and correct the false ones.

1. The *Livret A* is held by two-thirds of French people.

2. Neelie Kroes, the competition commissioner, will continue to consider whether the duopoly distorts the French banking market.
3. Jean-Paul Bailly is the boss of *La Banque Postale*.
4. Deposits channeled to the *Caisse de Dépôts et Consignations* are to finance social housing.
5. Savers get 2% interest but cannot pay in or take out money as they wish.
6. The pensions of the new bank's employees will be subsidized by the state.
7. The minimum deposit in the *La Poste* being €15,300, there is no maximum one.

9. Find in the text sentences describing the following:

1. Положительный сдвиг, наконец-то намечающийся в работе банков.
2. Заполненность банковского рынка до предела.
3. Недостаточное обоснование комиссией своего первоначального решения.
4. Нецелесообразность запрета банкам рекомендовать населению наиболее популярные виды вкладов.
5. Размер минимального и максимального вкладов.
6. Способ сбережений, используемый каждым пятым французом.
7. Государственное пенсионное обеспечение банковских работников.

10. Divide the text into paragraphs and entitle each of them.

FROM TIME IMMEMORIAL...

THIRTY PIECES OF SILVER — ТРИДЦАТЬ СРЕБРЕНИКОВ

The phrase *Thirty pieces of silver (a Judas kiss)* comes from the Gospel story about the betrayal of Jesus by one of his disciples, Judas. Judas was the twelfth apostle. Judas' object in betraying Jesus is regarded in the Gospel as due to selfishness based on avarice. The story runs as follows: Judas was present with the other apostles in the room of the Last Supper. But he quitted the room before the other disciples left and hurried to the chief priests. He offered them his assistance in arresting his master without tumult, without anyone raising a cry. The chief priests eagerly agreed and promised Judas to pay him thirty pieces of silver. They went through the dark streets of Jerusalem. There was to be no mistake in the darkness. "Whomsoever I shall kiss", said Judas, "that same is Jesus". When they came up to the place in the garden where Jesus was standing, Judas ran to Jesus and kissed him. The guardsmen arrested Jesus and led him away.

When Judas realized that his master, whom he had betrayed, might die, he hurried back to the chief priests and offered to return the money, saying that he had betrayed an innocent man. But the priests only said: "What is that to us"? Then Judas flung the money down into the temple, went and hanged himself. The priests could

not take the money into the treasury because it was the price of blood, so they bought with it a field for a cemetery.

The expression "thirty pieces of silver" symbolizes a payment for an act of betrayal. The words "*a Judas kiss*" denote a treacherous action disguised as kindness.

Pronunciation and stress:

Jesus ['dʒi:zəs], Judas ['dʒu:dəs], Jerusalem [dʒə'ru:sələm], betrayal [bi'treɪəl], treacherous ['treɪʃərəs], disciple [di'saɪpl], apostle [ə'pɒsl], tumult ['tju:məlt], priest [pri:st], innocent ['ɪnəsənt], avarice ['ævərɪs], cemetery ['semətɪ], symbolize ['sɪmbəlaɪz], disguise [dɪs'gaɪz].

THE ROOT OF ALL EVIL — КОРЕНЬ ЗЛА

The root of all evil is that which causes misfortune, sorrow and distress; the source of various vices. It is derived from the Bible. The biblical legend says that the root of all evil is the love of money and drunkenness.

He would not have thought it enough to say that money is the root of all evil; he thought the desire for money, the appetite for money, was the mainspring of human action.

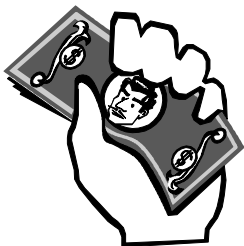
W. S. Maugham. *Ten novels and their authors.*

Pronunciation and stress:

Bible [baɪbl], biblical ['bɪblɪkəl], evil [ɪ:vɪl], legend ['ledʒənd], vice [vaɪs], misfortune [mɪs'fɔ:tʃən], source [sɔ:s], desire [dɪ'zaɪə], drunkenness ['drʌŋkənɪs], appetite ['æpə'taɪt].

Translate into English:

Библейское выражение "корень зла" употребляется для обозначения первоисточника всего дурного и порочного. В Евангелии [Gospel] говорится, что корень всякого зла – это страсть к деньгам и пьянство.



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