Волинський національний університет імені Лесі Українки

Факультет міжнародних відносин

Кафедра іноземних мов та перекладу

Оксана Черняк

ENGLISH FOR INTERNATIONAL BUSINESS:

ПРАКТИКУМ ДЛЯ ЗДОБУВАЧІВ ОСВІТИ

Луцьк

2025

УДК 811.111’276.6(076)

Ч-49

Рекомендовано до друку науково-методичною радою
Волинського національного університету імені Лесі Українки
(протокол № ______ від ______________ 2025)

Рецензенти:

Стернічук В.Б. **–** кандидат філологічних наук, доцент кафедри іноземної та української філології Луцького національного технічного університету;

Петровська Н.М. **–** кандидат філологічних наук, доцент кафедри іноземних мов гуманітарних спеціальностей Волинського національного університету імені Лесі Українки

Черняк О. П.
Ч-49 English for International Business: Практикум для здобувачів освіти / Оксана Павлівна Черняк, 2025. 194 с.

Навчальний посібник містить практичний матеріал, спрямований на формування й удосконалення мовних навичок у сфері ділового спілкування. Особливу увагу приділено опрацюванню фахової термінології, моделюванню реальних комунікативних ситуацій, розвитку навичок читання, письма, аудіювання та усного мовлення. Посібник включає в себе фахові тексти та завдання щодо вивчення лексики та вміння застосовувати її у мовленні. Тексти фахового спрямування мають тематику: “Міжнародні фінанси”, “Досконала конкуренція”, “Основна світова валюта”, “Монополія”. Тематика завдань орієнтована на ключові аспекти міжнародного бізнесу, такі як ведення переговорів, маркетинг, фінанси, управління та зовнішньоекономічна діяльність. Призначено для здобувачів освіти факультету міжнародних відносин, а також усіх, хто вивчає англійську мову.

УДК 811.111’276.6(076)

ЗМІСТ

ПЕРЕДМОВА

Навчальний посібник «English for International Business: Практикум для здобувачів освіт» укладений у відповідності з діючою програмою освітнього компонента «Бізнес-переклад (англійська мова)» для підготовки здобувачів освіти за спеціальністю 292 «Міжнародні економічні відносини», ОПП «Міжнародний бізнес». Призначено для здобувачів освіти рівня підготовки B1.

Підготовка висококваліфікованих фахівців з міжнародних економічних відносин є особливо актуальної сьогодні. Для включення країни у світову економіку необхідно сформувати свою власну модель розвитку та бути готовою конкурувати на міжнародних ринках. Це обумовлює необхідність підготовки в Україні висококваліфікованих кадрів економістів-міжнародників, які зможуть ефективно працювати в сфері міжнародної економічної діяльності.

Сучасний світ глобалізації та економічної інтеграції висуває нові вимоги до підготовки фахівців у сфері міжнародного бізнесу. Успішна професійна діяльність у цьому напрямку неможлива без ґрунтовного володіння англійською мовою, яка є основним засобом міжнародного спілкування. Саме тому опанування англійської мови на професійному рівні є невід'ємною складовою підготовки майбутніх фахівців у галузі міжнародного бізнесу.

Даний посібник розроблений для здобувачів освітньо-професійної програми «Міжнародний бізнес» і спрямований на розвиток комунікативної компетентності, необхідної для ефективного ведення ділових переговорів, складання комерційної документації, участі в міжнародних конференціях та здійснення професійної діяльності в міжкультурному середовищі.

Посібник містить практичний матеріал, спрямований на формування й удосконалення мовних навичок у сфері ділового спілкування. Особливу увагу приділено опрацюванню фахової термінології, моделюванню реальних комунікативних ситуацій, розвитку навичок читання та усного мовлення. Посібник включає в себе фахові тексти та завдання щодо вивчення лексики та вміння застосовувати її у мовленні. Тексти фахового спрямування мають тематику: "Міжнародні фінанси", "Досконала конкуренція", "Основна світова валюта", "Монополія". Тематика завдань орієнтована на ключові аспекти міжнародного бізнесу, такі як ведення переговорів, маркетинг, фінанси, управління та зовнішньоекономічна діяльність. Посібник також містить граматичний матеріал, що відповідає силабусу освітнього компонента «Бізнес-переклад (англійська мова)» для підготовки здобувачів освіти за спеціальністю 292 «Міжнародні економічні відносини», ОПП «Міжнародний бізнес».

Використання сучасних методик навчання сприяє формуванню практичних навичок застосування англійської мови в професійному контексті. Структура посібника дозволяє послідовно опрацьовувати матеріал, починаючи з базових понять і поступово переходячи до більш складних мовних конструкцій та комунікативних ситуацій. Особлива увага приділяється інтерактивним завданням, таким як рольові ігри, кейс-стаді та дискусії, які сприяють активному засвоєнню матеріалу та розвитку критичного мислення.

Цей практикум стане корисним як для студентів, так і для викладачів, які прагнуть зробити навчальний процес більш цікавим, ефективним і наближеним до реальних умов професійної діяльності. Цей посібник допоможе здобувачам освіти розширити свої мовні компетенції, підвищити рівень володіння англійською мовою та успішно застосовувати отримані знання у своїй майбутній кар'єрі.

Бажаємо вам успіхів у навчанні та професійному зростанні!

UNIT 1

MONEY

TEXT

The American Dollar and the World Economy

As global trade has expanded, the necessity for international institutions to manage stable or, at the very least, predictable **exchange rates** has increased. However, the nature of this challenge and the strategies needed to address it have evolved significantly since the end of World War II, and they continued to change as the 20th century came to a close and the 21st century began.

Before World War I, the world economy operated on a **gold standard**, meaning that each nation's currency was **convertible** into gold at a **specified rate**. This system resulted in fixed exchange rates – that is, each nation's currency could be exchanged for each other nation's currency at specified, unchanging rates. Fixed exchange rates encouraged world trade by eliminating uncertainties associated with fluctuating rates, but the system had at least two disadvantages. First, under the gold standard, countries could not control their money supplies; rather, each country's **money supply** was determined by the **flow** of gold used to settle its accounts with other countries. The pace of gold production strongly influenced second, monetary policy in all countries. In the 1870s and 1880s, when gold production was low, the money supply worldwide expanded too slowly **to keep pace** with economic growth; the result was **deflation** or falling prices. Later, gold discoveries in Alaska and South Africa in the 1890s caused money supplies to increase rapidly; this set off inflation, or rising prices.

Nations attempted to revive the gold standard following World War I, but it **collapsed** entirely during the Great Depression of the 1930s. Some economists said adherence to the gold standard had prevented monetary authorities from expanding the money supply rapidly enough to revive economic activity. In any event, representatives of most of the world's leading nations met at Bretton Woods, New Hampshire, in 1944 to create a new international monetary system. Because the United States at the time accounted for over half of the world's **manufacturing capacity** and held most of the world's gold, the leaders decided to tie world currencies to the dollar, which, in turn, they agreed should be convertible into gold at $35 **per ounce.**

Under the Bretton Woods system, central banks of countries other than the United States were given the task of maintaining fixed exchange rates between their currencies and the dollar. They did this by intervening in foreign exchange markets. If a country's currency was too high relative to the dollar, its central bank would sell its currency in exchange for dollars, driving down the value of its currency. Conversely, if the value of a country's money was too low, the country would buy its own currency, thereby driving up the price.

The Bretton Woods system lasted until 1971. By that time, inflation in the United States and a growing American trade deficit were undermining the value of the dollar. Americans urged Germany and Japan, both of which had favorable **payment balances**, to **appreciate their currencies**. However, those nations were reluctant **to take that step** since raising the value of their currencies would increase prices for their goods and hurt their exports. Finally, the United States abandoned the **fixed value** of the dollar and allowed it to "**float**" – that is, to **fluctuate** against other currencies. The dollar promptly fell. World leaders sought to revive the Bretton Woods system with the so-called Smithsonian Agreement in 1971, but the effort failed. By 1973, the United States and other nations agreed to allow exchange rates to float.

Economists call the resulting system a "managed float regime" meaning that even though exchange rates for most currencies float, central banks still intervene to prevent sharp changes. As in 1971, countries with large **trade surpluses** often sell their own currencies in an effort to prevent them from appreciating (and thereby hurting exports). **By the same token**, countries with large deficits often buy their own currencies in order to **prevent depreciation**, which raises domestic prices. But there are limits to what can be accomplished through intervention, especially for countries with large trade deficits. Eventually, a country that intervenes to support its currency may **deplete its international reserves**, making it unable to continue buttressing the currency and potentially leaving it unable to **meet its international obligations**.

https://usa.usembassy.de/etexts/oecon/chap10.htm

VOCABULARY

1) exchange rates – курси обміну валют
2) gold standard – золотий стандарт
3) convertible – конвертований
4) specified rate – фіксований курс
5) money supply – грошова маса
6) flow – потік
7) to keep pace – йти в ногу з часом
8) deflation – дефляція
9) collapse – руйнуватися, обвалитися
10) manufacturing capacity – виробничі потужності
11) per ounce – за унцію
12) payment balances – платіжний баланс
13) appreciate their currencies – оцінити свою валюту
14) take that step – зробити цей крок
15) fixed value – фіксована вартість
16) float (fluctuate) – коливатися
17) trade surpluses – позитивне сальдо торгового балансу
18) by the same token – з тієї ж причини

19) prevent depreciation – запобігати знеціненню

20) deplete its international reserves – виснажити свої міжнародні резерви

21) meet its international obligations – виконувати свої міжнародні зобов’язання

EXERCISES

Exercise 1. ***Join the expressions and their Ukrainian equivalents.***

1) specified rate	a) курси обміну валют
2) gold standard	b) фіксований курс
3) exchange rates	c) платіжний баланс
4) payments balances	d) фіксована вартість
5) meet obligations	e) грошова маса
6) by the same token	f) позитивне сальдо торгового балансу
7) prevent depreciation	g) золотий стандарт
8) trade surpluses	h) запобігати знеціненню
9) money supply	i) з тієї ж причини
10) fixed value	j) виконувати зобов’язання

Exercise 2. ***Match the verbs with the correct definition.***

1. earn	a) receive money from somebody who has died
2. raise	b) take money out of a bank account
3. donate	c) use money on something you don’t need
4. steal	d) buy e.g. shares in a company
5. win	e) give sb money that they must return
6. find	f) get money from people for a purpose
7. lose	g) give money to an organization
8. spend	h) keep money for future use
9. save	i) give money back to sb you borrowed from

10. lend	j) give/pay money for something
11. borrow	k) not have any longer; not gain
12. invest	l) have to pay sb the money they gave you
13. withdraw	m) get money by working
14. waste	n) take money from sb without permission
15. inherit	o) get money in the lottery, quiz shows, etc.
16. pay back	p) get money from sb that you must return
17. owe	q) discover by chance

Exercise 3. ***Put each of the following words or phrases into their correct place in the text below.***

banks	*beads*	*buy*	*coins*	*change*	*currency*	*depositing*
earn	*exchange rate*	*goods*	*investments*	*money*	*paper bills*	
savings accounts	*sell*	*shells*	*value*			

Money is what people use to (1)…… things. People spend money on (2)….. and services. Many people save part of their money by (3)….. it in a bank. People (4)….. money by performing services. They also earn money from (5)….., including government bonds, and from (6)….. .

(7)….. can be anything that people agree to accept in exchange for the things they (8)….. or the work they do. Ancient peoples used such varied things as (9)……, (10)…… and cattle as money. Today, most nations use metal coins and (11)….. . Different countries' (12)….. and bills look different and have different names.

A person can (13)…… his money for the money of any other country according to the (14)….. . Usually, such rates are set by the central (15)….. of a country. The (16)…… of a country's (17)…… may change, depending on the economic and political conditions in that country.

Exercise 4. ***Choose the correct answer.***

1. The going ….. for the job is $7 an hour.

a) pay b) price c) rate d) wage

2. When you buy a house you can claim tax ….. on the mortgage.

a) aid b) assistance c) benefit d) relief

3. Inflation is the first problem that the new government will have to …..

a) clasp b) grasp c) seize d) tackle

4. Mr. Teenager's ….. will be held in trust for him until he is 21. Then he will be free to spend it.

a) dowry b) heirloom c) heritage d) inheritance

5. When the company was declared bankrupt, all its fixed ….. were claimed by its creditors.

a) assets b) benefits c) funds d) sums

6. Our country has never had a large ….. in its balance of payment.

a) abundance b) addition c) overflow d) surplus

7. Miss Cheating is in trouble because she has not paid her National Insurance ….. for ten years.

a) contributions b) subscriptions c) subsidies d) tributes

8. People in financial difficulties sometimes fall ….. to unscrupulous money lenders.

a) fool b) prey c) sacrifice d) scapegoat

9. Because Mr. Sacked has just lost his job, his aunt's legacy came as a useful ….. .

a) advantage b) benefit c) profit d) windfall

10. The government has introduced ….. currency controls which will make it more difficult to holiday abroad.

a) extreme b) striking c) stringent d) strong

11. If you don't complete your income tax ….. , you may have to pay more than is necessary.

a) account b) document c) report d) return

12. As a result of increased productivity, the workers received a ….. pay increase.

a) fundamental b) palpable c) substantial d) tangible

13. $150? $250? Let's ….. the difference and say $200.

a) agree b) avoid c) decrease d) split

14. Newly ….. coins always look clean and shining .

a) minted b) moulded c) pressed d) printed

15. For some jobless people, joining the ….. queue is a humiliating experience.

a) benefit b) dole c) grant d) ration

16. If a man is legally separated from his wife, is he still …… for her debts?

a) answerable b) bound c) chargeable d) liable

17. The two men ….. a coin to see who should take care of the business on the weekend.

a) hurled b) lobbed c) threw d) tossed

18. No-one knows precisely how much she earns a month, but $4,000 can't be very ….. of the mark.

a) broad b) distant c) far d) wide

19. The ….. between the rich and the poor is very evident in the Western World.

a) deviation b) differentiation c) difference d) distance

20. The salary is $35,000 per annum, with annual ….. of $2,000 for five years.

a) annexes b) bonuses c) increments d) prizes

21. The government's policy is to ….. firms in trouble to prevent unemployment.

a) contribute b) endow c) grant d) subsidize

22. Being a teacher, I shop at stores which offer a ….. to teachers.

a) deduction b) discount c) rebate d) subsidy

23. Share prices on the Stock Exchange plunged sharply in the morning but ….. slightly in the afternoon.

a) recovered b) regained c) restored d) retrieved

24. The firm will go bankrupt if it cannot meet its ….. .

a) charges b) duties c) liabilities d) promises

25. Mr. Businessman needed $10,000, but as his capital was ….. up in shares, he borrowed it from his bank.

a) bound b) knotted c) locked d) tied

TOPIC

THE FUNCTIONS AND CHARACTERISTICS OF MONEY

American businesses produce, market, and distribute goods and services. Money makes it possible for businesses to obtain what they need from **suppliers** and for **consumers** to obtain goods. Money is defined as anything customarily used as a **medium of exchange**, a **unit of accounting**, and a **store of value**. The basis of the market economy is voluntary exchange. In the American economy, the exchange usually involves money in return for a good or service.

The Functions of Money

Most Americans think of money as bills, coins, and checks. Historically, and in other economies, money might be shells, gold, or even goods such as sheep. Economists identify money by the presence or absence of certain functions. Anything that is used as a medium of exchange, a unit of accounting, and a store of value is considered money. For example, Native Americans used *wampum* – beads made from shells. Fijians have used whales' teeth.

There are three functions of money.

Medium of Exchange. To say that money is a medium of exchange simply means that a seller will accept it in exchange for a good or service. Most people are paid for their work in money, which they then can use to buy whatever they need or want. Without money people would have to barter – exchange goods and services for other goods and services.

Suppose you worked in a grocery store and were paid in groceries because money did not exist. To get whatever you need, such as clothes and housing, you would have to find people who have the goods that you want. In addition, those people would have to want the exact goods – in this case, groceries – that you have. *Barter* requires what economists call a **double coincidence** of wants. Each party to a transaction must want exactly what the other person has to **offer**. This situation is rare. As a result, people in societies that barter for goods spend great amounts of time and effort making trades with one another. Bartering can work only in small societies with fairly simple economic systems.

Unit of Accounting.

Money is the **yardstick** that allows people to compare the values of goods and services in relation to one another. Money which is a **measure** of value functions in this way as a unit of accounting. Each nation uses a basic unit to measure the value of goods, as it uses the foot or meter to measure distance. In the United States, this base unit of value is the dollar. In Japan, it is the yen; in France, the franc. An item for sale is marked with a price that indicates its value in terms of that unit.

Using money as the single unit of accounting provides a simple and convenient way to compare the values of various items. By using money prices as a factor in comparing goods, people can determine whether one item is a better **bargain** than another. A single unit of accounting also allows people to keep **accurate** financial **records** – records of **debts owed**, **income** saved, and so on. Businesspeople can better calculate their **profits** and losses over the years by using a single money unit of accounting.

Store of Value.

Money also serves as a store of value. You can sell something, such as your labor, and store the purchasing power that results from the sale in the form of money for later use. People usually receive their money income once a week, once every two weeks, or once a month. However, they usually spend their income at different times during a pay period. To be able to buy things between paydays, a person can store some of his or her income **in cash** and some in a **checking account.** It is important to note that in periods of rapid and unpredictable inflation, money is less able to act as a store of value.

The Types and Characteristics of Money

Anything that people are willing to accept in exchange for goods can serve as money. At various times in history, **cattle**, salt, **animal hides**, **gems**, and tobacco have been used as mediums of exchange. Each of these items has certain characteristics that it better or worse than others for use as money. Cattle, for example, are difficult, to transport, but they are durable. Gems are easy to carry, but they are not easy to split into small pieces to use.

The table below lists the major characteristics that to some degree all items used as money must have. Almost any item that meets most of these criteria can be and probably has been used as money. Precious metals, however, particularly gold and silver, are especially well suited as mediums of exchange, and have often been used as such throughout history. It is only in more recent times that paper money has been widely used as a medium of exchange.

Mediums of exchange such as cattle and gems are considered **commodity money**. They have value as a commodity, or good, aside from their value as money. Cattle are used for food and transportation. Gems are used for jewelry.

Representative money is money backed by – exchangeable for – some commodity, such as gold or silver. It is not in itself valuable for nonmoney uses, but it can be exchanged for some valuable item. Like commodity money, the amount of **representative money circulation**, or in use by people, is limited because it is linked to some scarce good, such as gold. At one time the United States government issued representative money in the form silver and gold certificates. In addition, private banks accepted deposits of gold or silver and issued paper money, called bank notes. These were a promise to convert the paper money into coin or bullion on demand. The banks were supposed to keep enough gold or silver in reserve – **on hand** to **redeem** their bank notes. Often, they did not.

Today all United States money is fiat money. Its face value occurs through government fiat, or order. It is in this way declared legal tender.

Characteristic	Description
Durable	Money must be able to withstand the wear and tear of being passed from person to person. Paper money lasts on the average of only one year, but old bills can be easily replaced. Coins, in contrast, last for years.
Portable	Money can be carried around easily. Though paper money is not very durable, people can easily carry large sums of paper money.
Divisible	Money must be easily divided into small parts so that purchases of any price can be made. Carrying coins and small bills makes it possible to make purchases of any amount.
Stable in value	Money must be stable in value. Its value cannot change rapidly or its usefulness as a store of value will decrease.
Scarce	Whatever is used as money must be scarce. That is what gives it value.
Accepted	Whatever is used as money must be accepted as a medium of exchange in payment for debts. In the United States, acceptance is based on the knowledge that others will continue to accept paper money, coins, and checks in exchange for desired goods and services.

DIALOGUE

Jack: I really want to buy a new car, but it's no good. I can't **afford** it.

Mike: But you've got a great job. You must **earn** a decent salary.

Jack: Yeah, but I'm still **paying off** my student debts and I've got a massive mortgage.

Mike: How much do you **owe** for your student loan? You must have paid off most of it by now.

Jack: Don't forget the fees went up before I started uni. They **charged** me a lot more than you had to pay.

Mike: Yeah, yeah. How much does the car **cost** anyway?

Jack: It's not too much. Well, I can't **afford** to buy it outright, but there's a good finance deal. All I need is the deposit.

Mike: How much is it?

Jack: Five thousand.

Mike: Wow. That's quite a lot.

Jack: Yeah. I've been **saving** for a bit and I can afford to **spend** four thousand.

Mike: So you're a thousand short.

Jack: Yeah.

Mike: Would you like me to **lend** you the difference?

Jack: No, I couldn't. I don't like **borrowing** money off friends.

Mike: You've **borrowed** money off me before.

Jack: Yeah, but only a small amount that I know I could **pay back** right away.

Mike: If you need a new car and want to **borrow** the money, I'll be happy to **lend** it to you.

Jack: That's very kind of you, but I'll keep **saving** … for now.

TOPICAL VOCABULARY

suppliers – постачальники

consumers – споживачі

medium of exchange – засіб обміну

unit of accounting – одиниця обліку

store of value – запас вартості

double coincidence – подвійний збіг

offer – пропозиція

yardstick – мірило

measure – міра

bargain – вигідна угода

accurate – точний

records – записи

debts – борги

owe – бути винним

income – дохід

profit – прибуток

in cash – готівкою

checking account – розрахунковий рахунок

cattle – велика рогата худоба

animal hides – шкури тварин

gems – коштовне каміння

commodity money – товарні гроші (нерозмінні гроші)

representative money – представницькі гроші

circulation – обіг

on hand – в обігу (на руках)

redeem – викуповувати

afford – дозволити соб

earn – заробляти

pay off – розплачуватися

charge – стягувати

save – заощаджувати

spend – витрачати

lend – давати в борг

borrow – позичати

pay back – повертати

Wampum are beads made from various white and purple mollusk shells which were and are still used by various Native nations throughout northeastern North America for ornamental or ceremonial use.
Bartering is the exchange of goods and services between two or more parties without the use of money. It is the oldest form of commerce.

Remember Money Vocabulary

Bank charge	money that a customer pays to a bank for its services.
Bank statement	a document that keeps record of the money put into and taken out of a bank account.
Broke	without money. "I can't afford to go out tonight. I'm broke."
Cheque	a printed form, used instead of money, to make payments from your bank account.
Currency	the money that is used in a particular country.
Debt	money which is owed to someone else.
Draft	a written order for money to be paid by a bank, especially to another bank.
Exchange	to give something to someone and receiving something in return. "The skirt I bought was too small so I exchanged it for a bigger one."
Funds	an amount of money that has been saved or has been made available for a particular purpose. "The company does not have the funds to buy new equipment."
Haggle	to argue with somebody in order to reach an agreement about the price of something.
Inherit	to receive money from somebody when they die.
Interest rate	the per cent of an amount of money which is charged or paid by a bank or other financial company.
Invest	to put money into something to make a profit.
Loan	a sum of money which is borrowed, often from a bank, and has to be paid back.
Rate	an amount or level of payment.
Save	to prevent money being wasted or spent.

Transfers	when money moves from one place to another e.g. from one bank account to another.
Withdraw	to take out or remove money from the bank.

A **1 bill** is a printed statement showing the money you owe for services, goods, or utilities, and a **2 fee** is a fixed price you pay a person or organization for their services.

- *Our electricity **bill** was higher than usual last month.*
- *The lawyer's **fee** was much higher than I'd expected it to be.*

3 Expenses are the money that a person or company has to pay for goods or services, such as food and bills.

- *I generally use cash to pay for my day-to-day **expenses**.*

4 Revenue is the total amount of money made by an organization's operations over a given period, and **5 income** is the money that remains from the revenue after all the taxes and expenses have been deducted.

- *The company's **revenue** came to over $20,000,000 last year.*
- *Their **income** more than doubled in less than a year.*

6 Funding is money given to finance a specific project or purpose, which can come from various sources like governments, organizations, or investors.
A **7 grant** is a type of funding that is typically given by a government or organization for a specific purpose, such as education and does not need to be repaid.

- *I received a **grant** from the government to study for my postgraduate degree.*
- *We received **funding** from the government to carry out our research.*

Your **8 budget** is the amount of money that you have available to spend.

- *The project went over **budget** and required additional funding.*
- *Our monthly household **budget** includes expenses for groceries, utilities, and rent.*

An **9 installment** is one of a number of payments of a fixed amount paid for goods or services over a specific period of time, whereas a **10 lump sum** is a single payment that is made at a given time instead of paying in installments.

- *I decided to pay for it in **installments** over a twelve-month period.*
- *You save a bit more money by paying the **lump sum**.*

A **11 mortgage** is a particular kind of loan specifically for purchasing property, such as a house or apartment. The **12 interest rate** is the percentage charged by the lender for the loan, which influences the total amount that will be repaid over time.

- *We recently took out a **mortgage** to buy a flat in the center of town.*
- *The **interest rate** on our loan has risen by 2%.*

The **13 cost of living** refers to the amount of money needed for basic necessities like housing, food, taxes, and healthcare. The **14 standard of living**, on the other hand, is the general level of wealth and comfort of people in a specific society.

- *The **cost of living** has risen in the past year.*
- *We have a relatively high **standard of living** around here.*

A **15 bargain** is an item offered for sale at a lower price than expected. A **16 rip-off** is something that you buy that was too expensive for the quality you got.

- *I bought these heels for $10. What a **bargain**!*
- *$30 for a pizza is an absolute **rip-off**!*

EXERCISES

Exercise 1. ***Fill in the gaps with the verbs from the dialogue.***

_________________ to be able to buy something because you have enough money;

_________________ to take something from a person but agree to return it;

_________________ to demand money in exchange for a service;

_________________ to demand a sum of money to buy something;

_________________ to receive money as payment for work;

_________________ to give someone something but expect to get it back;

_________________ to need to give someone money because they lent it to you or did something for you;

_________________ to exchange money for things or services;

_________________ to try not to spend money so you can collect enough to pay for something you can't normally afford;

_________________ to pay for things with money.

Exercise 2. ***Fill the gaps while you learn vocabulary related to money:***

1. When I need money I ___ some from a cash machine.

   a) refund
   b) lend
   c) withdraw

2. They ___ ten percent of their wages every month to go on holiday.

   a) exchange
   b) save
   c) invest

3. The banks give ___ to people or companies to help them with their projects.

   a) rate
   b) loans
   c) interest

4. The ___ is a price that people or companies pay in order to use the money for a certain period of time.

   a) interest rate
   b) bank statement
   c) bank charges

5. The dollar is the most important ___ in the foreign exchange market.

   a) currency
   b) rate
   c) draft

6. The movements of money between banks are called ___.

a) cheque
b) transfers
c) funds

7. When people decide to start a business they need to ___ money, looking for profitable returns.

a) save
b) invest
c) debt

8. When I want to buy something I always ___in order to get a lower price.

a) haggle
b) inherit
c) broke

Exercise 3. ***Fill in the gaps with the correct verb, in the correct form.***

(not) earn	*inherit*	*borrow*	*lend*	*steal*	*find*
invest	*waste*	*pay (back)*	*owe*	*withdraw*	

1. When I was younger, I _______________ some money in Nokia. It was a really good idea because the company has been very successful, and I have made a lot of money.

2. I was very sad when my grandfather died, but I used the money I _____________ from him to study, and I think he would be very happy that I am a teacher now.

3. Claire works as a secretary, but she _______________ much money, so her mum often has to _______________ her some.

4. A couple of years ago I _____________ £20 outside the pub. I ____________ it all on things I didn't need.

5. When I was a student I had to _______________ lots of money from the bank. I ___________ all the money back last year, so now I don't ________ the bank anything.

6. You should be careful when you ______________ money from a cashpoint machine because somebody might be behind you waiting to ___________ it from you.

Exercise 4. ***Give the names for the defined money expressions:***

1. A fixed amount which is paid, usually monthly, to workers of higher rank	a s _ _ _ _ _
2. An amount of money that you lend to someone	a l _ _ _
3. A sum of money that is owned by someone	a d _ _ _
4. Money which is in the form of coins and notes, not cheques	c _ _ _
5. An amount of money you receive, usually weekly, in return for labour or service	a w _ _ _
6. Money paid by divorced father to his former wife for the upkeep of his children	a_ _ _ _ _ _ y
7. Tax on imported articles paid to the customs	_ _ _ y
8. Paid at a restaurant after eating	a _ _ _ l
9. Extra percentage paid on a loan	i _ _ _ _ _ _ _
10. Money paid for professional services, e.g. to a doctor	a f _ _
11. Money paid by the state, usually to students	a g _ _ _ _
12. Money paid by a company or the state on your retirement	a p _ _ _ _ _ _
13. Paid as a punishment for breaking the law	a f _ _ _
14. Paid to the government for services that the state provides	_ _ _ _ s
15. Paid while traveling, especially on public transport, buses, train, etc.	a f _ _ _

Exercise 5. ***Pay attention to the topic vocabulary in contrast. Do you know the difference between these words?***

Economic /economical	discount/offer	till/checkout
receipt /bill	price/cost	products/goods
make /brand	change/cash	refund/exchange
bargain/sale	wealth/fortune	fake/plastic

Exercise 6. ***Check yourself and choose the correct word.***

1. My grandfather made a ____ by investing at the right time.

   a) fortune

   b) wealth

2. I think you'll find that the Microcar is really very ____ to drive.

   a) economical

   b) economic

3. I'm afraid we can only accept the return of the item if you still have the ______.

   a) receipt

   b) bill

4. If you show this coupon at the ______, you'll receive a free gift.

   a) checkout

   b) discount

5. I'm not keen on Justin Timberlake so I'll try to _____ this CD for one by Blue.

   a) exchange

   b) refund

6. The assistant called the manager when the note I gave her turned out to be ______.

   a) fake

b) plastic

7. This unbeatable special _____ is only available until the end of the week, so hurry!

a) offer

b) bill

8. Excuse me, but I don't suppose you have ____ for a fifty, do you?

a) change

b) make

9. I went back to the shop a week later, and the ____ had gone up by 50%!

a) price

b) cash

Exercise 7. ***Match the definitions with the correct money word:***

1. an allowance	a. money paid to authors or investors according to the sales of their work
2. a bonus	b. a sum of money used to make more money from something that will increase in value
3. commission	c. the money which a building society or bank lends to someone to buy a house
4. a deposit	d. the money that a person pays to an insurance company to protect against loss or damage
5. a dividend	e. money, usually from a relative, to live on
6. an investment	f. an additional payment which is a reward to those who work for a company for their extra work
7. a legacy	g. the amount of money borrowed from a bank, greater than that which is in your account
8. maintenance	h. money received from someone in his or her will
9. an overdraft	i. the amount of money that goes to a shareholder
10. a premium	j. money paid by divorced or separated people to support the

	former husband or wife
11. royalties	k. part of the value of a company that you may buy
12. a share	l. part-payment of money which you make to stop the seller from selling his goods to others
13. a mortgage	m. an amount of money, related to the value of goods sold, which is paid to a salesman for his services

Exercise 8. ***Choose one correct answer.***

1. He doesn't have enough money to buy a new car, so he's going to ask the bank for a ______.

a) grant

b) loan

c) deposit

2. The official ______ in France is the Euro (€).

a) exchange rate

b) currency

c) debt

3. I always check the ______ before I go abroad, so that I can better understand the prices.

a) salary

b) exchange rate

c) deposit

4. I had to pay a ______ before I started renting my apartment in case anything is broken or missing when I leave.

a) loan

b) debt

c) deposit

5. She received a ______ from the government to help start her business, and doesn't need to pay it back in the future.

a) loan

b) grant

c) refund

6. My parents are in ______ because they have spent more money than they have in their bank account.

a) loan

b) debt

c) borrow

7. I'm starting a new job next year. It should be more interesting and I will get paid a higher ______ than I'm getting at the moment.

a) grant

b) salary

c) currency

8. You _____ _ me €50, because you forgot your wallet when we went out at the weekend.

a) borrow

b) owe

c) lend

9. She didn't like her birthday present, so we took it back to the shop and got a ______.

a) refund

b) grant

c) loan

10. I needed to ______ some money from my brother because the restaurant didn't accept my credit card.

a) owe

b) borrow

c) lend

Exercise 9. ***For each of the six questions choose one correct answer:***

1. 'I've got money in the bank again, so now I'm back in the ________.'

a. red

b. black

c. yellow

d. green

2. Choose the more formal alternative for the word in bold. ‘That picture cost me twenty quid.’

a. dollars

b. pounds

c. pence

d. cents

3. If you haven’t got any money, you are ________.

a. broken

b. broke

c. smashed

d. shattered

4. How would you say the following amount of money? £1276

a. One thousand and two hundred and seventy six pounds.

b. One thousand, two hundred and seventy six pounds.

c. One thousand and two hundred, seventy six pounds.

d. One million, two hundred and seventy six pounds.

5. “It costs a fiver”. In Britain this means ________.

a. fifty pence

b. five thousand pounds

c. five hundred pounds

d. five pounds

6. The following are all types of money. Which one do you borrow when you want to buy a house?

a. pocket money

b. mortgage

c. allowance

d. grant

Money idioms

Exercise 10. Pay attention to the idioms with their definitions!!!

1. cost an arm and a leg	a) to be very expensive
2. fritter something away	b) to waste money, time, or an opportunity
3. live beyond your means	c) to spend more money than you receive as income
4. live within your means	d) to spend less money than you receive as income
5. live from hand to mouth	e) to have just enough money to live on and nothing extra
6. make ends meet	f) to have enough money to buy what you need to live
7. money doesn't grow on trees	g) said to warn someone to be careful how much money they spend, because there is only a limited amount
8. over the odds	h) more than something is really worth
9. pay through the nose	i) to pay too much money for something
10. penny-pincher	j) a person who is unwilling to spend money
11. push the boat out	k) to spend a lot of money on celebrating something
12. rolling in it	l) to be extremely rich
13. save for a rainy day	m) to save money for a time when it might be needed unexpectedly
14. splash out	n) to spend a lot of money on buying things, especially things that are pleasant to have but that you do not need
15. tight-fisted	o) unwilling to spend money

16.tighten your belt	p) to spend less money than you did before because you have less money

Exercise 11. ***Translate the sentences into Ukrainian paying attention to the underlined idioms***

1. The repair work ***cost an arm and a leg***.
2. If I've got money in my pocket, I tend ***to fritter it away***.
3. Over 40% of Americans admitted they were ***living beyond their means***.
4. He promised that he wouldn't use his credit card too much – he wanted ***to live within his means.***
5. My father earned very little and there were four kids, so we ***lived from hand to mouth.***
6. It's not easy ***to make ends meet*** with a big family, but somehow we manage.
7. "Mum, I'd like a new bike." "I'll have to think about it – ***money doesn't grow on trees***, you know!"
8. It's a nice enough car but I'm sure she paid ***over the odds*** for it.
9. We ***paid through the nose*** to get the car fixed.
10. He takes offense at the notion he's a ***penny-pincher***, insisting all his workers are paid above minimum wage.
11. They really ***pushed the boat out*** for Annie's wedding.
12. If they can afford a yacht, they must be ***rolling in*** it.
13. Luckily she had ***saved*** some money ***for a rainy day***.
14. They ***splashed out*** £3,000 on a holiday.
15. Don't wait for Gillian to buy you a drink – she's too ***tight-fisted***.
16. I've had ***to tighten my belt*** since I stopped working full-time.

Exercise 12. ***Match the sentence halves.***

1 I'll have to tighten my	**a** the red for very long.
2 You'll never make ends	**b** mouth for years, she finally became a successful writer.

3 After living hand to	**c** a fortune through playing the lottery.
4 Very few people make	**d** belt next month or I'll soon run out of money.
5 Ben's careful with money so he's never been in	**e** the lap of luxury, but it's unlikely to happen.
6 We had to pay	**f** meet if you spend more than you earn.
7 I often dream about living in	**g** through the nose for the concert tickets, but it was worth it!

Exercise 13. ***Match the parts of the idioms. Make up sentences of your own.***

a rainy day	tighten your		belt	fritter
on trees	push the		boat out	save for
your means	make ends		meet	money doesn't grow
out	tight-		fisted	live beyond
rich	penny-		pincher	splash
the nose	rolling		in it	stinking
to mouth	over the		odds	pay through
away	cost an arm		and a leg	live from hand

Exercise 14. Translate the following text into English.

Гроші – це платіжний засіб, особливий товар, що є загальною еквівалентною формою вартості інших товарів та послуг. Гроші є мірилом вартості та засобом обігу. Крім того, вони є засобами нагромадження та платежу. З утворенням світового ринку, деякі національні гроші стали виконувати функції світових.

Гроші виконують низку важливих функцій:

- **Міра вартості** – гроші забезпечують вираження і вимірювання вартості товарів, надаючи їй форму ціни. Для забезпечення можливості сучасним фіатним грошам бути мірою вартості держава у законодавчому порядку впроваджує певну грошову одиницю для розрахунків – національну валюту, а інколи впливає і на масштаб цін.
- **Засіб обігу** – гроші є посередником в обміні товарів і забезпечують їх обіг.
- **Засіб нагромадження** – гроші можуть бути засобом збереження вартості, представником абстрактної форми багатства. Сутність цієї функції полягає в тому, що гроші перетворюються на скарб, виходять зі сфери обігу. Це зменшує пропозицію грошей на ринку, що дозволяє уникати інфляції. Втрата грошима цієї функції (наприклад, через відсутність довгострокової довіри до фіатних грошей) провокує інфляцію.
- **Засіб платежу** – гроші обслуговують погашення різноманітних боргових зобов'язань між суб'єктами економічних відносин.
- **Світові гроші** обслуговують рух вартості в міжнародному економічному обороті і забезпечують реалізацію взаємовідносин між країнами.

https://uk.wikipedia.org/

GRAMMAR REVISION

TENSES IN ACTIVE VOICE

TENSES IN ENGLISH

TENSES IN ENGLISH

Tense	Formation		Auxiliary Verb	Negative and Interrogative Form	Signal Word
		Simple Tenses			
Present Simple	**Verb (V)** he she **V+*(e)s*** it	I ***run*** my own business. He ***runs*** his own business.	**do** he she } **does** it	I **don't *run*** my own business. **Do** you ***run*** your own business? He **doesn't *run*** his own business. **Does** he ***run*** his own business?	***usually, always, sometimes, often, seldom, as a rule, every day (week, month)***
Past Simple	**regular V + *-ed*** **irregular V – *II form***	We launch***ed*** the product. I ***ran*** my own business.	**did**	We **did not launch** the product. **Did** we **launch** the product? I **didn't *run*** my own business. **Did** you ***run*** your own business?	***yesterday last year (week, month), 3 years ago, in 1999***

Future Simple	***will*** **(shall) + V**	They ***will run*** their own business.	**will**	They **will not (won't)** ***run*** their own business. **Will** they ***run*** their own business?	***tomorrow, the day after tomorrow, next year (week), in 3 years***
Continuous Tenses					
Present Continuous	am is + **V** +-***ing*** are	I ***am reading*** the contract. He ***is reading*** the contract.. We ***are reading*** the contract..	**am** **is** **are**	I **am not reading** the contract. **Are** they **reading** the contract?	***now, at present, at the moment***
Past Continuous	was were + **V +-*ing***	I ***was reading*** the contract. We ***were reading*** the contract.	**was** **were**	I **was not reading** the contract. **Was** he **reading** the contract? They **were not reading** the contract. **Were** they **reading** the contract?	***from 5 till 6 yesterday, at 6 o'clock yesterday, when I came***
Future Continuous	***will be*** **+ V +--*ing***	They ***will be reading*** the contract.	**will**	I **will not be reading** the contract. ***Will*** they ***be reading*** the contract?	***from 5 till 6 tomorrow, at 6 o'clock tomorrow***
Perfect Tenses					

Present Perfect	***have*** + **regular V + *-ed* irregular V – *III form*** he, she, it ***has*** + **regular V + *-ed* irregular V – *III form***	I ***have read*** the contract. We ***have visited*** our friends. He ***has read*** the contract.	**have** **has**	I **have not read** the contract. **Have** you **read** the contract? He **has not read** the contract. **Has** he **read** the contract?	***already, just, ever, never, yet, lately, recently, today, this year (week, month), for…, since…***
Past Perfect	***had*** + **regular V + *-ed* irregular V – *III form***	I ***had read*** the contract.	**had**	I **had not read** the contract. **Had** you **read** the contract?	***by 6 o'clock yesterday, before I came***
Future Perfect	***will have*** + **regular V + *-ed* irregular V – *III form***	They ***will have read*** the contract.	**will**	He **will not have read** the contract. **Will** he **have read** the contract?	***by 6 o'clock tomorrow, before I come***
			Perfect Continuous Tenses		
Present Perfect Continuous	***have*** + ***been*** + **V+*-ing*** he, she, it ***has*** + ***been*** + **V+*-ing***	I ***have been reading*** the contract. He ***has been reading*** the contract.	**have** **has**	I **have not been reading** the contract. **Has** he **been reading** the contract?	***for…, since…, all day***
Past Perfect Continuous	***had*** + ***been*** + **V+*-ing***	I ***had been reading*** the contract.	**had**	I **had not been reading** the contract. **Had** he **been**	***for…, since…, all day***

				reading the contract?	
Future Perfect Continuous	***will have*** + ***been*** + **V+-*ing***	I ***will have been reading*** the contract. They ***will have been reading*** the contract.	**will**	I **will not have been reading** the contract. **Will** he **have been reading** the contract?	***for…, since…, all day***

EXERCISES

Exercise 1. ***Write the simple past form of the verbs in parentheses.***

1. It wasn't until 1998 that they _______ *(begin)* to diversify their product line.
2. Many companies _______ *(bid)* on the project.
3. The ad campaign _______ *(lead)* to a 20% increase in sales.
4. The economy ______ *(grow)* by less than 1% last year and unemployment levels remained high.
5. Management _______ *(cut)* costs by getting rid of some perks they had previously offered.
6. Last year, we _______ *(shut)* down production for a few days during the holiday season.
7. The union leaders _______ *(hold)* a meeting to discuss their demands.
8. I had a lot of work to do, but fortunately one of my coworkers _______ *(lend)* me a hand.
9. Everyone on the team _______ *(know)* that it was going to be a challenge.
10. The whole sales team _______ *(eat)* lunch together last Tuesday.

Exercise 2. ***Complete the sentences with the correct form of the verb and the appropriate money-related term from the box.***

(earn, invest, spend, save, owe, loan, debt, bankrupt, income, profit)

1. He _______ (*spend*) most of his monthly _______ on rent and utilities.

2. Last year, I _______ (*invest*) in a new company, and it has already started generating _______.
3. She _______ (*owe*) her friend $200 because she forgot to repay the _______ she borrowed.
4. By the time we _______ (*realize*) the risks, we had already lost our entire _______.
5. If you _______ (*save*) regularly, you wouldn't have so much _______ now.
6. They _______ (*declare*) bankruptcy after their business failed due to massive _______.
7. He _______ (*earn*) a good salary, but he doesn't know how to _______ wisely.
8. I _______ (*spend*) all my savings on a new car last month, and now I have to _______ more carefully.
9. By next year, I _______ (*invest*) in three properties to increase my _______.
10. The company _______ (*go*) bankrupt last year, but its CEO still _______ millions from the business.

Exercise 3. ***Use the correct money-related collocation to fill in the blanks:*** *(earn a living, take out a loan, manage expenses, reduce debt, make a profit, declare bankruptcy, pay off a loan, save money, cut costs, invest wisely)*

1. If you want to _______ for emergencies, you need to create a budget.
2. They had to _______ after failing to keep their business afloat.
3. She works two jobs to _______ and support her family.
4. He plans to _______ by the end of the year to free himself from financial stress.
5. We're looking for ways to _______ without compromising quality.
6. The company hopes to _______ this quarter by introducing a new product.
7. It's important to _______ when dealing with the stock market.
8. I had to _______ from the bank to pay for my tuition fees.
9. Learning how to _______ is an essential skill for financial independence.

10. They are focusing on strategies to _______ and avoid interest charges.

Exercise 4. ***Conjugate the verb in parentheses into the correct tense to complete the sentence.***

1. If I _______ (*save*) $500 more last year, I would have been able to go on vacation.
2. By the end of this year, I _______ (*earn*) enough to pay off my debts.
3. While they _______ (*discuss*) their budget, they realized they had overspent.
4. He _______ (*invest*) in the stock market for five years now.
5. Next week, we _______ (*open*) a joint savings account.
6. I _______ (*spend*) too much money lately, so I need to stop.
7. She _______ (*owe*) me $50, but she promised to repay it by tomorrow.
8. They _______ (*declare*) bankruptcy last year after their business failed.
9. If he _______ (*invest*) in real estate earlier, he would be much richer now.
10. By the time I finish this project, I _______ (*earn*) enough to take a long vacation.

Exercise 5. ***Each sentence contains an error. Identify and correct it.***

1. I was saved $500 last month to buy a new phone.
2. She is invest in real estate to grow her wealth.
3. They had went bankrupt because they couldn’t repay their debts.
4. If he save more money, he would have avoided this financial crisis.
5. He will have repaid the loan after six months ago.
6. She borrowed a large debit from the bank to start her business.
7. While they were discussed their budget, they realized they needed to cut expenses.
8. The company has made a huge profit last year.
9. He hasn’t earn enough income to cover his expenses.
10. By the time I was realizing it, I already spent too much.

Exercise 6. ***Choose the correct answer***

1. If he doesn't come in the next 10 minutes, we _______________ without him.

   a) started

   b) would start

   c) will start

2. He _______________ a manager when he was 25.

   a) has become

   b) became

   c) was becoming

3. _______________ the details of the proposed merger.

   a) Let's to discuss

   b) Let's discuss

   c) Let's be discussing

4. Our distributor called while I _______________ to Jim. (I'm no longer talking to Jim)

   a) was talking

   b) have been talking

   c) would be talking

5. I thought about your proposal, and I think we _______________ it.

   a) accept

   b) will have accepted

   c) will accept

6. How long __________________ in sales?

   a) B or C

   b) have you worked

   c) have you been working

7. I have __________________ your proposal, and I'm quite impressed.

   a) reviewed

   b) reviewing

   c) review

8. The mayor failed _______________ the striking workers to return to contract talks.

a) persuade

b) A or C

c) to persuade

9. The union _______________ on Tuesday to resume contract talks.

a) was being agreed to

b) agreed

c) has been agreeing

10. Negotiations _______________ to continue into the weekend.

a) are expected

b) are expecting

c) expect

Exercise 7. ***Choose the correct option to complete each sentence.***

1. He ________ *(spend/spends/spending)* most of his income on rent every month.
2. By the end of this year, they ________ *(will save/will have saved/saved)* enough money to buy a new car.
3. She ________ (*has invested/investing/invests*) in stocks for over a decade.
4. If I ________ (*save/saved/had saved*) more money last year, I could have gone on vacation.
5. They are planning to take out a ________ (*debt/loan/bankrupt*) to start a new business.
6. The company declared ________ (*profit/income/bankruptcy*) after failing to pay its debts.
7. He ________ (*owed/owes/owing*) me $50, but he hasn't paid me back yet.
8. While they ________ (*discussing/discuss/discussed*) their expenses, they realized they overspent.

9. If she _______ (*earns/earned/earning*) a promotion, she will be able to increase her savings.
10. The bank offers a higher interest rate for _______ (*loan/deposit/savings*) accounts.

Exercise 8. ***Complete the following story using the appropriate tenses and money-related vocabulary:***

Last year, I _______ (decide) to start a small online business. At first, I _______ (spend) most of my savings on setting up the website and marketing. To cover additional expenses, I _______ (take out) a small loan from the bank. By the end of the first quarter, I _______ (earn) a small profit, which I _______ (reinvest) into the business. However, things weren't always easy. There were times when I _______ (worry) about managing my expenses. If I _______ (not save) carefully, I wouldn't have been able to keep the business running. Now, I _______ (plan) to expand my services, and I hope that by next year, I _______ (achieve) my financial goals.

Exercise 9. ***Rearrange the words to form meaningful sentences.***

1. earned / last year / he / much / profit / how / did?
2. will / the loan / pay / off / I / next month.
3. saving / she / been / money / has / months / for.
4. couldn't / they / expenses / manage / their / properly.
5. planning / are / invest / they / in / real estate / to.
6. had / declared / the company / before / bankruptcy / I arrived.
7. owes / him / she / still / $100 / after / all this time.
8. reduce / to / they / their / had / costs / immediately.
9. discussing / were / the budget / while / their / they.
10. will / make / we / this quarter / a / profit / likely.

UNIT 2

THE WORLD'S MAJOR CURRENCIES

TEXT

The forex market is the world's largest and most liquid market, with trillions of dollars traded on any given day between millions of parties. For those just getting started in the forex market, one of the first steps is to gain familiarity with some of the more commonly traded currencies and their popular uses in not only the forex market but in general as well. Let's take a look at several popular currencies that all forex observers should be acquainted with and some of their underlying **traits** and characteristics.

1. The U.S. Dollar

First and **foremost** is the U.S. dollar, the most traded currency on the planet. The USD can be found in pairs with all the other major currencies and often acts as an **intermediary** in triangular currency transactions. This is all because the USD acts as the unofficial global reserve currency, held by nearly every central bank and institutional investment entity in the world.

In addition, due to the U.S. dollar's global acceptance, it is used by some countries as an official currency, as opposed to a local currency, a practice known as dollarization. Also, the U.S. dollar may be widely accepted in other nations, acting as an informal alternative form of payment, while those nations maintain their official local currency.

The dollar is also an important factor in the foreign exchange rate market for other currencies, where it may act as a **benchmark** or **target rate** for countries that choose to fix or peg their currencies to the USD's value. For instance, as of 2011, China has its currency, the renminbi, still **pegged** to the dollar, much to the disagreement of many economists and central bankers. Quite often countries will fix their exchange rates to the USD to stabilize their exchange rate, rather than allowing the free (forex) markets to **fluctuate** their relative value.

One other feature of the USD that is important for **novices** in forex to understand is that the dollar is used as the standard currency for most **commodities**, such as **crude oil** and **precious metals**. So what's important to understand is that these commodities are subject to not only **fluctuations** in value due to the basic economic principles of supply and demand but also the relative value of the U.S. dollar, with prices highly sensitive to inflation and U.S. interest rates, which directly affect the dollar's value.

2. The Euro

Although relatively new to the world stage, the euro has quickly become the second most traded currency behind only the U.S. dollar. Also, the euro is the world's second-largest reserve currency. The official currency of the majority of the nations within the eurozone, the euro was introduced to the world markets on January 1, 1999, with banknotes and coinage entering circulation three years later.

Along with being the official currency for most eurozone nations, many nations within Europe and Africa peg their currencies to the euro, for much the same reason that currencies are pegged to the USD- to stabilize the exchange rate..

With the euro being a widely used and trusted currency, it is very **prevalent** in the forex market, and adds liquidity to any currency pair it trades within. The euro is commonly traded by speculators as a play on the general health of the eurozone and its member nations. Political events within the eurozone can often lead to large trading volumes for the euro, especially in relation to nations that saw their local interest rates fall dramatically at the time of the euro's **inception**, notably Italy, Greece, Spain, and Portugal. The euro may be the most "politicized" currency actively traded in the forex market.

3. The Japanese Yen

The Japanese yen is easily the most traded currency in Asia and is viewed by many as a **proxy** for the underlying strength of Japan's manufacturing-export economy. As Japan's economy goes, so goes the yen (in some respects). Many use the yen to **gauge** the overall health of the Pan-Pacific region as well, taking economies such as South Korea, Singapore, and Thailand into consideration, as those currencies are traded far less in the global forex markets.

The yen is also well known in forex circles for its role in the **carry trade**. With Japan having basically a zero interest rate policy for much of the 1990s and 2000s, traders have borrowed the yen at next to no cost and used it to invest in other higher-yielding **currencies** around the world, pocketing the rate differentials in the process. With the carry trade being such a large part of the yen's presence on the international stage, the constant borrowing of the Japanese currency has made appreciation a difficult task. Though the yen still trades with the same fundamentals as any other currency, its relationship to international interest rates, especially with the more heavily traded currencies such as the **greenback** and the euro is a large determinant of the yen's value.

4. The Great British Pound

The Great British Pound, also known as the pound sterling is the fourth most traded currency in the forex market. It also acts as a large reserve currency due to its relative value compared to other global currencies. Although the U.K. is an official member of the European Union, it chooses not to adopt the euro as its official currency for a variety of reasons, namely **historic pride** in the pound and maintaining control of domestic interest rates. For this reason, the pound can be viewed as a **pure play** on the United Kingdom. Forex traders will often base its value on the overall strength of the British economy and the political stability of its government. Due to its high value relative to its peers, the pound is also an important currency benchmark for many nations and acts as a very liquid component in the forex market.

5. The Swiss Franc

The Swiss franc, much like Switzerland, is viewed by many as a “neutral” currency. More correctly, the Swiss franc is considered a **safe haven** within the forex market, primarily due to the fact that the franc tends to move in a negative correlation to more **volatile commodity currencies** such as the Canadian and Australian dollars, along with U.S. **Treasury yields**. The Swiss National Bank has actually been known to be quite active in the forex market to ensure that the franc trades with a relatively-tight range, to reduce **volatility** and keep interest rates in line. (This is the relationship between the euro and the Swiss franc currency pairs)

6. The Canadian Dollar

Last on our list we take a look at the Canadian dollar, also known as the loonie. The loonie is probably the world’s foremost commodity currency, meaning that it moves in step with the commodities markets, notably crude oil, precious metals and minerals. With Canada being such a large exporter of such commodities the loonie is very volatile to movements in their underlying prices, especially crude oil. Traders often trade the Canadian dollar to speculate on the movements of these commodities or as a **hedge** to their holdings of those underlying contracts.

Additionally, being located in such close proximity to the world’s largest consumer base, the United States, the Canadian economy, and subsequently the Canadian dollar is highly correlated to the strength of the U.S. economy and movements in the U.S. dollar as well.

As we have seen, every currency has specific features that affect its underlying value and price movements relative to other currencies in the forex market. Understanding what moves a currency and why is a **pivotal step** in becoming a successful participant in the forex market.

VOCABULARY

1. traits – особливості
2. foremost – в першу чергу
3. intermediary – посередницький
4. investment entity – інвестиційне підприємство
5. global acceptance – всесвітнє визнання
6. exchange rate market – ринок обмінного курсу
7. a benchmark – еталонний тест
8. target rate – цільовий показник
9. peg – установлювати ціни
10. fluctuate – коливатися
11. novice – початківець
12. commodity – товар
13. crude oil – сира нафта
14. precious metals – дорогоцінні метали
15. fluctuations – коливання
16. prevalent – домінуючий
17. Inception – початок
18. proxy – довірена особа
19. gauge – вимірювати
20. carry trade – здійснювати торгівлю
21. yielding currencies – уступаючі валюти
22. greenback – банкнота
23. historic pride – історична гордість
24. pure play – чиста гра
25. safe haven – притулок
26. volatile commodity currencies – непостійні товарні валюти
27. treasury yields – казначейські врожаї
28. volatility – непостійність
29. hedge – відгороджувати

30. pivotal step – ключовий крок

EXERCISES

Exercise 1. ***Join the expressions and their Ukrainian equivalents.***

1) liquid market	a) постійне запозичення
2) reserve currency	b) ліквідний ринок
3) exchange rate market	c) політика щодо процентних ставок
4) relative value	d) товарні валюти
5) demand	e) резервна валюта
6) supply	f) пропозиція
7)interest rate policy	g) ринок обмінного курсу
8) constant borrowing	h) загальна чисельність
9) overall strength	i) попит
10) commodity currencies	j) відносне значення

Exercise 2. ***Fill the gaps with a correct preposition.***

First and foremost is the U.S. dollar, which is easily the most traded currency 1)___ the planet. The USD can be found 2)___a pair with all the other major currencies and often acts as the intermediary 3)___triangular currency transactions. This is all because the USD acts as the unofficial global reserve currency, held by nearly every central bank and institutional investment entity 4)___the world.

In addition, due to the U.S. dollar's global acceptance, it is used by some countries as an official currency, as opposed 5)___a local currency, a practice known as dollarization. As well, the U.S. dollar may be widely accepted 6)___other nations, acting as an informal alternative form 7)___payment, while those nations maintain their official local currency.

The dollar is also an important factor 8)___the foreign exchange rate market for other currencies, where it may act as a benchmark or target rate for countries that choose to fix or peg their currencies 9)___the USD's value. For instance, as of 2011, China has its currency, the renminbi, still pegged to the dollar, much to the disagreement 10)___many economists and central bankers. Quite often countries will fix their exchange rates 11)___ the USD to stabilize their exchange rate, rather than allowing the free (forex) markets to fluctuate its relative value.

One other feature 12)___the USD that is important 13)___novices in forex to understand is that the dollar is used as the standard currency 14)___ most commodities, such as crude oil and precious metals. So what's important to understand is that these commodities are subject to not only fluctuations 15)___value due to the basic economic principals 16)___supply and demand but also the relative value of the U.S. dollar, with prices highly sensitive 17)___inflation and U.S. interest rates, which directly affect the dollar's value.

Exercise 3. ***Fill the gaps with the words listed below.***

Euro, rate, currency, market, speculators, rates, reserve, markets, trusted, nations.

Although relatively new to the world stage, the euro has quickly become the second most traded 1)_______behind only the U.S. dollar. As well, the euro is the world's second largest 2)_______ currency. The official currency of the majority of the nations within the eurozone, the euro was introduced to the world 3)______on January 1, 1999, with banknotes and coinage entering circulation three years later.

Along with being the official currency for most eurozone 4)______, many nations within Europe and Africa peg their currencies to the euro, for much the same reason that currencies are pegged to the USD- to stabilize the exchange 5)______.

With the euro being a widely used and 6)______currency, it is very prevalent in the forex 7)______ , and adds liquidity to any currency pair it trades within. The euro is commonly traded by 8) __________ as a play on the general health of the eurozone and its member nations. Political events within the eurozone can often lead to large trading volumes for the euro, especially in relation to nations that saw their local interest 9) ______ fall dramatically at the time of the euro's inception, notably Italy, Greece, Spain and Portugal. The 10) _____ may be the most "politicized" currency actively traded in the forex market.

Exercise 4. ***Answer the questions according to the text.***

1. What is the world's largest and most liquid market?
2. What is one of the first steps of the forex market?
3. Which currency is easily the most traded on the planet?
4. Why do countries often fix their exchange rates to the USD?
5. What other feature of the USD is important for novices in forex?
6. What is the most traded currency out of Asia?
7. Which country doesn't choose to adopt the euro as its official currency?
8. Which currency is viewed by many as a "neutral" currency?
9. What currency is also known as the loonie?
10. Why the Canadian dollar is highly correlated to the strength of the U.S. economy and movements in the U.S. dollar as well?

TOPIC

There is no such thing as a world currency. However, since World War II, the dominant or reserve currency of the world has been the U.S. dollar. At one time, all currencies **were backed by gold**, meaning that every country had to hold in reserve enough gold for all of the currency in circulation. In other words, gold was the standard by which all currencies were measured. After World War II, the United States became the world's largest and most dominant economy. Due to the global expansion that took place after the war, bank reserves did not hold enough gold reserves to back the growth of the currency, which was needed to finance the global expansion further. Consequently, the U.S. disconnected from the gold standard and began to print more paper money to finance the world's growth **requirements**. Because the U.S. was such a powerful economy, other countries agreed to accept the dollar **as legitimate tender** and followed suit to **waiver** the gold standard. Thus, the dollar became the most dominant currency and almost all commodities came to be quoted internationally in U.S. dollars.

As time went by and other economies developed, so did the value of their currencies. Today, the other two major currencies are the euro (the common currency of many European member states) and the Japanese yen. While the U.S. dollar remains the reserve currency of the world, it has **depreciated** in value in recent years and, consequently, the euro has increased in importance. In fact, the world can be divided into three main currency blocks, with the Americas dealing mostly in dollars, Europe dealing in euros, and the Asian countries becoming more connected to the yen. It is no **coincidence** that the three largest economies – the U.S., Europe, and Japan – also represent the three most dominant currencies.

In the case of less dominant currencies, countries like Australia once had to do business with Japan by first doing business with the U.S. – converting its currency into U.S. dollars and then from U.S. dollars into Japanese yen. Today, there are many c**ross currencies** or **instances** when a currency pair is not associated with the U.S. dollar, allowing Australia to transact directly with Japan using AUD/JPY.

DIALOGUES

Dialogue 1

– Hi. What can I do for you?

– Yes. I'd like to **exchange** US dollars into euro. What's the **buying rate** for American dollars at your exchange office today?

– Well, today it's 0.85 (nought point eighty-five) euro to one dollar, sir.

– All right. Actually that's pretty good for today. And do you **charge any commission**?

– No, we don’t. Our rates include commission, so there are no **extra charges** here.

– Oh, that’s great!

– How much are you going to change?

– I’ve got 800 (eight hundred) US dollars.

– OK. That makes 680 (six hundred and eighty) euro. And may I see your passport or some other ID, please?

– Here you are.

– How would you like the money? Would you prefer your currency in large or small **bills**?

– In fifty euro **notes**, please, if possible.

– Sure. Please, put your signature on the **receipt**.

– Here you go.

– Thank you, sir. Here is your money.

– Sorry. But could I have new notes, please?

– Certainly. No problem.

– Thanks. Have a nice day.

Dialogue 2

- Good morning, can I help you?

- Yes, I’d like to open a **deposit account**.

- Certainly Sir. Would you like a Silver or a Gold account?

- What’s the difference?

- You can open a Silver account with just $5. The account comes with a **cash card** so you can withdraw your money at any time. The Silver account currently pays 5% interest. For the Gold account you need a minimum of $500, and you have to give 14 days notice **to withdraw money**. The **interest rate** is 6.5%.

- I’ll go for the Silver account.

- How much would you like to deposit?

- $500:

- And we’ll need two proofs of ID; telephone bill, driver’s license, credit card statement etc.

- I’m sorry, I don’t have any of those on me. I’ll come back tomorrow.

TOPICAL VOCABULARY

1. to be backed by gold – бути забезпеченим золотом
2. requirements – вимоги
3. as legitimate tender – в якості законного тендера
4. waive – відмовлятися
5. follow suit – наслідувати приклад
6. depreciate – амортизувати
7. coincidence – збіг
8. cross currencies – кросскурси
9. instances – екземпляри
10. exchange обміняти
11. buying rate – курс покупки
12. charge any commission – стягувати будь-яку комісію
13. extra charges – додаткові збори
14. bills – купюри
15. notes – банкноти
16. receipt – квитанція
17. deposit account – депозитний рахунок
18. cash card – банківська картка
19. to withdraw money – зняти гроші
20. interest rate – процентна ставка

Remember Currency Vocabulary

term	meaning
A.T.M.	***abbr.*** Automated Teller Machine; cash dispenser[UK]
	*You didn't leave your credit card in the **ATM** again, did you?*
banknote	***n.*** a piece of paper money; bill[US]
	*They've got some old $5,000 **banknotes** in the museum if you want to see one.*
bill[US]	***n.*** a banknote; a piece of paper money
	*Can you change this twenty-dollar **bill** for a ten-dollar bill and two fives?*
black market	***n.*** illegal traffic in officially controlled commodities such as foreign currency
	*If you change money on the **black market** you'll get a better exchange rate, but it's riskier*.
bureau de change	***n.*** a business where currencies of different countries may be exchanged - *also* **currency exchange[US]**
	*Don't use the **bureau de change** at the airport. The exchange rate's terrible*.
cash	***n.*** 1 coins or bank notes (not cheques); 2 actual money paid (not credit)
	*You can pay by **cash**, credit card or smartphone.*
cash dispenser[UK]	***n.*** automatic machine from which clients of a bank may withdraw money; ATM
	*Is there another **cash dispenser** nearby? This one's out of service.*

term	meaning
cashier	***n.*** person dealing with cash transactions in a bank, store etc
	*Please pay the **cashier** at the counter over there.*
coin	***n.*** a piece of metal money
	*My dad collected old **coins** when he was a kid.*
currency	***n.*** the money in use or circulation in a particular country
	*Eurozone countries had their own **currencies** before they switched to the Euro.*
debt	***n.*** money that's owed by one person to another
	*Jenny's father is selling the family home to pay off his gambling **debts**.*
exchange rate	***n.*** the rate at which one currency can be exchanged for another - *also* **rate of exchange *n.***
	*Would you mind checking today's official **exchange rate** on one of those currency websites?*
foreign exchange	***n.*** the currency of other countries
	*The tourism industry is the country's main source of **foreign exchange**.*
hard currency	***n.*** currency that will probably not fall in value and is readily accepted
	*The government gets **hard currency** from oil exports, then uses it when buying weapons.*
inflation	***n.*** a general increase in prices as a country's currency loses value
	*If your bank's interest rates are lower than the rate of **inflation**, your savings will be worth less over time.*
interest	***n.*** money that a lender or bank depositor is paid for the use of

term	meaning
	their money, often at an agreed monthly or yearly rate
	*You get more **interest** from a fixed-term account, but you'll lose the interest if you take money out before the term's up.*
invest	***v.*** put money into a business, buy shares or land, etc in order to make a profit **investment *n.***
	*I'll **invest** half my savings in the stock market, and put the rest into low-risk government bonds.*
legal tender	***n.*** currency that cannot legally be refused in payment of a debt
	*Printed banknotes have only been **legal tender** in Britain for a couple of hundred years.*
petty cashUK	***n.*** a cash fund for small, everyday expenses
	*If we need some milk or whatever, get the money from **petty cash**.*
soft currency	***n.*** currency that will probably fall in value and is not readily accepted
	*If you're exporting, stipulate payment in a hard currency like the Euro or you might get a **soft currency** instead.*
speculate	***v.*** to make high-risk investments in business, foreign currency, land etc in the hope of quick profits - **speculation *n.***
	*Hedge funds use investors' money to **speculate** in the stock market.*
transaction	***n.*** a (usually commercial) exchange; any deal involving a buyer and a seller - **to transact *v.***
	*Selling a house is a complex **transaction**, so you'll need a real estate lawyer to do the legal work.*

EXERCISES

Exercise 1. ***In the following conversation between two friends, Peter explains to Juan vocabulary connected to bank accounts and using them.***

From the context, try to guess what the meaning of the words/phrases in bold are. Then do the quiz at the end to check if you are right.

Juan: Where can you take out or **withdraw** the money that you have in a bank account from?

Peter: Lots of places now. You can go to a **branch** of the bank and withdraw your money from there.

Juan: What does a branch mean?

Peter: A branch is the name for the office of a bank which is open for their customers to use. You can also use a machine to withdraw money in your bank account from, which is called a **cash machine**. And also in some countries you can withdraw money from your bank account at checkouts in some shops/stores when you are buying something. This is called **cashback**.

Juan: And if I want to add or put money into my bank account. Where can I do that?

Peter: You can **deposit** or put money into your bank account, in both branches and in some cash machines.

Juan: On a cash machine, can you see your bank account **balance**? How much money you have in a bank account.

Peter: Yes, you can. You can also ask the cashier/bank teller in a branch of the bank to tell you what your balance is too.

Juan: But what if I want to see more information than just the balance of my bank account. What do I do if I want to see the **transactions** on the account. What money has been deposited in it (when and from who) and what money has been taken out from it (when and to who)?

Peter: All this information is contained in a document called a **bank statement**. Normally, banks send you a bank statement every month. But you can also go and get one from a branch, from some cash machines and you can also see it online on a bank's website.

Juan: And if I want to move money from my bank account to somebody else's bank account. How would I do that? Would I have to withdraw the money and then go with the money in my hand to their bank and deposit it in their bank account?

Peter: You can do that, but it's not very safe to walk around with a lot of money. It's safer to write the person a **cheque**, which is a piece of paper from the bank that people use to pay other people from money in their bank account. The problem with using cheques is that when the person gives their bank the cheque, it takes 3 days to **clear**. That means that it will be 3 days before the money is moved to their bank account and they can use it.

Juan: Is there any better method to move money?

Peter: Yes, there is. Banks provide a service to their customers where they move your money electronically to another person's bank account. This is called a **bank transfer**. You just need to need to know the other person's bank account details, their bank account number etc... When you make a bank transfer the money is moved instantly.

Juan: Ok.

Peter: There are two types of bank transfers which are very useful if you have to make regular payments to people or companies and want them to be done automatically. If you need to pay or transfer a fixed amount of money which doesn't change to a company or someone regularly (e.g. every month or 3 months), then you can create a **standing order** on your bank account. Money will then automatically be repeatedly transferred out of your bank account until you stop the standing order.

Juan: That sounds useful. But that wouldn't work where the amount of money you have to move or transfer changes every month or 3 months. For example, for paying electricity or phone bills.

Peter: No, the amount transferred doesn't change with a standing order. Where the amount of money transferred changes every time, you have to use an automatic bank transfer called a **direct debit**. Also with a direct debit, the time when money is taken out can change (it doesn't have to go out of your account on a regular date). This type of bank transfer can only be used to transfer money to companies. With a direct debit, you give permission to the company withdrawing money from your bank account to change the amount they take without telling you first.

Juan: And if I use more money than is in my bank account. What happens?

Peter: When you withdraw or use more money than is in your bank account, you are what is called **overdrawn**. If this happens, you won't be able to withdraw any more money from the account and the bank will charge you money (you have to pay them some money).

Now do the QUIZ below to make sure you understand the meaning of this vocabulary.

1. The amount of money you have in a bank account, is called the ___________________________

2. When you move money from one bank account into another without physically touching it, it is called a ___________________________

3. When you use/take out more money than is in your bank account, you are ___________________________

4. Another way to say ‘remove’ or ‘take out’ money from a bank account is __________________________

5. A document that shows you how much money you have in a bank account and when money has been added and removed, is a ___________________________

6. A type of bank transfer that automatically pays the same amount of money into another bank account on a regular date/interval of time is a __________________________

7. The system of taking out money from your bank account at the checkout of a shop/store, is called ___________________________

8. A different way to say ‘add/put in’ money into a bank account, is _________________________

9. A piece of paper which allows you to pay for things or transfer money from your bank account to another, is called a _________________________

10. A type of bank transfer where a company has permission to take money out of your bank when it wants to, is a _________________________

11. The office of a bank which is created to be used by its customers, is a ________________________

12. Money going in and going out of a bank account, are called _________________________

13. The time which it takes money to show in a bank account after it has been put in/deposited, is called _________________________

14. The name of the machine where you can take out money from your bank account, is called a _________________________

Exercise 2. ***Translate the following sentences into English.***

1. Торгівля на валютному ринку здійснюється на базі встановлення обмінного курсу валют.
2. Процес встановлення валютного курсу є котируванням валют.
3. Існує два метода котирування іноземної валюти до національної: пряме котирування та непряме котирування
4. Непряме котирування – це вираження одиниці національної валюти в іноземній. Переважно цей метод застосовується у Великобританії та її колишніх колоніях:1фунт стерлінгів=0.7доларів.
5. Котирування валют для торгово-промислової клієнтури, як правило, базується на крос-курсі.
6. Банки, які активно котирують валюту на ринку називаються маркет-мейкери.

7. Маркет-юнкери – це банки, які є пасивними учасниками процесу котирування, тобто вони роблять запит банку-контрагенту про стан валютного курсу і повинні погоджуватись на менш вигідний курс.

8. Найпоширенішим в економічній літературі визначенням конвертованості валюти є здатність валюти певної країни вільно обмінюватись на валюти інших країн і міжнародні платіжні засоби за діючим курсом.

9. Залежно від ступеня конвертованості валюти розрізняють валюти вільно конвертовані, частково конвертовані, неконвертовані.

10. Частково конвертовані валюти (ЧКВ) – це валюти тих країн, які відмінили валютні обмеження не на всі валютні операції або тільки для нерезидентів. До них належать валюти більшості країн.

INTERESTING FACTS

10 Strange Forms of Ancient Currency

In modern times, we often take coins and paper money for granted. However, in ancient times, people assigned a monetary value to various objects. Although these exchange methods may not be practical today, they serve as a reminder of the rich cultural diversity and customs of ancient societies.

Edible Currency

Salt has long been used as a form of currency throughout the world. The word "salary" is derived from the Latin word "salarium", which was the Roman word for "money used to buy salt." In fact, salt was the primary currency in East Africa throughout the Middle Ages.

Another form of edible currency was Parmigiano cheese. At one point, this beloved cheese was actually accepted as bank collateral in Italy. In Central America, the cocoa bean was the food currency of choice. In Central Asia, they used tea bricks. These bricks were preferred in Mongolia because they could be brewed or even eaten as a source of nourishment.

Katanga Crosses

This X-shaped trinket is known as a Katanga Cross. It originated in the mining region of Katanga in the Democratic Republic of Congo. These crosses were the region's primary form of currency and likely the most widely known form of ancient African currency. The crosses were cast from copper and weighed anywhere from 1 to 2.5 pounds. Often seen as symbols of great wealth, the crosses were used in all forms of barter and trade. It was even common for a person to be buried with their crosses. Since they were made from copper and quite large, the crosses could also be melted and remolded as tools if needed. Value-wise, one cross could fetch you approximately 22 pounds of flour.

Squirrel Pelts

Unfortunately for squirrels, Russians had taken a liking to trading squirrel pelts during the Middle Ages. And the Russians, not a group to waste anything, used the claws and snouts for pocket change. This odd form of currency may have accidentally benefitted the Russians in a non-economic way as well. During medieval times, Europe was ravaged by the infamous Black Plague, but Russia wasn't hit nearly as hard. Since the plague was most often carried by rodents, murdering a bunch of rodents and using their pelts as currency likely reduced the number of plague carriers.

Modern day Finland actually recognizes squirrel pelts as a currency, and values them at 3 cents each.

Potato Mashers

Bafia potato mashers were a form of ancient currency in the region where the Republic of Cameroon is today. This strange currency was highly regarded and used in the most important trades in the ancient Bafian culture. The use of the potato mashers also suggests that the Bafians had some very interesting views on gender. For example, wives could be bought and sold for a set price–in this instance, thirty potato mashers.

Lobi Snakes

The Lobi were the ancient inhabitants of Ghana. They lived as farmers and spent most of their time in the fields, where they encountered a variety of snakes. To protect themselves, they forged iron snakes that were either worn on their person or placed on personal altars, just like garlic for scaring off vampires. They were such a focal point of the Lobi culture that the iron snakes were often used in trading and bartering. The bodies of the snakes were often depicted with curves to create the effect of movement as if the snakes were slithering through grass.

Kissi Pennies

Until recently, the "kissi pennies" were used as a form of currency in many parts of Western Africa. These long strips of iron were modeled by blacksmiths into a distinct "T" shape. On one end there was an "ear", which resembled the shape of a spade or hoe. On the other end was a "foot". The typical kissi penny was over a foot in length and, if broken, could not be used again without an elaborate ceremony involving a witchdoctor. Due to the low value of individual pieces, they were usually bundled in groups of about 20. At one time, a bag of oranges or bananas cost only one or two kissi pennies. But prices inflated as the pennies were phased out of use. During this time, the cost of a cow rose to over 100 bundles, while a kissi bride would cost you about 200.

Rings And Jewelry

For the most part, the economy in ancient Egypt was tightly controlled and organized. But until the late period in Egyptian history, they did not use traditional coin currency. Instead, they employed a more informal type of bartering system consisting of rings and other various types of jewelry. It is believed that the Biblical reference to money in Deuteronomy 14:25 is a reference to the ancient Egyptian ring bartering system.

Potlatch

A "Potlatch" was an extravagant celebration in the ancient world where people would exchange almost anything in the spirit of gift giving. Such ceremonies took place all over the world, but were a mainstay among Native Americans. For example, whales' teeth were a common item used in the Fijian islands, while feathers were a staple of the Native American Potlatch.

These lavish events often accompanied other important occurrences, such as a birth or marriage. Often times, the initially light-spirited occasion would escalate into a competition of wealth and vanity, with each person trying to outdo the next with a more impressive gift. The largest potlatch took place when the queen of Sheba gifted King Solomon 120 talents of gold and the largest quantity of spices ever exchanged at the time. Potlatches were ultimately outlawed in the North America at the end of the 19th century.

Knives

Large bronze blades were early forms of coins and where very common throughout ancient China. Approximately 2,500 years ago, a Chinese prince allowed his troops to use their knives as payment for goods when money was scarce. After the troops began bartering with local villagers, the concept caught on and soon became a standard form of currency. They were most widely used in China during the Zhou Dynasty (between 600 and 200 BC), and were often were fitted with ring shapes at one end so that the knives could be carried conveniently on belts and straps.

Rai Stones

The largest form of currency in the ancient world was known as the "Rai Stone". These gargantuan stones, pictured above, were carved from a single piece of limestone. They each had a signature hole in the middle, measured up to 12 feet across, and weighed over 8 tons. Each Rai stone a story of its own that determined its value. Since the creation of each was such a massive undertaking, the difficulty experienced along the way would increase the value of the stone.

The villagers risked their lives canoeing to a neighboring island where limestone could be found. Then the disks had to be carved and painstakingly carried back to the village (again, via canoe). One of the canoes sank once, and the stone that was lost was still a part of the economy. They just recognized the stone as being out in the ocean and "ownership" of it changed. None of the stones ever actually moved since they were so heavy. They just acquired a new owner and remained in the same location.

If a villager died in the process of carving or transporting the stone, which was not uncommon, its value increased. Because of the significant amount of time and effort put into each stone, transfers from one villager to the next could only be done following an elaborate ceremony.

https://listverse.com/2013/06/21/10-strange-forms-of-ancient-currency-2/

Exercise 3. ***Now match the pictures with the descriptions of the banknotes.***

A

The International Bank Note Society awards the 'The Banknote of the Year'. This note won it in 2010. It was chosen for its attractiveness and interesting security features. The designers wanted to show the fauna, flora, and sights of the country. It shows a bluebird, Dockyard Tower and Statue of Neptune.

B

This note received a prestigious award ‘The Banknote of the Year’ in 2013. It has nice warm yellow and orange colours and it is shows modern Kazak Eli monument on one side and petroglyphic drawings of warriors on the other. Notes from this country were awarded three times in a row.

C

Okay, maybe it’s not that beautiful, but the asymmetrical design is interesting. These islands, about halfway between Iceland and Norway, have a bleak windswept beauty, and the people have great character. You have to love a place that puts a crab on its money.

D

Another ‘Banknote of the Year’ winner. This banknote is bigger than usual and shows Sir Walter Scott, a famous writer on top and an impressive machine on the other. The wheel is a lift for boats that flows on canals in the country. The writing on this side is minimal to create even more impressive effect.

E

These islands are still in the middle of nowhere, halfway between New Zealand and Hawai without the crowds of tourists to spoil the place. Maybe that is why the woman is so calm and happy even when she´s riding a giant shark. Come to think of it even the shark looks happy.

F

It is only natural that a country with almost 101,000 km long coastline will choose the sea as a theme for its new banknotes. The new notes will be issued in 2017 and perhaps this innovative design will find its way into the wallets of these sea loving people.

G

Sir Edmund Hillary who at 33 was the first man on the top of Mt Everest is portrayed with weather-crinkled eyes and windswept hair. His original job was, surprisingly, a beekeeper. The new improved version of this note became the ‘The Banknote of the Year’ in 2015.

H

The verse on this baknote comes from a short story and reads: “The winters of my childhood were long, long seasons. We lived in three places - the school, the church and the skating rink - but our real life was on the skating rink.”

Exercise 4. ***Complete each sentence with the appropriate currency-related word or phrase from the word bank.***

Word Bank: *exchange rate, currency, inflation, devaluation, forex, reserve currency, conversion, pegged, fiat currency, cryptocurrency*

1. The ______ of a country determines how much its money is worth relative to other currencies.
2. The U.S. dollar is often considered the world’s leading ______.
3. ______ occurs when a government lowers the value of its currency compared to others.
4. Many investors trade foreign currencies in the ______ market.
5. Bitcoin is an example of a ______ that operates independently of central banks.
6. Some countries have their currencies ______ to the U.S. dollar to stabilize their economy.
7. When traveling abroad, tourists often need to calculate the ______ between their home currency and the local one.
8. A ______ is money that is not backed by a physical commodity like gold.
9. ______ is a general increase in prices, which can reduce the purchasing power of a currency.
10. The process of changing one currency into another is known as _____.

Exercise 5. ***Choose the correct answer for each question.***

1. What is the term for the global marketplace for buying and selling currencies?

   a) Stock market

b) Forex market

c) Commodity market

d) Bond market

2. Which currency is commonly used as a reserve currency by many countries?

   a) Japanese yen

   b) Euro

   c) U.S. dollar

   d) Swiss franc

3. What happens when a currency loses its value in comparison to others?

   a) Revaluation

   b) Devaluation

   c) Appreciation

   d) Inflation

4. A currency that is not tied to a physical commodity is known as:

   a) Commodity currency

   b) Reserve currency

   c) Fiat currency

   d) Cryptocurrency

5. Which of the following is an example of a pegged currency?

   a) Euro

   b) British pound

   c) Hong Kong dollar

   d) Canadian dollar

6. What do you call the value of one currency compared to another?

   a) Interest rate

   b) Inflation rate

   c) Exchange rate

   d) Conversion rate

7. If a central bank increases the money supply, it may lead to:

   a) Inflation

b) Deflation

c) Stabilization

d) Revaluation

8. The euro is the official currency of:

a) Canada

b) United Kingdom

c) European Union

d) Switzerland

9. What is a digital currency secured by cryptography called?

a) Fiat currency

b) Cryptocurrency

c) Reserve currency

d) Commodity currency

10. A currency crisis often results in:

a) Strengthening of the currency

b) A stable exchange rate

c) Massive devaluation

d) Increased purchasing power

Exercise 6. ***Match the terms with their correct definitions.***

1. **Currency Pair**
2. **Hedging**
3. **Appreciation**
4. **Spot Rate**
5. **Hyperinflation**
6. **Forex Reserves**
7. **Floating Exchange Rate**
8. **Base Currency**
9. **Depreciation**
10. **Remittance**

Definitions:

a) Sending money across borders, often by migrant workers to their home country.

b) The currency listed first in a currency pair.

c) A rapid and uncontrollable increase in prices, often due to excessive money supply.

d) A strategy to minimize financial risk caused by currency fluctuations.

e) The official value at which one currency can be exchanged for another.

f) A system where the value of a currency is determined by market forces.

g) A situation where a currency gains value relative to others.

h) The loss of value of a currency in the foreign exchange market.

i) National savings of foreign currencies used to stabilize the local currency.

j) A pair of currencies being traded, such as EUR/USD.

Exercise 7. ***State whether each statement is true or false.***

1. The exchange rate of a pegged currency fluctuates based on market demand.
2. The Swiss franc is considered a safe-haven currency.
3. Hyperinflation typically occurs in countries with stable economies.
4. Forex trading occurs on centralized exchanges like the stock market.
5. Cryptocurrencies are controlled by central banks.
6. A reserve currency is held in significant quantities by central banks for foreign trade.
7. When the value of the U.S. dollar increases, imports to the U.S. become cheaper.
8. Fiat currencies have intrinsic value because they are backed by physical commodities.
9. The euro is used by all members of the European Union.
10. Devaluation is a deliberate decision made by a government or central bank.

GRAMMAR REVISION

PASSIVE VOICE

to be+ past participle

	Active Voice	Passive Voice
Present Simple	I **keep** all financial records in the office.	All financial records **are kept** in the office.
Past Simple	Mary **kept** the client database updated.	The client database **was kept** updated by Mary.
Future Simple	Mark **will keep** the financial reports ready.	The financial reports **will be kept** ready.
Present Continuous	John **is keeping** the meeting minutes organized.	The meeting minutes **are being kept** organized.
Past Continuous	The assistant **was keeping** a seat for the investor.	A seat **was being kept** for the investor.
Present Perfect	I **have kept** the invoices for auditing.	The invoices **have been kept** for auditing.
Past Perfect	He **had kept** up his networking efforts for months.	His networking efforts **had been kept** up for months.
Present Infinitive	She wants **to keep** the marketing strategy confidential.	The marketing strategy is **to be kept** confidential.
Perfect Infinitive	She was glad **to have signed** the partnership agreement on time.	The CEO was relieved for the contract **to have been signed** before the deadline.
Gerund	He likes people **keeping** deadlines in the office.	He likes deadlines **being kept** in the office.
Perfect Participle & Gerund	**Having kept** the business plan secret, Jade impressed the board.	The business plan, **having been kept secret**, impressed the board.
Modals + be + p.p.	You **should keep** all client data secure.	All client data **should be kept** secure.

We use the Passive:

• **when** *the agent* **is** *unknown, unimportant, or obvious* **from the context**. *The guests **had been invited** to the business conference.*

• **when we are interested more in the action than the person who carries it out**, *in news reports, formal notices, instructions, processes, headlines, advertisements, etc. Such issues **are discussed** at our meetings.*

• **to make** *statements* **more** *formal* **or** *polite*. *The contract **has been signed**.*

• **to emphasize the agent**. *The contract **has been signed by*** both parties.

EXERCISES

Exercise 1. *Identify which sentence is in the passive voice*:

Question 1:

A) The bank issued a new series of coins.

B) Exchange rates are influenced by global demand.

C) Investors monitor changes in the foreign exchange market.

D) Tourists exchanged dollars for yen at the airport.

Question 2:

A) The central bank raised interest rates.

B) The dollar is widely accepted in international transactions.

C) Cryptocurrency values rise and fall unpredictably.

D) The financial advisor suggested a currency diversification strategy.

Question 3:

A) Banknotes are printed by the central authority.

B) Traders analyze fluctuations in the market.

C) The government introduced a new digital currency.

D) Economists predict inflation will rise.

Question 4:

A) The pound sterling is exchanged at airports worldwide.

B) Economists frequently study the effects of inflation.

C) The bank devalued the currency to boost exports.

D) Citizens use the euro for daily transactions in Europe.

Question 5:

A) The currency was designed with new security features.

B) Merchants across Europe use the euro for trade.

C) The central bank held a press conference yesterday.

D) The government announced plans for a currency reform.

Question 6:

A) Inflation impacts the purchasing power of money.

B) Exchange rates are determined by the market.

C) People convert their currencies during travel.

D) The government is considering issuing a new coin.

Question 7:

A) Gold reserves back some national currencies.

B) The dollar is used for international transactions.

C) Cryptocurrencies are mined using blockchain technology.

D) Traders evaluate risks before investing.

Question 8:

A) The bank raised the interest rate to strengthen the currency.

B) Inflation was caused by an increase in the money supply.

C) Tourists often prefer using credit cards abroad.

D) The government plans to replace paper notes with plastic notes.

Question 9:

A) Exchange rates fluctuate based on supply and demand.

B) The new currency design was unveiled last week.

C) Travelers purchase local currency at exchange counters.

D) Economists recommend diversifying investments.

Question 10:

A) The bank reduced the reserve requirement to increase liquidity.

B) Banknotes are distributed by the central authority.

C) Citizens use cashless transactions in urban areas.

D) Investors speculate on the value of digital currencies.

Exercise 2. ***Complete the sentences using the correct form of the passive voice and the currency-related term from the box.***

(issued, exchanged, counterfeit, converted, minted, withdrawn, deposited, traded, valued, collected)

1. The new banknotes _______ by the central bank last month.
2. Coins are _______ from precious metals like gold and silver.
3. Foreign currency can be _______ at the airport’s exchange counter.
4. A rare coin was recently _______ at $10,000 during an auction.
5. This fake currency _______ by police during a raid.
6. Large amounts of cash should always be _______ in a secure account.
7. Travelers’ checks _______ widely _______ in most countries.
8. Old notes _______ out of circulation and replaced with new designs.
9. The stolen money _______ into cryptocurrency to avoid detection.
10. Ancient coins _______ by collectors as valuable artifacts.

Exercise 3. ***Rewrite the sentences in the passive voice.***

1. The bank issues new $100 bills every year.
2. They have withdrawn $1,000 from my account.
3. The cashier exchanged euros for dollars at the counter.
4. The government will introduce a new currency next year.
5. Someone stole all the money from the safe.
6. The central bank is printing a limited number of commemorative coins.
7. They are valuing the old currency notes for an auction.
8. The company donated $500,000 to charity.
9. The system converts foreign currency into local currency automatically.
10. Thieves have been forging high-value banknotes recently.

Exercise 4. ***Choose the correct option to complete each sentence.***

1. The new banknotes _______ *(is being/are being/has been)* printed by the government.
2. Counterfeit money _______ *(was discovered/discovering/discovers)* in circulation last week.
3. Coins _______ *(are being minted/minted/are mint)* for the upcoming holiday.
4. This rare currency _______ *(values/was valued/was valuing)* at over $2,000.
5. A new cryptocurrency _______ *(has introduced/is introduced/has been introduced)* recently.
6. Old coins _______ *(were deposited/are collected/collecting)* by enthusiasts worldwide.
7. The funds _______ *(will be withdrawn/withdrawn/were withdrawing)* from the account tomorrow.
8. The foreign currency _______ *(was converted/convert/is converted)* into local currency by the app.
9. New safety features _______ *(add/are added/are being added)* to the banknotes.
10. A large amount of money _______ *(has been stolen/stolen/steals)* from the vault.

Exercise 5. ***Rewrite the sentences in the opposite voice:***

1. The yen is traded extensively on global markets.
2. The bank lowered interest rates last quarter.
3. Foreign exchange reserves are maintained by the central bank.
4. Tourists frequently carry local currency when traveling abroad.
5. Exchange rates are determined by fluctuations in supply and demand.
6. The government announced a new policy to regulate cryptocurrencies.
7. Digital currencies are mined by using blockchain technology.

8. The euro is widely used across Europe for daily transactions.
9. The financial institution has been accused of manipulating exchange rates.
10. A new digital payment system was introduced by the bank last year.

Exercise 6. ***Match the sentences with their explanations about currency-related actions.***

1. The counterfeit bills were discovered by the cashier.
2. The old notes were withdrawn from circulation.
3. The rare coin was valued at $5,000.
4. Euros were exchanged for dollars.
5. The funds were deposited into a savings account.

Explanations:

a. Money was placed into a bank account for safekeeping.

b. The currency was appraised for its worth.

c. Fake money was detected.

d. The currency was swapped for a different type.

e. Obsolete banknotes were removed from use.

Exercise 7. ***Each sentence contains an error. Identify and correct it.***

1. The banknote were issued by the central bank last week.
2. The funds was withdrawn from the account this morning.
3. Coins is minted from durable metals like nickel and copper.
4. Fake currency are often used in illegal transactions.
5. A rare coin has valued at $1,000 during the auction.
6. Euros were exchanges for pounds at the airport.
7. A commemorative coin is being design for the event.
8. The money has been stole from the bank vault.
9. An alert was send by the authorities regarding counterfeit bills.
10. A large amount of cash was deposited by the customers yesterday.

Exercise 8. ***Answer the following questions in passive voice.***

1. How are new banknotes issued in your country?
2. What happens to old currency notes when they are no longer in use?
3. How are counterfeit bills detected in banks?
4. What precautions are taken to ensure currency is not forged?
5. How are foreign currencies exchanged at the airport?

UNIT 3

INTERNATIONAL FINANCE

TEXT

The use of gold as a means of **exchange**, **payment**, and the **measure of value** dates back centuries ago, however, the **establishment** of the gold standard in official terms began around 1819 as a result of laws passed by the British Parliament referred to as the **Resumption** Act. The gold standard was eventually **suspended** in 1914 during the 1st World War and re-instituted from 1918-1939. In the post World War II period, the Bretton Woods agreement led to the establishment of the **fixed exchange rate system**, which lasted from 1946-1973.

The Bretton Woods system was established in 1944 with 44 countries participating in the conference. The Bretton Woods system was created an international monetary structure that maintained international financial stability. The Bretton Woods system focused on establishing standards for regulating exchange rates, a process for measuring and reporting **national accounts** or **balance-of-payments**, as well as stabilizing international reserves.

The Bretton Woods Conference led to the formation of two important international institutions that still **play a vital role** in today's world economy, which are the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development, what is presently the World Bank:

- **International Monetary Fund (IMF)** – An institution that was founded at the Bretton Woods conference in 1944 and lends money to countries facing large national deficits. The IMF also **oversees** the foreign exchange rate system and provides **research** and **advisory** services for member countries in the areas of monetary economics and international finance. The IMF is located in Washington, D.C.

- **International Bank for Reconstruction and Development (IBRD) "World Bank"** – Founded in 1944, this institution is **responsible** for lending money to developing countries. It was originally intended to finance both reconstruction from World War II and development projects in developing countries. The "World Bank" also conducts research and provides advice on the topic of development economics. The World Bank is also located in Washington, D.C.

International finance encompasses the study of international monetary economics, which involve the interaction of **international transactions**. These transactions consist of factors, such as **national income**, money and prices.

The international monetary system is made up of institutions, international organizations, governments, and private economic **entities** that all participate in the exchange of **financial assets** worldwide.

Balance of payments accounting is an important component to examining international finance and international financial flows. The balance of payment accounts is the accounting system for all international commercial and financial transactions of an individual country. The balance of payments is divided into three separate accounts, the **current account**, **capital account**, and the **financial account**. A description of each balance of payment account is provided below:

- *Current Account* – A record of transactions in goods, services, investments income, and **unilateral transfers** between residents of a country and the rest of the world. It **tracks** the **flow of goods and services** into and out of the country.
- *Capital Account* – A record of transactions in highly specialized financial assets and **liabilities** between the residents of a nation and the rest of the world. The capital account records the flow of financial capital and other assets.

- *Financial Account* – Part of the balance of payments that **tracks capital flows** between a national economy and the rest of the world.

VOCABULARY

1. exchange − обмін
2. payment − платіж
3. measure of value − міра вартості
4. establishment − заснування
5. resumption − відновлення
6. suspend − тимчасово припиняти
7. fixed exchange rate system − система фіксованих валютних курсів
8. national account / balance-of-payments − платіжний баланс
9. play a vital role − відігравати істотну роль
10. International Monetary Fund − Міжнародний валютний фонд
11. oversee − наглядати
12. research − дослідження
13. advisory − services консультаційні послуги
14. International Bank for Reconstruction and Development − Міжнародний банк реконструкції та розвитку
15. responsible − відповідальний
16. international transactions − міжнародні операції
17. national income − національний дохід
18. entity − суб'єкт; юридична особа
19. financial assets − фінансові активи
20. current account − поточний платіжний баланс; рахунок поточних операцій
21. capital account − рахунок руху капіталів
22. financial account − фінансовий рахунок
23. unilateral transfer − односторонній переказ
24. track − відстежувати

25. flow of goods and services − потік товарів та послуг
26. liabilities − зобов’язання
27. capital flows − потоки капіталу

EXERCISES

Exercise 1. ***Join the expressions and their Ukrainian equivalents.***

1) financial assets	a) система фіксованих валютних курсів
2) international transactions	b) фінансовий рахунок
3) fixed exchange rate system	c) рахунок поточних операцій
4) capital account	d) національний дохід
5) financial account	e) потоки капіталу
6) unilateral transfer	f) міжнародні операції
7) current account	g) платіжний баланс
8) national account	h) односторонній переказ
9) capital flows	i) фінансові активи
10) national income	j) рахунок руху капіталів

Exercise 2. ***Fill the gaps with a correct preposition.***

The use of gold as a means 1)___ exchange, payment, and the measure 2)___ value dates back centuries ago, however the establishment of the gold standard 3)___ official terms began around 1819 as a result of laws passed by the British Parliament referred to as the Resumption Act. The gold standard was eventually suspended 4)___ 1914 5)___ the 1st World War and re-instituted from 1918-1939. 6)___ the post World War II period, the Bretton Woods agreement led 7)___ the establishment of the fixed exchange rate system, which lasted from 1946-1973.

The Bretton Woods system was established in 1944 with 44 countries participating 8)___ the conference. The Bretton Woods system was created an international monetary structure that maintained international financial stability. The Bretton Woods system focused 9)___ establishing standards 10)___ regulating exchange rates, a process 11)___ measuring and reporting national accounts or balance-of-payments, as well as stabilizing international reserves.

The Bretton Woods Conference led to the formation of two important international institutions that still play a vital role 12)___ today's world economy, which are the International Monetary Fund (IMF) and the International Bank 13)___ Reconstruction and Development, what is presently the World Bank.

Exercise 3. ***Fill the gaps with the words listed below.***

payments transactions world organizations goods financial monetary income country entities

International finance encompasses the study of international 1)_____ economics, which involve the interaction of international 2)_____. They consist of factors, such as national 3)_____, money and prices.

The international monetary system is made up of institutions, international 4)_____, governments, and private economic 5)_____ that all participate in the exchange of financial assets worldwide.

Balance of 6)_____ accounting is an important component to examining international finance and international 7)_____ flows. The balance of payment accounts is the accounting system for all international commercial and financial transactions of an individual 8)_____. The balance of payments is divided into three separate accounts, the current account, capital account, and the financial account. A description of each balance of payment account is provided below:

- *Current Account* - A record of transactions in 9)_____, services, investments income, and unilateral transfers between residents of a country and the rest of the world. It tracks the flow of goods and services into and out of the country.
- *Capital Account* - A record of transactions in highly specialized financial assets and liabilities between the residents of a nation and the rest of

the 10)_____. The capital account records the flow of financial capital and other assets.

- *Financial Account* - Part of the balance of payments that tracks capital flows between a national economy and the rest of the world.

Exercise 4. ***Answer the questions, according to the text.***

1. When did the establishment of the gold standard in official terms begin?
2. What was the Bretton Woods system characterized by?
3. Which two international institutions were established at the Bretton Woods Conference?
4. What does international finance study?
5. What are the members of the international monetary system?
6. What is the balance of payments divided into?

TOPIC
INTERNATIONAL FINANCE

International finance (also referred to as international monetary economics or international macroeconomics) is the branch of financial economics broadly concerned with monetary and macroeconomic interrelations between two or more countries. International finance examines the dynamics of the global financial system, international monetary systems, balance of payments, exchange rates, and foreign direct investment, and how these topics relate to international trade.

Sometimes referred to as multinational finance, international finance is additionally concerned with matters of international financial management. Investors and multinational corporations must assess and manage international risks such as political risk and foreign exchange risk, including transaction exposure, economic exposure, and translation exposure.

Some examples of key concepts within international finance are the Mundell–Fleming model, the optimum currency area theory, purchasing power parity, interest rate parity, and the international Fisher effect. Whereas the study of international trade makes use of mostly microeconomic concepts, international finance research investigates predominantly macroeconomic concepts.

One of the main concerns of the international finance is the *global financial system*. It is the worldwide framework of legal agreements, institutions, and both formal and informal economic actors that together facilitate international flows of financial capital for purposes of investment and trade financing. Since emerging in the late 19th century during the first modern wave of economic globalization, its evolution is marked by the establishment of central banks, multilateral treaties, and intergovernmental organizations aimed at improving the transparency, regulation, and effectiveness of international markets.

A country's decision to operate an open economy and globalize its financial capital carries monetary implications captured by the balance of payments. It also renders exposure to risks in international finance, such as political deterioration, regulatory changes, foreign exchange controls, and legal uncertainties for property rights and investments. Both individuals and groups may participate in the global financial system. Consumers and international businesses undertake consumption, production, and investment. Governments and intergovernmental bodies act as purveyors of international trade, economic development, and crisis management. Regulatory bodies establish financial regulations and legal procedures, while independent bodies facilitate industry supervision. Research institutes and other associations analyze data, publish reports and policy briefs, and host public discourse on global financial affairs.

While the global financial system is edging toward greater stability, governments must deal with differing regional or national needs. Some nations are trying to orderly discontinue unconventional monetary policies installed to cultivate recovery, while others are expanding their scope and scale. Emerging market policymakers face a challenge of precision as they must carefully institute sustainable macroeconomic policies during extraordinary market sensitivity without provoking investors to retreat their capital to stronger markets. Nations' inability to align interests and achieve international consensus on matters such as banking regulation has perpetuated the risk of future global financial catastrophes.

DIALOGUES

Dialogue 1

A: There's been a lot of talk lately about financial engineering and what role it may have played in the Greek debt crisis. There are even claims that Goldman Sachs may face legal action from Greece over certain complex financial deals made back in 2001, when the Maastricht Treaty required all eurozone members to show improvements in public finances. Can you explain how such deals work?

B: I've not seen the original deal document so I don't know exactly how any deal with Goldman was done, but I can speak to the very basic principle as well as the rules that surround those types of transactions — at least those that are supposed to be followed. There's a whole class of transactions called "off market" transactions. I'm not sure that this was the exact mechanism that was used, but it's useful to talk about it in terms of principle.

A: How are these deals viewed in the industry? Why are they suspicious?

B: When I was working on the trading floor and I was head of risk management for Chemical Bank worldwide, the rules were that you can't enter into these transactions. They were frowned upon because they create reputational risks for the bank. The basic principle of them is almost always unethical. The idea is to take advantage of an accounting rule in order to fool somebody. Somebody is being fooled — maybe it's a corporation fooling its shareholders. Maybe you're fooling your creditors. If it's a country, maybe you're fooling your citizens. Or maybe you're fooling the other people in the European Union.

The essence of this transaction is a fraud. So I don't think in the Greek case they were 100 percent prohibited, but certainly it's the sort of thing where if I had to deal with the Federal Reserve toward the end of my career, I would be worried because it doesn't look good. One of the things the examiners ask for is, what is your policy with respect to these things? It's just not a good idea.

A: So this unethical approach was actually used in Greece in 2001?

B: Yes. It was done in order to meet the budget shortfall requirements to enable Greece to enter into the euro. I think Italy actually did something similar, but I don't know the details. The basic idea was an accounting fudge. What that means is that in effect the public really may not be prepared — even at that point — to make all of the compromises to sovereignty that were required in order to join the euro. To be part of the euro, you've got to be a lot like everybody else, and a lot like everybody else wants you to be. Of course, there is a bit of a double standard because shortly after Greece joined, I think both France and Germany broke the rules in terms of their deficit, but let's leave that aside for the moment.

A: At the very least, it does not seem to do credit to the reputation of the bank that participates.

B: Absolutely not. That's specifically why these things as a rule are avoided. I wouldn't be surprised if they're outright prohibited now. They should be.

A: Is part of the problem that we don't have sufficient international rules to deal with this financial engineering?

B: Yes. I think there should be accounting rules which prohibit this sort of thing at an international level. Greece isn't the only example. I think there was an Indonesian bank where currency losses were hidden for years and years through these types of transactions, using a specific case of off market transactions and historic rate rollovers to defer losses repeatedly.

I think the real issue is not only the off market transaction in isolation, but also the accounting standards which allow them to take place. In other words, there's no economic substance to these transactions. Ordinarily, the purpose of a derivative is to hedge some kind of a risk or possibly to speculate, if you will, on some kind of price movement. To use a derivative in order to achieve an accounting result and move a profit or a loss from one period to another — there’s just no economic substance to it. There’s no reason that people who read financial statements ought to be misled by that. But the auditors should have known better and the accounting rules should not have allowed it. The financial intermediaries, frankly, should have said that this is unethical. Just like corporate accounts, public accounts need to be transparent and they need to follow basic rules in order to make them comparable across countries.

Dialogue 2

A: There is a lot of discussions with international financial organizations concerning the Ukrainian debt. What do you think are the main reasons of such a complicated situation of Ukrainian external debt ?

B: I don’t think that any sovereign debt restructuring is easy. And I don’t think that any country likes to be in the position that we’re in. The one thing I can say is that this situation is created primarily by not a country’s willingness to pay or a country’s financial situation but by a very, very unexpected and very difficult war on top of the complications of the economy.

A: So what is IMF preparing for Ukraine?

B: The IMF Chief Madame Lagarde announced a $40 billion package for Ukraine; that $40 billion is three pieces. It’s $17-and-a-half billion over four years from the IMF of which we received the first $5 billion tranche after meeting prior actions, the conditionality in the agreement for the first tranche. That $5 billion, just to give you a sense, doubled our reserves at the central bank. That’s how low a level of central bank reserves we had prior to the agreement.

The second part of this is $7-and-a-half, $8 billion of bilateral, multi-lateral support from the United States, from the E.U., from Canada, from Poland, Germany, Sweden has now come to the table with bilateral support, also multi-lateral so the European Investment Bank, the European Bank for Reconstruction and Development, and the World Bank. That money is more one-year, 18-month money commitments.

And then the final piece is the debt restructuring which is $15 billion, $15.3 billion in what we are supposed to achieve in savings over the period of the program, or over four years.

A: It seems to me this restructuring is going to be complicated for Ukraine given the amounts of public sector sovereign debt that you have, quasi-sovereign and state guaranteed.

B: That's right. It's going to require a combination of both maturity extensions, coupon reductions and principle reductions. And it's something that's going to have to give us not just balance of payment support, but we're going to have to try and build our medium-term debt sustainability back over time to become a healthy economy and restore growth.

A: How are the creditors acting towards Ukraine? Is it given any indulgence?

B: Now we're in a collaborative process with our creditors. I came to meet with creditors on the West Coast, East Coast and then I'll be in London next week, to talk to them, to our largest creditors because we want to do this in a collaborative way. We want to do this in a way where we can try and build a vision as to how Ukraine moves forward together.

And I think so far we've gotten a reasonably good sense that everyone is supportive and understanding. I think the hard thing for everyone is to understand what kind of shocks remain in the system. So you can take the IMF program and you have a baseline forecast for what it looks like but you can imagine how hard it is to predict how close we'll be to that baseline forecast if there are external shocks, if the very fragile ceasefire doesn't hold, if there are exchange rate shocks, if there's a banking crisis, if, if, and if.

So I think there are a lot of pieces to the puzzle that are just not predictable and that's the hard part because everyone wants to look forward to peace, growth, but how we get there and when we get there is more complicated.

TOPICAL VOCABULARY

1) branch – галузь
2) interrelation – взаємовідношення; співвідношення; взаємозв'язок
3) examine – досліджувати
4) balance of payments – платіжний баланс
5) exchange rate – валютний курс
6) foreign direct investment – прямі іноземні інвестиції
7) multinational corporation – багатонаціональна корпорація
8) assess – оцінювати
9) transaction – операція
10) translation exposure – схильність до курсового ризику
11) purchasing power parity – паритет купівельної спроможності
12) whereas – тоді як
13) framework – структура
14) multilateral treaty – багатосторонній договір
15) intergovernmental organization – міжурядова організація
16) aim – 1) цілити(ся) (на, в - at); 2) прагнути; намагатися
17) transparency – прозорість
18) operate – 1) діяти; працювати 2) приводити в рух 3) керувати, завідувати
19) implication – підтекст
20) deterioration – погіршення
21) uncertainty – невідомість, непевність, невизначеність
22) property rights – майнові права
23) investment – інвестування, вкладання капіталу; інвестиції
24) consumer – споживач
25) undertake – 1) починати, братися; 2) зобов'язуватися
26) consumption – споживання
27) purveyor постачальник

28) facilitate – полегшувати; допомагати; просувати; сприяти
29) supervision – нагляд
30) brief – підсумок
31) discontinue – припиняти
32) unconventional – що не дотримується умовностей; нешаблонний; нетрадиційний
33) cultivate – розвивати
34) recovery – економічне пожвавлення
35) emerging – market ринок країни з перехідною економікою
36) precision – точність; чіткість
37) market sensitivity – чутливість ринку
38) perpetuate – увічнювати
39) monetary system – грошова система
40) foreign exchange risk – валютний ризик
41) interest rate – процентна ставка

EXERCISES

Exercise 1. ***Choose the correct answer.***

1. What is the term for the difference between a country's total exports and total imports?

a) Inflation
b) Balance of Trade
c) Gross Domestic Product
d) Currency Depreciation

2. What is the name of the international institution that provides loans to developing countries for development projects?

a) International Monetary Fund (IMF)
b) World Trade Organization (WTO)
c) World Bank
d) European Central Bank (ECB)

3. What does “exchange rate” mean?

a) The interest rate set by central banks
b) The price of one country's currency in terms of another
c) The fee charged for financial transactions
d) The cost of trading stocks internationally

4. What does “foreign direct investment (FDI)” refer to?

a) The purchase of stocks by international investors
b) Investments made by a company in another country
c) Loans provided by international banks
d) The movement of goods across borders

5. A “trade deficit” occurs when:

a) Exports exceed imports
b) Imports exceed exports
c) Both exports and imports are equal
d) Currency value decreases

6. Which term refers to the rise in prices over time, decreasing the purchasing power of money?

a) Deflation
b) Inflation
c) Stagflation
d) Revaluation

7. What is a “sovereign debt”?

a) Debt owed by an individual
b) Debt owed by a corporation
c) Debt issued or guaranteed by a national government
d) Debt held by international banks

8. The International Monetary Fund (IMF) is primarily responsible for:

a) Issuing global currencies
b) Monitoring global financial stability and offering emergency loans
c) Regulating international trade agreements

d) Managing private investments

9. What does “capital flow” refer to?
   a) Movement of goods and services across borders
   b) Movement of money for investment or trade across countries
   c) A government’s budget allocations
   d) The profits generated from a business

10. What is “currency appreciation”?
    a) A decrease in the value of a currency compared to others
    b) An increase in the value of a currency compared to others
    c) A measure of a country's inflation
    d) The removal of a fixed exchange rate system

Exercise 2. ***Match the financial terms to their definitions.***

1. Tariff
2. Exchange Rate
3. Gross Domestic Product (GDP)
4. Foreign Direct Investment (FDI)
5. Inflation
6. Trade Deficit
7. Central Bank
8. Capital Flight
9. Floating Currency
10. World Bank

Options:

A) The total value of all goods and services produced within a country

B) A fee imposed on imported goods

C) The institution responsible for managing a country’s monetary policy

D) The movement of large amounts of capital out of a country due to economic instability

E) The price of one currency in terms of another

F) Investments made by foreign companies or individuals in another country

G) An increase in the general price level of goods and services

H) A situation where imports exceed exports

I) A currency whose value is determined by supply and demand in the market

J) An international institution offering development assistance to countries

Exercise 3. ***Fill in the blank.***

1. The ____________ oversees the stability of the euro and sets monetary policy for the eurozone.
2. When investors fear an economic crisis, ____________ occurs, leading to large amounts of money leaving a country.
3. ____________ occurs when a currency's value decreases relative to others, making exports cheaper.
4. The ____________ provides emergency financial assistance to countries facing balance-of-payments crises.
5. The ____________ measures the total output of an economy within its borders.
6. ____________ refers to taxes imposed on imports to protect domestic industries.
7. ____________ is the practice of one country investing directly in the economy of another.
8. ____________ results in reduced purchasing power for consumers due to rising prices.
9. A ____________ is created when a government spends more than it earns in revenue.
10. A ____________ allows its currency value to change based on the foreign exchange market.

Exercise 4. ***Define if the following sentences are true or false.***

1. The World Bank and the IMF are the same institution.

2. A country with a trade surplus exports more than it imports.
3. Inflation leads to a decrease in the value of money over time.
4. Foreign direct investment (FDI) involves portfolio investments in a country's stock market.
5. A fixed exchange rate is determined by market forces of supply and demand.
6. A tariff is a tax on imported goods.
7. Capital flight can destabilize a country's economy.
8. Sovereign debt is debt issued by corporations.
9. Currency devaluation makes exports cheaper and imports more expensive.
10. The International Monetary Fund (IMF) helps monitor global financial stability.

Exercise 5. ***Translate the following sentences into English.***

1. Міжнародні фінанси вивчають динаміку глобальної фінансової системи, міжнародних грошових систем, платіжних балансів, валютних курсів, прямих іноземних інвестицій.

2. Інвестори і транснаціональні корпорації повинні оцінювати міжнародні ризики: як політичні, так і валютні.

3. Прикладами ключових понять в сфері міжнародних фінансів є модель Манделла-Флемінга, теорія оптимальних валютних зон, паритет купівельної спроможності, паритет процентних ставок, а також міжнародний ефект Фішера.

4. Глобальна фінансова система – це сукупність міжнародних правових угод, інститутів і формальних та неформальних економічних суб'єктів, які в сукупності полегшують міжнародні потоки фінансового капіталу для цілей інвестицій і торгового фінансування.

5. Створення центральних банків, багатосторонніх договорів і міжурядових організацій спрямоване на підвищення прозорості, регулювання і ефективності міжнародних ринків.

6. І окремі особи, і групи можуть брати участь в глобальній фінансовій системі.

7. Науково-дослідні інститути та інші асоціації аналізують дані, публікують звіти і аналітичні записки, а також проводять публічне обговорення з глобальних фінансових питань.

8. Політики країн, що розвиваються, повинні обережно проводити антиінфляційну макроекономічну політику.

9. Використання золота як засобу обміну, платежу і міри вартості почалося багато століть тому.

10. У період після Другої світової війни, Бреттон-Вудська угода призвела до створення системи фіксованого валютного курсу, яка тривала з 1946 по 1973 рік.

HAVE FUN!

How do you think this cartoon illustrates the financial crisis?

GRAMMAR REVISION

NOUN. SINGULAR/PLURAL
NOUN-VERB AGREEMENT

In general the plural of a noun is formed by adding -*s* to the noun:	car – *cars;* book – *books;* bird –*birds.*
When the noun ends in *s, sh, ch, x* **or** *z***, we add -*es* to the noun:**	kiss – *kiss***es**; wish – *wish***es**; match – *match***es**; fox – *fox***es**; quiz – *quizz***es**
When the noun ends in a *vowel + y***, we add -*s* to the noun:**	boy – *boy***s**; holiday – *holiday***s**; boy – *boy***s**; key – *key***s.**
When the noun ends in a *consonant + y* **we add -*ies* to the noun**:	family – *famil***ies**; cry – *cr***ies**; story – *stor***ies**.
If the noun ends in *f* **or** *fe* **we d -*ves* to the noun**:	life –*li***ves**; wife – *wi***ves**; shelf – *shel***ves**. **BUT**: roof – *roof***s**, cliff – *cliff***s**, chief – *chief***s**, handkerchief – *handkerchief***s**, kerchief – *kerchief***s**, belief – *belief***s**, chef – *chef***s**, safe – *safe***s**; giraffe – *giraffe***s.**
If the noun ends in a *consonant + o* **we normally add -*es* to the noun:**	tomato – *tomato***es**; potato – *potato***es**; echo – *echo***es**. **BUT**: *volcano, buffalo, mosquito, zero, flamingo, tornado* has two forms of plural: *volcano***s** and *volcano***es** are accepted.
If the noun ends in a *vowel* + o, *double* **o,** *abbreviations***,** *musical instruments, proper names* **we normally add -*s* to the noun:**	studio – *studio***s**; radio – *radio***s**; zoo – zoos; photo – *photo***s**; kilo – *kilo***s**; memo – *memo***s**; piano – *piano***s**, Eskimo – *Eskimo***s**.
Irregular nouns that don't follow these rules:	man – *men*; woman – *women*; child – *children*; goose – *geese*; foot – *feet*; mouse – *mice*; tooth – *teeth*.
There are nouns in English that are the same singular and plural forms:	sheep – *sheep*; deer – *deer*; fish – *fish*; moose – *moose*; aircraft – *aircraft*.

Some nouns of Greek and Latin origin form plural according to the rules of Greek and Latin:	crisis – *crises*; phenomenon – *phenomena*; datum – *data*; medium – *media*; cactus – *cacti*; fungus – *fungi*.
Compound nouns form their plural by adding -*s*:	ball game – ball game**s**; **BUT:** mother-in-law – *mother**s**-in-law*.

We use *singular verb* **forms with** *uncountable* **nouns:**

food:	*flour, butter, salt, sugar, cheese, meat, chocolate;*
liquids:	*coffee, milk, water, oil, petrol;*
materials:	*crystal, wood, glass, china, silver;*
abstract nouns:	*knowledge, wisdom, information, love, justice, freedom;*
others:	*research, luggage, baggage, hair, behavior, advice, news, fun, accommodation, education, equipment, rubbish, furniture, crockery, cutlery, money, machinery, etc.*

! To refer to a specific amount of an uncountable noun, we can use the following: *a piece of* news/music/information; *a glass/bottle of* water/lemonade; *a jar of* jam/honey; *a packet of* rice/sugar; *a loaf/slice of* bread/cheese; *a drop of* water/oil, *etc*.

We use *plural verb* **forms with:**
• **nouns such as:** *clothes, people, police, stairs, (good) looks, surroundings, outskirts, premises, earnings, wages, cattle, poultry, goods, odds, proceeds, contents, etc***.**
• **nouns which refer to objects which consist of two parts such as**: *trousers, binoculars, shorts, shoes, gloves, tights, glasses, earrings, socks, scissors, etc*.
We use *a couple of, several, (a) few/many, a (good) large/great number of, both* **with countable nouns:** *A great number of children* ***were*** playing in the park. NOTE: few = *almost none*; a few = *a small number, not many*.

We use *(too) much, (a) little, a great/good deal of, a small/large amount/quantity of* **with uncountable nouns:** *A large amount of money* ***was paid*** to buy a car. NOTE: little = *almost none*; a little = *not much*.

We use *a lot of, lots of, (hardly) any, some, no, plenty of* **with both uncountable and countable nouns:** *There* ***is*** *no* milk in the jug. You ***need*** *plenty of* onions to make French onion soup.

!!! When a phrase comes between the subject and the verb, the verb still agrees with the subject: The ***student***, as well as the committee members, ***is*** excited. The ***student*** with all the master's degrees ***is*** very motivated.

• **When there is one subject and more than one verb, the verbs throughout the sentence must agree with the subject**: ***Interviews are*** one way to collect data and ***allow*** researchers to gain an in-depth understanding of participants. An ***assumption i***s something that is generally accepted as true and ***is*** an important consideration when conducting a doctoral study.

• **When the subject of the sentence is composed of two or more nouns or pronouns connected by and, use a** *plural* **verb**: *The doctoral student and the committee members* ***write*** every day.

• **When two or more singular nouns or pronouns are connected by** *'or'/'nor'*, **use a** *singular* **verb**: *The chairperson or the CEO* ***approves*** the proposal before proceeding.

• When a compound subject contains both a ***singular*** and a ***plural*** noun or pronoun joined by *'or'/'nor'*, the verb should agree with the part of the subject that is closest to the verb: The student or *the committee members* ***write*** every day. The committee members or *the student* ***writes*** every day.
• The words and phrases *'each'; 'each one', 'either', 'neither', 'everyone', 'everybody', 'anyone', 'anybody', 'nobody', 'somebody', 'someone'* and '*no one'* are singular and require a ***singular*** verb: *Each* of the participants ***was*** willing to be recorded. *Neither* alternative hypothesis ***was*** accepted.

Nouns that describe ***groups of people*** *band, group, team, committee, family, class, government, staff* can take a ***singular*** or ***plural*** verb.
When we think of the group as being made up of many individuals, each acting separately, we use a plural form: *Our family are coming in spring* (each member separately as individuals).
When acting as a united group, we use a singular form: *The government is ready to cut taxes* (the team as a group).
With expressions of ***duration, distance*** or ***money*** meaning 'a whole amount' we use ***singular*** verb: *Two weeks isn't too long to wait. Ten miles is a long way to ride.*

EXERCISES

Exercise 1. ***Complete the following table and give the corresponding singular or plural form of the nouns, if any. If there is no corresponding form, put a V. The first two words are given as examples.***

Singular	**Plural**	**Singular**	**Plural**
means	means		

V	scissors		

means, scissors, pence, Frenchman, Roman, photo, physics, cloth, sheep, halves, news, sleeves, mice, species, contents, athletics, series, knowledge, feet, phenomena, clothes, bases, headquarters, Japanese.

Exercise 2. ***Decide whether each noun is countable (C) or uncountable (U).***

1. Money
2. Loan
3. Investment
4. Advice
5. Currency
6. Debt
7. Savings
8. Profit
9. Expense
10. Information

Exercise 3. ***Choose the correct form of the noun to complete the sentence.***

1. The company made significant _______ *(profit/profits)* this quarter.

2. The bank offers excellent financial _______ (*advice/advices*).
3. Many _______ (*currencies/currency*) are traded on the foreign exchange market.
4. This _______ *(loan/loans*) has a lower interest rate than others.
5. The _______ (*information/informations*) about the stock market was helpful.
6. The government is introducing new _______ (*tax/taxes*) on luxury goods.
7. Large _______ (*amount/amounts*) of capital were invested in the project.
8. The company reported its _______ (*expense/expenses*) for the fiscal year.
9. Exchange _______ (*rate/rates*) fluctuate daily based on global markets.
10. Some countries have strict regulations for _______ (*investment/investments*).

Exercise 4. *Complete the sentences with the correct noun from the box.*

(export, market, fund, income, debt, assets, inflation, bond, trade, capital)

1. The country's _______ of goods has increased significantly this year.
2. _______ refers to the general rise in prices of goods and services over time.
3. Investors are concerned about the company's rising _______.
4. Foreign _______ is essential for the development of emerging economies.
5. A government _______ is a type of investment that offers fixed interest over time.
6. Their business has diversified its _______ to include properties and stocks.
7. The global stock _______ is experiencing volatility due to economic uncertainty.
8. The organization set up a _______ to support small businesses in rural areas.
9. _______ agreements between nations help boost economic growth.
10. His primary source of _______ is from rental properties.

Exercise 5. *Choose the correct option to complete the sentence.*

1. The rise in _______ (*inflation/inflations*) has reduced the purchasing power of the currency.
2. The company's _______ (*assets/asset*) include real estate and machinery.

3. The government introduced new _______ (*policies/policy*) to regulate international trade.
4. He paid off all his _______ (*debts/debt*) last year.
5. There was a sharp increase in the _______ (*rate/rates*) of foreign exchange.
6. A _______ (*bond/bonds*) is considered a safe investment for long-term growth.
7. Many countries rely on _______ (*export/exports*) to strengthen their economies.
8. The _______ (*markets/market*) reacted positively to the central bank's announcement.
9. _______ (*Capital/Capitals*) investment is crucial for business expansion.
10. Their _______ (*income/incomes*) grew substantially due to higher dividends.

Exercise 6. ***Each sentence contains an error related to nouns. Identify and correct it.***

1. The informations provided in the report was outdated.
2. There were little opportunities to invest in foreign markets.
3. This company has many debt that must be repaid by next year.
4. Inflation rates have increased due to a rise in price of goods.
5. The profits of the firm has been steadily growing.
6. The new tax policy aim to reduce capital flight.
7. Foreign direct investments is crucial for economic growth.
8. He made several advices about how to manage my savings.
9. The funds has been distributed among multiple projects.
10. There was fewer demand for luxury goods this year.

UNIT 4

PERFECT COMPETITION

TEXT

Market conduct and performance in atomistic industries provide standards against which to measure behaviour in other types of industry. The atomistic category includes both perfect competition (also known as **pure competition**) and monopolistic competition. In perfect competition, a large number of small sellers supply a homogeneous product to a common buying market. In this situation no individual seller can **perceptibly** influence the market price at which he sells but must accept a **market price** that is impersonally determined by the total supply of the product offered by all sellers and the total **demand** for the product of all buyers. The large number of sellers precludes the possibility of a common agreement among them, and each must therefore act independently. At any going market price, each seller tends to adjust his output to match the quantity that will **yield** him the largest **aggregate profit**, assuming that the market price will not change as a result. But the collective effect of such adjustments by all sellers will cause the total supply in the market to change significantly, so that the market price falls or rises. Theoretically, the process will go on until a market price is reached at which the total output that sellers wish to produce is equal to the **total output** that all buyers wish **to purchase**. This way of reaching a provisional **equilibrium price** is what the Scottish economist and philosopher Adam Smith described when he wrote of prices being determined by “the invisible hand” of the market.

If the provisional equilibrium price is high enough to allow the established sellers profits in excess of a normal **interest return** on investment, then added sellers will be drawn to enter the industry, and supply will increase until a final equilibrium price is reached that is equal to the minimal average cost of production (including an interest return) of all sellers. Conversely, if the provisional equilibrium price is so low that established sellers **incur losses**, some will withdraw from the industry, causing supply to decline until the same sort of **long-run** equilibrium price is reached.

The long-run performance of a purely competitive industry therefore embodies these features: (1) industry output is at a **feasible** maximum and industry selling price at a feasible minimum; (2) all production is undertaken at minimum **attainable** average costs, since competition forces them down; and (3) **income distribution** is not influenced by the receipt of any excess profits by sellers.

This performance has often been applauded as ideal from the **standpoint** of general economic welfare. But the applause, for several reasons, should not be unqualified. Perfect competition is truly ideal only if all or most industries in the economy are purely competitive and if in addition there is free and easy mobility of productive factors among industries. Otherwise, the relative outputs of different industries will not be such as to maximize consumer satisfaction. There is also some question whether producers in purely competitive industries will generally earn enough **to plow back** some of their earnings into improved equipment and thus maintain a satisfactory rate of technological progress. Innovation would effectively be discouraged. Finally, some purely competitive industries have been afflicted with what has been called **destructive competition**. Examples have been seen in the coal and steel industries, some agricultural industries, and the automotive industry. For some historical reason, such an industry accumulates **excess capacity** to the point where sellers suffer chronic losses, and the situation is not corrected by the exit of people and resources from the industry. The invisible hand of the market works too slowly for society to accept. In some cases, notably in agriculture, government has intervened to

restrict supply or raise prices. Leaving these qualifications aside, however, the market performance of perfect competition furnishes some sort of a standard to which the performance of industries of different structure may be compared.

https://www.britannica.com/money/monopoly-economics

VOCABULARY

1) Pure competition – чиста конкуренція
2) Perceptibly – відчутно
3) Market price – ринкова ціна
4) Demand – попит
5) Yield – прибутковість
6) Aggregate profit – сукупний прибуток
7) Total output – загальний обсяг виробництва
8) To purchase – придбати/купувати
9) Equilibrium price – рівноважна ціна
10) Interest return – процентний дохід
11) Incur losses – зазнавати збитків
12) Long-run – довгострокова перспектива
13) Feasible – можливий
14) Attainable – досяжний
15) Income distribution – розподіл доходів
16) Standpoint – точка зору
17) To plow back – перетворювати на капітал
18) Destructive competition – руйнівна конкуренція
19) Excess capacity – надлишок виробничих можливостей
20) Restrict – обмежити

EXERCISES

Exercise 1. ***Fill in the following sentences with missing words.***

Excess capacity, long-run, destructive competition, plows back, incurred losses, aggregate profit, pure competition, equilibrium price, market price, yield.

1. …refers to a situation where a firm is producing at a lower scale of output than it has been designed for.
2. A high-growth company often…the majority of its earnings rather than pays out dividends in order to maintain its high growth rate.
3. Business owners must keep their antennae finely tuned to sense … and stop it.
4. For regulated futures contracts, realized profit and loss is the actual … or loss recognized over the course of the year from transactions in commodity futures and currency futures contracts on a mark-to-market basis.
5. In the…, firms are able to adjust all costs, whereas in the short run firms are only able to influence prices through adjustments made to production levels.
6. The speculator who has … beyond his means tends to be discovered before his creditors are heavily involved.
7. The … is where the hypothetical supply and demand curves intersect.
8. Investors in the new business should carefully consider that the … expected in the first five years of operation will be minimal at best.
9. Knowing what the fair … for a product is will let you know if the deal you are seeing is to good to be true.
10. The … of the free market resulted in a happy customer base that was thriving with the price competition.

Exercise 2. ***Match the synonyms.***

1. Restrict	a) evidently
2. Perceptibly	b) appropriate
3. Purchase	c) enclose
4. Feasible	d) angle

5. Standpoint e) revenue
6. Attainable f) combined benefit
7. Incur loss g) obtainable
8. Aggregate profit h) default
9. Pure competition i) clear controversy
10. Yield j) acquisition

Exercise 3. ***Choose the correct variants to complete the sentences.***

1. Perfect competition is characterized … many buyers and sellers, many products that are similar in nature and, as a result, many substitutes.

a) by; b) with; c) of; d) for

2. In a perfectly competitive market, should a single firm … to increase its selling price of a good, the consumers can just … the nearest competitor for a better price, causing any firm that increases its prices to lose market share and profits.

a) produce; go out; b) decide; turn to; c) persuade; log out; d) compose; wrap.

3. An ideal market structure characterized by a large number of small firms, identical products sold by all firms, freedom of entry … and … out of the industry, and perfect knowledge of prices and technology.

a) from; in; b) away; from; c) exit; into; d) into; exit

4. Profit maximization remains the sole … of the sellers in a perfectly competitive market.

a) aim; b) degree; c) standart; d) feature

5. Software developers are … to enter and exit the market according to their will.

a) imprisoned; b) dependent; c) free; d) limited

6. Companies are constantly engaged in a battle, wanting to … their competitors.

a) appease; b) outdo; c) induce; d) grab

7. Economists have become more interested in … competition partly because of the growth of e-commerce as a means of buying and selling goods and services.

a) bright; b) honest; c) poor; d) pure

8. Perfectly … factors of production – land, labour and capital can be switched in response to changing market conditions, prices and incentives.

a) mobile; b) electronic; c) industrial; d) commerce

9. On the demand-side, consumers may have … power against their suppliers because they purchase a high percentage of total demand.

a) monopoly; b) monopsony; c) large; d) important

10. The single industry player controls all resources and technology and blocks potential competitors … entering the industry.

a) in; b) at; c) from; d) without

Exercise 4. ***Match the words with their definitions.***

1. Equilibrium price
2. Standpoint
3. Long-run
4. Demand
5. Restrict
6. Perceptibly
7. Purchase
8. Pure competition
9. Destructive competition
10. Yield

a) to produce (a profit, an amount of money, etc.);

b) capable of being perceived; recognizable; appreciable;

c) happening or presented over a long period or having a long course of performances;

d) the quantity of goods that buyers will take at a particular price;

e) to confine or keep within limits, as of space, action, choice, intensity, or quantity;

f) to be sufficient to buy;

g) a term that describes a market that has a broad range of competitors who are selling the same products;

h) the price at which the quantity of a product offered is equal to the quantity of the product in demand;

i) the mental position, attitude, etc., from which a person views adjudges things;

j) something that is destructive causes or is capable of causing great damage, harm, or injury.

TOPIC
WHAT IS PERFECT COMPETITION?

Perfect competition is an imaginary construct (i.e. a set of false assumptions) used primarily in mainstream, neo-classical economic discourse to explain competition and monopoly in the economy. Firms under perfect competition are assumed to operate in a market defined by the following characteristics:

- **Rationality**

The first assumption made is that people are economically rational, preferring more of those goods and services they value to fewer.

It is a short step from wanting more rather than less of the good things to wanting to maximize the amount of good things you can get. A rational economic man or woman has objectives and attempts to maximize them. In neo-classical economics, this is stated as follows:

- consumers allocate their incomes in order to maximize their satisfaction from the goods and services they consume;
- producers allocate resources in order to maximize their profits.

It is at this stage that doubt may creep in, especially with regard to profit maximization. After all, business decisions are taken by managers, who are frequently not the owners of the business.

Nevertheless, the profit maximization assumption is still plausible, if not inevitable. If managers create more value at lower cost than competitors, their business will prosper, its profits will rise and managers may be rewarded accordingly. And even if the profit maximization motive isn't always valid it is still useful to consider the outcomes that would arise if it were.

- **Perfect knowledge**

More contentious is the second assumption of the neo-classical model: that economic agents make decisions in the light of perfect knowledge. Buyers and sellers know all the prices of all the goods in the market, know everything they need to know about the quality of goods, the character of the other economic agents, what the government is going to do next, and so on. There is no doubt, no uncertainty. Like a computer with perfect knowledge, rational economic man can compare prices with what they have or want, and set out to maximize their objective, be it consumer satisfaction or business profits.

In reality this is a frequently an unrealistic assumption. So in practice economists will start by examining the world as if perfect knowledge existed and then they relax this assumption so as to make their analysis more realistic. In this way we use the neo-classical model as the basis for a comparison with the real world. The same applies to the remainder of the assumptions presented here.

- **Many participants**

A perfectly competitive market consists of a large number of participants who are ‘price-takers’. That means that an individual participant has no influence on market prices - they must accept the market price for whatever they buy or sell. If the market were dominated by a few participants, individual participants would not be price-takers and the market would not be perfectly competitive. At the opposite end of the spectrum to perfect competition is monopoly where the monopolist determines what the market price will be.

- **No barriers to market entry or exit**

If a market is to be truly competitive, there must be scope for new buyers and sellers to enter a market, and for old participants to leave and find other markets. This of course applies to markets for resources like labour as well as markets for goods and services. If the wages of plumbers are high compared to the wages of carpenters, the latter will leave their jobs and look for jobs as plumbers.

- **Homogeneous commodities**

This assumption requires that the good or service associated with a particular market is identical in all respects. For example, in the apple market all apples are assumed to be of equal size, shape, colour, taste, origin etc. In other words there is nothing to distinguish one apple in the market from another. As with rationality in much applied analysis this assumption is relaxed. Indeed, product differentiation is an important business strategy, as can be seen on the shelves in shops or supermarkets throughout the world - in reality an apple is not just an apple, but can be small, large, have a flavour that is sharp or sweet, the colour may be yellow, green, red, and so on.

Under such conditions firms’ demand curves would be perfectly elastic meaning that they could bring any supply to the market without affecting price. Furthermore for a profit-maximizing firm operating in a perfectly competitive market price would be equal to marginal cost. Firms who are able to sell products at a price above marginal cost (i.e. firms with downward sloping demand curves) are assumed to operate under conditions of imperfect competition and thus possess market power.

Many economists have been highly critical to the concept of perfect competition, suggesting that the assumptions associated with the model do not correspond at all to the actual characteristics of real markets and when the assumptions are dropped the model does not provide any useful conclusions about market behavior. For example it is pointed out that in reality there is no such thing as a perfectly elastic demand curve as all firms face a downward sloping demand curve and thus possess some "market power". Furthermore, the model of perfect competition has often been used as the benchmark for anti-trust policy, where policy makers maintain that it is the job of government to promote perfect competition. Thus policy makers misuse the model as a normative benchmark in deciding what anti-trust actions should be taken against firms.

Perfect competition vs. actual competition

“Pure and perfect competition” is completely unlike anything one normally means by the term "competition". Normally, one thinks of competition as denoting a rivalry among producers, in which each producer strives to match or exceed the performance of other producers. This is not what "pure and perfect competition" means. Indeed, the existence of rivalry, of competition as it is normally understood, is incompatible with "pure and perfect competition." Consider the following passage in a widely used economics textbook by Professor Richard Leftwich:

"By way of contrast, intense rivalry may exist between two automobile agencies or between two filling stations in the same city. One seller’s actions influence the market of the other; consequently, pure competition does not exist in this case."

F.A. Hayek argues that the theory of perfect competition has little claim to be called "competition" at all, and that its conclusions are of little use as guides to policy. None of the devices adopted in ordinary life for what is normally understood as competition would still be open to a seller in a market in which so-called "perfect competition" prevails.

Advertising, undercutting, and improving ("differentiating") the goods or services produced are all excluded by definition — "perfect" competition means indeed the absence of all competitive activities.

Especially remarkable in this connection is the explicit and complete exclusion from the theory of perfect competition of all personal relationships existing between the parties. In actual life the fact that our inadequate knowledge of the available commodities or services is made up for by our experience with the persons or firms supplying them — that competition is in a large measure competition for reputation or good will — is one of the most important facts which enables us to solve our daily problems.

No products of two producers are ever exactly alike, even if it were only because, as they leave his plant, they must be at different places. These differences are part of the facts which create our economic problem, and it is little help to answer it on the assumption that they are absent.

That in conditions of real life the position even of any two producers is hardly ever the same is due to facts which the theory of perfect competition eliminates by its concentration on a long-term equilibrium which in an ever-changing world can never be reached. At any given moment the equipment of a particular firm is always largely determined by historical accident, and the problem is that it should make the best use of the given equipment (including the acquired capacities of the members of its staff) and not what it should do if it were given unlimited time to adjust itself to constant conditions.

Competition is the more important the more complex or "imperfect" are the objective conditions in which it has to operate. Indeed, far from competition being beneficial only when it is "perfect",Hayek argue that the need for competition is nowhere greater than in fields in which the nature of the commodities or services makes it impossible that it ever should create a perfect market in the theoretical sense.

The economic problem is a problem of making the best use of what resources we have, and not one of what we should do if the situation were different from what it actually is. There is no sense in talking of a use of resources “as if” a perfect market existed, if this means that the resources would have to be different from what they are, or in discussing what somebody with perfect knowledge would do if our task must be to make the best use of the knowledge the existing people have.

DIALOGUES

A)

Susan: George, I was wondering if we could discuss our new marketing strategy for a moment.

George: Certainly, Susan. You know that I’m working with Anne on changing our image, don’t you?

Susan: Yes, I think you’ll make an excellent team. How do you feel about the merchandise we’re pushing?

George: In my opinion, the products being offered are fine. However, I think we should concentrate on expanding our market share in the young adult market.

Susan: I totally agree. Who buys more products than twenty somethings?

George: Exactly. We haven’t been very successful in our branding efforts, have we?

Susan: I’m not keen on changing our target audience, but we certainly have to improve our brand image.

George: If we want to edge out our main competitor, we’re going to have to target customers at a younger age.

Susan: Maybe, but we also have to keep our competitive edge in quality.

George: Why don’t we all get together for a discussion?

Susan: Can you let me know when your next meeting with Anne is going to be? I’d like to go over some of our restructuring ideas with both of you.

George: As a matter of fact, we'll be meeting this afternoon. Let's meet at four, shall we?

Susan: I'm afraid I already have an appointment then. Do you think we could meet earlier?

George: Well, I'll have to check with Anne.

B)

Maria: Alice, have you transferred the funds to the Anderson account yet?

Alice: No, I haven't done that yet.

Maria: Good, there are a few changes we need to make.

Alice: Really? It's good I haven't had a chance to go to the bank yet. What has been changed?

Maria: They've asked to how the funds transferred into three different accounts. Here's the updated information.

Alice: This looks more complicated.

Maria: It's not that difficult. Just take along the account numbers, amounts and payment scheme to the bank with you.

Alice: Am I authorized to make these changes?

Maria: I can call ahead and let them know. Here's the PIN number in any case.

Alice: Is there anything else I need to do?

Maria: Yes, could you make these deposits when you go.

Alice: Certainly, which accounts do you want to use.

Maria: Deposit the checks into our savings account. Put the cash into checking.

Alice: OK, I'll probably leave in about a half an hour.

C)

Susan: Doug, can I talk with you for a moment?

Doug: What can I do for you Susan?

Susan: I'm concerned about the delays we're experiencing with some of our suppliers.

Doug: We're doing everything to get back on schedule.

Susan: Could you give me an approximate timeline?

Doug: A number of deliveries are arriving tomorrow. Unfortunately, this time of year is often troublesome.

Susan: That's not good. We can't make excuses to our clients. Are all shipments affected?

Doug: No, but it is summer and some companies are cutting back until September.

Susan: Where are most of our suppliers located?

Doug: Well, most of them are in China, but there are a few in California.

Susan: How does that affect deliveries?

Doug: Well, there are weather delays and shipment delays due to reduced production. Sometimes, larger packages are delayed because of a bottleneck at the distribution point.

Susan: Is there any way around these delays?

Doug: Well, we often work with delivery services such as UPS, Fed ex or DHL for our most urgent shipping. They guarantee door-to-door deliveries within 48 hours.

Susan: Are they expensive?

Doug: Yes, they're very expensive at that cuts into our bottom line.

TOPICAL VOCABULARY

1. To operate – діяти
2. Rationality – раціональність
3. Goods and services – товари та послуги
4. Consumers – споживачі
5. Producers – виробники
6. To maximize profits – збільшити прибутки

7. Creep in – з’являтися
8. Plausible – правдоподібний
9. Competitors – конкуренти
10. Valid – дійсний
11. Outcomes – результати
12. Neo-classical model – неокласична модель
13. Price-takers – ціноотримувач
14. Monopoly – монополія
15. Scope – можливість
16. Homogeneous commodities – однорідні товари
17. Assumed to be – передбачається, що
18. Demand curves – криві попиту
19. Supply – поставка
20. Marginal cost – гранична вартість
21. Market power – ринкова влада
22. Benchmark – орієнтир
23. Normative benchmark – нормативний тест
24. Anti-trust actions – антимонопольні дії
25. To strive – прагнути
26. Incompatible – несумісний
27. Intense rivalry – гостре суперництво
28. Long-term equilibrium – довгострокова рівновага
29. Imperfect – недосконалий
30. Beneficial – вигідний

QUIZ QUESTIONS

1. Perfect competition is an industry with:
   a) a few firms producing identical goods;
   b) a few firms producing goods that differ somewhat in quality;
   c) many firms producing identical goods;

d) many firms producing goods that differ somewhat.

2. In a perfectly competitive industry, there are:
   a) many buyers and many sellers;
   b) many buyers, but there might be only one or two sellers;
   c) many sellers, but there might be only one or two buyers;
   d) one firm that sets the price for the others to follow.

3. In perfect competition, the product of a single firm:
   a) has many perfect substitutes produced by other firms;
   b) has many perfect complements produced by other firms;
   c) is sold under many differing brand names;
   d) is sold to different customers at different prices.

4. In perfect competition, restrictions on entry into an industry:
   a) apply to both capital and labor;
   b) apply to labor but not to capital;
   c) apply to capital but not to labor;
   d) do not exist.

5. In perfect competition:
   a) each firm can influence the price of the good;
   b) there are few buyers;
   c) there are significant restrictions on entry;
   d) all firms in the market sell their product at the same price.

6. Economists assume that a perfectly competitive firm's objective is to maximize its:
   a) quantity sold;
   b) economic profit;
   c) Revenue;
   d) output price.

7. In perfect competition, a firm that maximizes its economic profit will sell its good:
   a) below the market price;

b) at the market price;

c) above the market price;

d) below the market price if its supply curve is inelastic and above the market price if its supply curve is elastic.

8. In perfect competition, the marginal revenue of an individual firm:

a) is zero;

b) is positive but less than the price of the product;

c) equals the price of the product;

d) exceeds the price of the product.

9. Point where market demands will be same to market supply:

a) equilibrium in perfect competition;

b) equilibrium in imperfect competition;

c) equilibrium competition;

d) all of answers are correct.

10. Completely competitive market exists when each member is a:

a) price maker;

b) price taker;

c) price seeker;

d) a&b.

GRAMMAR REVISION

CONDITIONAL SENTENCES

Conditional sentences have two parts: the conditional clause, which begins with *if* (or other words such as *when, unless,* etc.), and the main clause. Conditional sentences follow basic patterns.

Zero Conditional

We use the zero conditional to talk about things that are always or generally true as a result of an action.

To form zero conditional sentences, we use:

if + present simple – present simple

- If demand increases, prices rise.
- When employees feel valued, productivity improves.

The conditional clause can come before or after the main clause. When it comes first, we put a comma after it:

- When we reduce expenses, profit margins increase.
- Customer satisfaction improves when we respond quickly to complaints.

First Conditional

We use the first conditional to talk about possible actions or events in the future.

To form first conditional sentences, we use:

if (when) + present simple – will + infinitive

- If we launch the product on time, we'll meet our quarterly targets.

Other structures are also possible in first conditional sentences:

if + present simple – modal verb

- If the client agrees to the proposal, we can start the project next week.

if + present simple – be going to

- If we don't adjust our strategy, we're going to lose market share.

if + present simple – imperative

- If you need a budget extension, contact the finance department.

if + present continuous – will / modal verb / imperative

◈ If the team is working overtime, give them a bonus.

Second Conditional

We use the second conditional to talk about unlikely events or situations in the future, or improbable/impossible events or situations in the present.

To form second conditional sentences, we use:

if + past simple – would + infinitive

◈ If we had a bigger budget, we would expand to international markets.

In the main clause, we can also use could or might instead of would:

◈ If we outsourced production, we might reduce costs.

In the if-clause, we can use were instead of was:

◈ I'd accept the deal if the terms were more favorable.

Third Conditional

We use the third conditional to talk about events that were possible in the past but did not happen.

To form third conditional sentences, we use:

if + past perfect – would have + past participle

◈ If we had signed the contract earlier, we would have secured the client.

◈ If I hadn't missed the deadline, I would have received the promotion.

Notice how changing the clauses from positive to negative changes the meaning:

◈ If I had followed the business plan, we wouldn't have gone over budget.

◈ If I hadn't followed the business plan, we would have gone over budget.

Both clauses can be negative:

◈ We wouldn't have lost the investor if we hadn't delayed the presentation.

In the main clause, we can use could or might instead of would:

◈ If you'd reviewed the financial report, you could have prevented the error.

◈ I might have closed the deal if I had presented a better pitch.

Mixed Conditionals

Sometimes we use the second and third conditionals in the same sentence. We call these mixed conditional sentences, and we use them when a past event has an effect on the present.

The conditional clause (third conditional) refers to the past, and the main clause (second conditional) refers to the present or future:

◈ If we had hired a consultant, we wouldn't be struggling with the project now.

◈ If you had accepted the offer, you would be managing the department today.

	If-clause (hypothesis)	**Main clause (result)**	**Use**
Type 0 General truth	***If + present simple***	***Present simple***	***Real – which is always true***
	*If the temperature **falls** below 0 C, water **turns into** ice.*		
Type 1 Real present	***If + present simple, present continuous, present perfect or present perfect continuous***	***Future(will)/imperative, can/may/might/must/should/could + bare infinitive***	***Real – likely to happen in the present or future***
	*If he **doesn't pay** the fine, he **will go** to prison. If you **need** help, **come and see** me. If you **have finished** your work, we **can have** a break. If you **are** ever in the area, you **should come** and visit me.*		
Type 2 Unreal present	***If + past simple or past continuous***	***Would/could/ might + bare infinitive***	***Imaginary situation contrary to facts in the present; also used to give advice***
	*If I **had** time, I **would take up** a sport. (but I don't have time – untrue in the present. If I **were** you, I **would talk** to my parents about it (giving advice)*		
Type 3 Unreal past	***If + past perfect or past perfect continuous***	***Would/could/might + have + past participle***	***Imaginary situation contrary to facts in the past; also used to express regrets or criticism***
	*If she **had studied** harder, she **would have passed** the test. If **he hadn't been acting** so foolishly, he **wouldn't have been punished.***		

EXERCISES

Exercise 1. ***Complete the sentences using the correct form of the verb in parentheses and appropriate economic competition vocabulary.***

1. If a company ________ (*reduce*) its production costs, it will be able to offer lower prices to its customers.
2. If the market leader ________ (*not adapt*) to new technology, smaller competitors could surpass it.
3. A business would lose its competitive advantage if it ________ (*fail*) to innovate regularly.
4. If two companies engage in a price war, their profit margins ________ (*shrink*) significantly.
5. If the government ________ (*enforce*) stricter antitrust regulations, monopolistic behavior could be curtailed.
6. If businesses ________ (*collaborate*) in a cartel, they might control prices and restrict competition illegally.
7. The firm will dominate the market if it ________ (*achieve*) a monopoly in its sector.
8. If the new product launch ________ (*succeed*), the company will capture a larger share of the market.
9. Customers would switch to other brands if a firm ________ (*charge*) higher prices without improving quality.
10. If market demand ________ (*remain*) strong, new competitors are likely to enter the industry.

Exercise 2. ***Complete the sentences using the correct form of the verb in parentheses. Use Conditional Type 2 (unreal present/future) or Conditional Type 3 (unreal past).***

1. If the company ________ (*invest*) in renewable energy earlier, it ________ (*reduce*) its operational costs significantly by now.
2. Smaller firms ________ (*compete*) more effectively if they ________ (*have*) access to better funding options.
3. If the government ________ (*not deregulate*) the industry last decade, monopolistic practices ________ (*not occur*).
4. Large corporations ________ (*gain*) a greater market share if they ________ (*adapt*) to the rise of e-commerce sooner.
5. If the business strategy ________ (*focus*) on customer loyalty programs, it ________ (*increase*) repeat purchases by now.
6. If our competitor ________ (*not lower*) its prices last year, we ________ (*maintain*) our profit margins.
7. The startup ________ (*survive*) the recession if it ________ (*secure*) funding from investors.
8. If more businesses ________ (*prioritize*) sustainability, the market ________ (*become*) more eco-friendly today.
9. If the company ________ (*develop*) a more innovative product line, it ________ (*lead*) the market now.
10. Entrepreneurs ________ (*succeed*) faster if they ________ (*take*) calculated risks during their early ventures.

Exercise 3. ***Complete the sentences using the correct form of the verb in parentheses.***

1. If the company ________ (*not ignore*) customer feedback last year, it ________ (*improve*) its product satisfaction ratings.
2. Businesses ________ (*achieve*) better global reach if they ________ (*embrace*) digital transformation earlier.

3. If competitors ________ (*collaborate*) on research, the industry ________ (*benefit*) from faster innovation.
4. The firm ________ (*avoid*) bankruptcy if it ________ (*diversify*) its portfolio during the economic downturn.
5. If local businesses ________ (*receive*) government subsidies, they ________ (*compete*) more effectively against international corporations.
6. The market ________ (*stabilize*) if demand ________ (*be*) less volatile in recent years.
7. If the retailer ________ (*offer*) better discounts, it ________ (*attract*) more customers during the holiday season.
8. If companies ________ (*not rely*) solely on price competition, they ________ (*develop*) stronger brand loyalty.
9. The startup ________ (*secure*) its place as a market leader if it ________ (*file*) for patents on its innovations.
10. If trade barriers ________ (*be*) lower, small businesses ________ (*export*) their products more easily.

Exercise 4. ***Complete the sentences using the correct form of the verb in parentheses. Use Conditional Type 2 (unreal present/future) or Conditional Type 3 (unreal past).***

1. If the company ________ (*focus*) on quality instead of cost-cutting, it ________ (*retain*) its loyal customers.
2. The business ________ (*expand*) into international markets if it ________ (*build*) a stronger supply chain earlier.
3. If the competitors ________ (*not collaborate*) in a price-fixing scheme, the market ________ (*be*) more competitive now.
4. If the government ________ (*implement*) stricter antitrust laws, monopolies ________ (*not dominate*) the industry in the past.
5. A small business ________ (*thrive*) today if it ________ (*leverage*) social media marketing earlier.

6. If the company ________ (*offer*) better employee benefits, it ________ (*not struggle*) with high turnover rates.
7. The firm ________ (*achieve*) higher profits last year if it ________ (*introduce*) eco-friendly packaging.
8. If more businesses ________ (*share*) resources, they ________ (*reduce*) production costs significantly.
9. The new entrant ________ (not fail) in the market if it ________ (*conduct*) better customer research before launching.
10. If companies ________ (*invest*) in cutting-edge technology today, they ________ (*become*) industry leaders in the future.

Exercise 5. ***Each sentence below contains a mistake in the use of conditionals or economic vocabulary. Identify and correct the error.***

1. If the company would reduce its prices, it could have gained more market share.
2. If small businesses received subsidies, they would compete better with monopolistic firms in the past.
3. The firm will dominate the market if it would innovate faster than its competitors.
4. If the government regulated the market more strictly ten years ago, predatory pricing wouldn't harm smaller competitors now.
5. If businesses adopt sustainable practices, they could gain a competitive advantage earlier.
6. The retailer would increase its profit margins if it has used a more efficient supply chain last year.
7. If the company wouldn’t ignore customer complaints, its brand loyalty would not have decreased so drastically.
8. The startup could achieve a monopoly if it filed patents for its innovations in the past.

9. If demand for luxury goods decreased, the premium brands might struggle more last year.
10. If trade barriers were reduced five years ago, small businesses would export their goods more easily now.

Exercise 6. ***Translate the following sentences from*** *Ukrainian* ***to*** *English* ***paying attention to the usage of conditionals.***

1. Якби компанія зменшила витрати, вона могла б запропонувати нижчі ціни своїм клієнтам.
2. Якщо уряд посилить антимонопольне законодавство, ринок стане більш конкурентним.
3. Якби фірма вчасно впровадила інновації, вона б уже зараз була лідером на ринку.
4. Малі підприємства не змогли б вижити під час кризи, якби вони не отримали державну підтримку.
5. Якщо попит на продукт залишиться високим, нові конкуренти, ймовірно, увійдуть на ринок.
6. Якби компанія не брала участі у ціновій війні, її прибутки були б вищими.
7. Якщо конкурент не адаптується до змін у технологіях, він втратить свою частку ринку.
8. Якби підприємство зосередилося на якості, а не на скороченні витрат, воно б не втратило лояльність клієнтів.
9. Якщо великі корпорації продовжать ігнорувати стійкість, вони втратять конкурентні переваги.
10. Якби компанія не порушила антимонопольних правил, її репутація залишилася б незаплямованою.

UNIT 5
MONOPOLY

TEXT

What's so bad about monopoly power?

Google (GOOG) has been negotiating with European regulatory authorities since 2010 in an attempt to settle an **antitrust case** concerning its search engine, and its third attempt to settle the case has been rejected.

Google may also face new antitrust problems over its Android mobile operating system, and it's not alone in facing tough antitrust **scrutiny** in Europe. Microsoft (MSFT) has also been the subject of a long-running battle in Europe over market dominance issues.

But what's motivating this scrutiny from European regulators? What's so bad about a company **amassing** monopoly power?

When firms have such power, they **charge prices** that are higher than can be **justified** based upon the costs of production, prices that are higher than they would be if the market was more competitive. With higher prices, consumers will demand less quantity, and hence (отже) the quantity produced and consumed will be lower than it would be under a more competitive market structure.

The bottom line is that when companies have a monopoly, prices are too high and production is too low. There’s an **inefficient allocation of resources**.

In addition, the tactics used to establish monopoly power, such as driving competitors out of business or **thwarting** potential entrants, can also cause considerable harm to households who own the businesses that are forced to close their doors.

For instance, a **firm with deep pockets** can set prices below costs and **absorb losses** until competitors can no longer survive. Then, once the competition is **eliminated**, the surviving firm can raise prices high enough to more than cover the losses it took while establishing its **now-dominant market position** (under antitrust regulation, such tactics are prohibited).

The problems with monopolies go beyond the economic effects. Many large, economically powerful companies also have considerable political influence and the ability to “**capture**” the political and regulatory process. This allows a powerful firm to tilt the legal and regulatory processes against any potential threat to its market power, and to bring about changes that further enhance the profits it earns.

It can get health and safety regulations removed, have licensing requirements imposed that make it harder for new firms to enter a market, avoid state sales taxes for online retailers, or get invited to speak at congressional hearings on matters such as immigration and **corporate taxation**.

When an industry has just a few dominant firms, or a single dominant firm, market power can be significant. But when the number of companies is sufficiently large, the power of any one is considerably **muted**.

However, a small degree of monopoly power may even be desirable.

Whenever there is variety, and hence some amount of **brand loyalty**, firms will have some market power, i.e. some ability to raise prices without driving customers away (when products are identical, as required for textbook pure competition, an increase in the price above a nearby competitor’s price would result in the loss of all customers – why pay more for the exact same product?). So, the cost of variety is that firms will have some **degree of pricing power**.

But the benefit is a wide variety of goods to choose from. Consumers certainly seem to have a taste for variety, so this benefit must be weighed against the market power that companies get from differentiated products. As long as the number of firms in an industry is relatively large, making a market "monopolistically competitive," it's likely that the benefits of variety will outweigh the cost.

However, when the number of firms is smaller so that **oligopolies** (a few dominant firms) or **monopolies** (a single dominant firm) appear, the **likelihood** that the benefits outweigh the costs is substantially **diminished** and scrutiny from regulators is needed.

One case where scrutiny is certainly needed is one economists call a "natural monopolies". In these cases, companies do not have to act strategically to eliminate the competition. It happens naturally, often because of economies of scale that are still in effect even after the entirety of market demand has been satisfied.

Because the monopoly power cannot be prevented by regulating the firm's strategic behavior, and because breaking it up would often result in higher costs and hence higher prices for consumers, the best course of action is to regulate the prices and quantities such a company can charge.

A firm's size and market share do not necessarily indicate that it is **exploiting** its market power or that substantial market share even exists. A dominant firm in an industry could, for example, face substantial new entrants and competition if it attempts to raise its prices and exploit its dominant position in the marketplace.

But firms that exploit their market power or undertake strategic behaviors that make it more difficult for other companies to compete should come under the careful watch and, when appropriate, receive penalties from regulators charged with promoting the **public interest**.

https://www.cbsnews.com/news/whats-so-bad-about-monopoly-power/

VOCABULARY

1. antitrust case – антимонопольна справа
2. scrutiny – уважне вивчення
3. amassing – накопичення
4. charge prices – встановлювати ціну
5. justify – ґрунтуватися
6. The bottom line – суть справи
7. inefficient allocation of resources – неефективний розподіл ресурсів
8. thwart – перечити
9. firm with deep pockets – компанія з великими фінансовими ресурсами
10. absorb losses – покривати збитки
11. eliminate – усувати
12. now-dominant – наразі домінуючий
13. market position – становище на ринку
14. capture – захоплювати
15. corporate taxation – корпоративне оподаткування
16. muted – приглушений
17. brand loyalty – лояльність до бренду
18. degree of pricing power – ступінь цінової влади
19. oligopolies – олігополія
20. monopolies – монополія
21. likelihood – ймовірність
22. diminished – зменшений
23. exploit – використовувати
24. public interest – суспільний інтерес

EXERCISES

Exercise 1. ***Match the words with their definition.***

1) Amass	a) the act of getting control of smth
2) Justify	b) complete ownership or control
3) Thwart	c) to gather a large amount of money
4) Capture	d) revenue from taxes
5) Loyalty	e) feeling of strong support for someone
6) Oligopoly	f) provide adequate ground for
7) Monopoly	g) to make productive use of
8) Exploit	h) unable to speak
9) Taxation	i) to prevent someone from doing smth
10) Mute	j) a few producers affects but doesn't control

Exercise 2. ***Match the synonyms.***

1) Loyalty	a) trade name
2) Mute	b) frustrate
3) Thwart	c) antimonopoly
4) Exploit	d) excuse
5) Amass	e) attain
6) Justify	f) net income
7) Capture	g) speechless
8) Antitrust	h) abuse
9) Brand	i) accumulate
10) Profit	j) attachment

Exercise 3. ***Fill in the correct word form from the list below.***

Charge, antitrust, public, monopoly, pricing, taxation, loyalty, position, deep, bottom.

1. ……………. case
2. ……………. price
3. ……………. line

4. ……………. pockets
5. Market ……………
6. Corporate…………
7. Brand …………….
8. ……………. power
9. ……………. interest
10. Natural ……………

Exercise 4. ***Fill in the gaps with the correct form of the words in brackets.***

1. He tried to …………… (justice) his behavior by saying that he was being preserved unfairly by his boss.
2. She did all she could (to)……….. (thwart) his plans.
3. The government passed laws …………. (intending) to break up monopoly.
4. Top athletes are able………… (exploitation) their opponents weaknesses.
5. Market economies are assumed to have many …………… (buy) and sellers, high competition and many substitutes.
6. Monopolies characterize industries in which the supplier determines prices and high barriers ………… (prevention) any competitors from entering the market.
7. New entrepreneurs are often willing to take risks and ……………. (employment) new technologies in order to enter markets.
8. …………….. (regulation) can prevent mergers or acquisitions, or set conditions for successful mergers.
9. It is also possible to split up a service into regional sections to compare the performance of one………. (regional) against another.
10. Firms need to be able to protect their intellectual property by ……………… (establishment) barriers to entry; otherwise, there will be a free rider problem.

TOPIC

ECONOMIC INEFFICIENCIES OF MONOPOLY AND EUROPEAN ANTIMONOPOLY LAW

The economic inefficiencies of monopoly can also be regarded as **demerits** or disadvantages of monopoly. Monopoly is definitely a harmful element of an economy as a single firm rules over the economy and sets the prices of **commodity**, which has no substitute in the market, according to his wishes. And do not let any other firm to enter in industry to carry on its business and earn profit. These all factors show that a single person or firm enjoys extra ordinary profits at the **expense** of others.

The most common economic inefficiencies which are caused by monopoly in an economy are as follows:

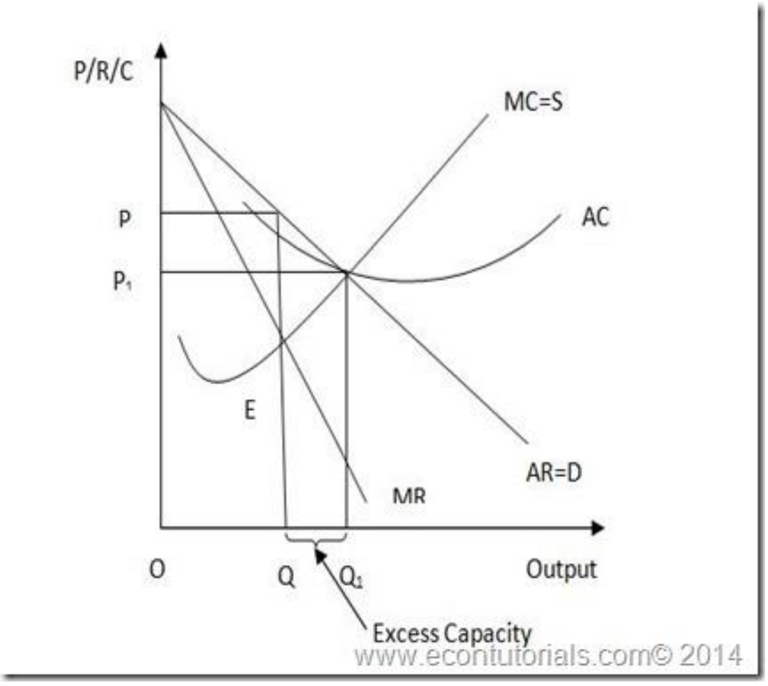
High Price

Since a monopolist is the only producer of the commodity and there is no competitor who can beat him in the market, therefore, he has total control over the price and production of such commodity. Taking the advantage of this fact, a monopolist becomes the **price setter**. He sets the price of the commodity which helps him in obtaining maximum profit level which covers him production cost too. This practice by a monopolist exploits the rights of consumers.

Excess Capacity

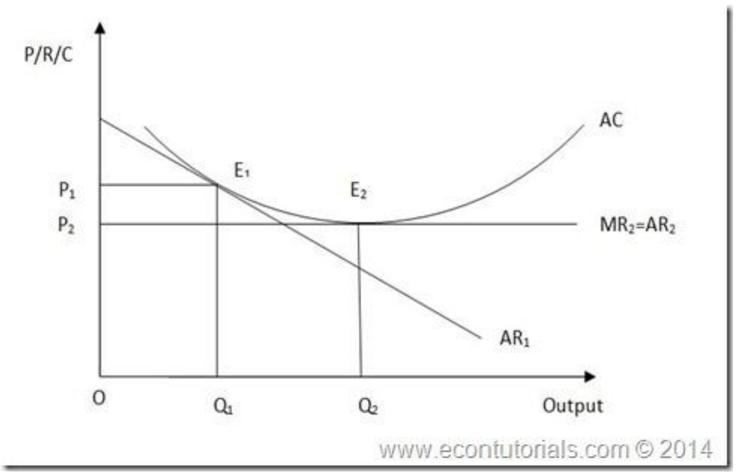
A monopolist always works on a large scale. It always has a large capacity for production. Due to this, a monopolist does not produce at **optimum level**, which implies that the level at which average cost is minimum. A monopolist has **excess capacity** that is why he can afford production even at high price. This concept will be more cleared with the help of following graph;

In the above graph, it is visible that the monopoly firm can produce OQ_1 quantity but it produces OQ quantity. The excess capacity is equal to the difference between OQ_1 and OQ.



Productive Inefficiency

In the case of monopoly, the monopoly firm is always productively inefficient. This happens because a monopolist does not produce at a minimum **average cost**. In a monopoly, the production is made at a level that is less than the minimum average cost due to which less quantity is produced and the higher price is charged. This phenomenon can be better explained by comparing monopoly with perfect competition. The following graph will help you to understand the productive inefficiency in monopoly.



Where for normal profit AR=AC. The average **revenue curve** for monopoly is AR_1 and for perfect competition the average revenue curve is AR_2. The AR_1 of monopoly firm is equal to AC, its **equilibrium** is at E_1 at which it is producing OQ_1 quantity and is charging OP_1 price. Whereas, AR_2 of the perfect competitive firm which is equal to AC, the equilibrium point for it is at E_2. It is producing OQ_2 quantity and is charging the OP_2 price, which is lower than as charged by monopoly firm.

Stifle Competition

The monopoly firm creates entrance barriers for other firms to enter in industry and do business. This is very harmful for the economy and for the consumer too. As it form the situation in an economy where no **substitutes** are available for the consumer at competitive prices.

Supernormal Profits and Price Discrimination

It the usual practice of monopoly firm to earn supernormal profit **in long run 12)**, which is again a disadvantage to the economy. **Price discrimination** implies that different prices are being charged for the same product. In monopoly, the price discrimination is kept by the monopolist, which is totally against the interest of the consumer.

The European Chamber has for many years **stated** that effective implementation of China's Anti-Monopoly Law (AML) would be beneficial for developing a healthy market economy in China.

Increased enforcement of the AML across a number of sectors over the last year is important as it sends a strong message that companies will be held accountable to the supremacy of law.

Likewise, these high-profile investigations also provide China itself an opportunity to demonstrate that the investigations will be carried out fully in accordance with rule of law. This is timely given the government's repeated **vows** to further establish rule of law in China, which will be the focus of the upcoming fourth plenum of the 18th Party Congress. For this to happen, legal best practices must be embraced to ensure that administrative law enforcement is carried out **impartially**, **transparently** and **consistently**.

The **procedural transparency** of the European Commission could be taken as a model for how to conduct antitrust-related investigations. Inspections must not **prejudge** the outcome of the investigation and full rights of defence must be afforded to the companies in question. **Disconcertingly**, the European Chamber is not convinced that this has systematically been the case in China's recent investigations.

The European Chamber has received numerous alarming anecdotal accounts from a number of sectors that administrative **intimidation tactics** are being used to **impel** companies to accept punishments and remedies without **full hearings**. Practices such as informing companies not to challenge the investigations, bring lawyers to hearings or involve their respective governments or chambers of commerce are contrary to best practices.

While the European Chamber recognizes that a number of Chinese companies have been investigated for AML violations, the European business community is also increasingly considering the question of whether foreign companies are being disproportionately targeted in the investigations.

In some of the industries under investigation, domestic companies have not been targeted for similar violations. Furthermore, in some cases that involve **joint ventures**, it has only been the foreign partner that has been named as being a party to the investigations. A **core tenet** of a globalised economy is that all business operators, regardless of nationality, should be held accountable to the same criteria and be treated equally. Competition law should not be used as an administrative instrument to harm targeted companies or serve other aims, such as administratively forcing **price reductions**.

DIALOGUES

Ziliak: What do you think? Does market structure create inequality?

Klamer: I think so; the model shows that firms with power have a big say on who ends up with what level of income. One should take it further, though, and ask, Where does monopoly power come from? The government? And how much is too much, from the point of view of income distribution?

McCloskey: I say it's incomplete. For example, the model doesn't admit as it should that the U.S. economy exhibits very little monopoly power. So again, who cares about the distribution question?

Rodney: I think it's great and I'd like to know more about the Post-Keynesian way of thinking.

Klamer: Post Keynesians show a primary care for unemployment, income, and the lot of the common person. And they believe that they have constructed plausible models of the economy that show how inequality is de facto generated by the structural characteristics of capitalist exchange.

II

- What does matter is that people like Bork and Posner supported corporate monopoly because of, and not despite, their assumptions about free markets and competition? What makes this important now is that there are several layers to monopoly in our economies?
- The first layer represented by brand name companies (e.g. P&G, Coca-Cola, Amazon, Google, etc.); the second layer by "unknown" suppliers who supply those brand name companies; and the third layer of financial institutions, especially institutional investors (e.g. Fidelity, Vanguard), which own a significant proportion of the overall stock market and of individual companies, as well as other financial assets.
- What is the central part of your view?
- My central point here, however, is that "we can't actually be neoliberal because we can't identify a neoliberal rationality as opposed to *neoliberal rationalities*".

- Policy-makers in many countries have sought to protect competition against monopoly for over a century. And even though technical understandings of monopoly have changed.

III

- In recent years many economists, including people like Larry Summers and yours truly, have come to the conclusion that growing monopoly power is a big problem for the US economy ?
- The argument begins with a seeming paradox about overall corporate behavior. You see, profits are at near-record highs, thanks to a substantial decline in the percentage of GDP going to workers. You might think that these high profits imply high rates of return to investment. But corporations themselves clearly don’t see it that way: their investment in plant, equipment, and technology (as opposed to mergers and acquisitions) hasn’t taken off, even though they can raise money, whether by issuing bonds or by selling stocks, more cheaply than ever before.
- How can this paradox be resolved?
- Well, suppose that those high corporate profits don’t represent returns on investment, but instead mainly reflect growing monopoly power. In that case many corporations would be in the position I just described: able to milk their businesses for cash, but with little reason to spend money on expanding capacity or improving service. The result would be what we see: an economy with high profits but low investment, even in the face of very low interest rates and high stock prices. And such an economy wouldn’t just be one in which workers don’t share the benefits of rising productivity; it would also tend to have trouble achieving or sustaining full employment.
- Why?
- Because when investment is weak despite low interest rates, the Federal Reserve will too often find its efforts to fight recessions coming up short.

IV

- Why does it seem like there isn't enough money to pay for the things we really need?
- The headlines are filled with stories about our nation's "debt problem" and dire warnings about our impending "bankruptcy." As an architect who fills his waking hours thinking up all kinds of wonderful things we could be building, I'm alarmed by the idea there isn't enough money to pay for any of them.
- Before wasting more time dreaming, I had to find out: Is it really true? Are we *really* too poor to put America back to work making and building the things we need to maintain a prosperous nation?
- Searching for an answer, I discovered a small (but growing) group of economists who represent an emerging school of thought known as "modern monetary theory" (MMT). These men and women are valiantly trying to make us all understand a paradigm shift that occurred some forty years ago, when the world abandoned the gold standard.
- So, as I have understand a sovereign government is never revenue constrained when it is the Monopoly issuer of its own pure fiat currency; it has all the money that's needed to put its citizens to work building anything—and providing any service—that is desired by the public (provided the real resources are available). Even more remarkable, sovereign "deficits" in the fiat currency are just the accounting record of the surpluses that have been injected into the private economy. Eliminating the sovereign currency deficit by imposing austerity will not make the economy healthier; it will, in effect, bankrupt the citizens!

TOPICAL VOCABLURY

1) demerits – дефект
2) commodity – товар
3) expense – витрати
4) price setter – встановлення ціни

5) optimum level – оптимальний рівень
6) excess capacity – надлишок виробничих потужностей
7) average cost – середня вартість
8) revenue curve – крива доходу
9) equilibrium – рівновага
10) stifle competition – зменшення конкуренції
11) substitutes – заміщення
12) in long run – в довгостроковій перспективі
13) price discrimination – цінова дискримінація
14) state – констатувати
15) vows – обітниця
16) impartially – справедливо
17) transparently – прозоро
18) consistently – послідовно
19) procedural transparency – прозорість процедур
20) prejudge – засуджувати
21) disconcertingly – прикро
22) intimidation tactics – тактика залякування
23) impel – примушувати
24) full hearings – повне слухання
25) joint ventures – спільне підприємство
26) core tenet – ключова ідея
27) price reductions – зниження цін

EXERCISES

Exercise 1. ***Match the words with their definitions.***

1) Demerit	a) in an honest manner
2) Equilibrium	b) constrain or motivate
3) Vow	c) a solemn pledge to do something
4) Commodity	d) a mark against a person for failure

5)	Consistently	e) so as to be easily understood
6)	Transparently	f) systematically
7)	Impartially	g) in a disturbing manner
8)	Impel	h) a stable situation in which forces cancel one another
9)	Disconcertingly	i) the entire amount of income
10)	Revenue	j) articles of commerce

Exercise 2. ***Fill in the correct word from the list below.***

venture, revenue, price, price, run, hearing, optimum, transparency, high, intimidation.

1) ……………….……. Price
2) ………………..…. Tactics
3) Full ……………………....
4) Joint …………..……….
5) …………….....….. revenue
6) ………..……………. level
7) ……….….. discrimination
8) In long ……….………….
9) ………………….…... setter
10) ……………..…. curve

Exercise 3. ***Choose the correct answer.***

1. What does "excess capacity" mean in the context of a monopoly?

a) Producing more than is demanded by consumers

b) Having the ability to produce more than what is being produced

c) Producing at the minimum average cost

d) Operating below production capability due to competition

2. What does "price discrimination" imply in monopoly markets?

a) Charging all customers the same price for a product

b) Charging different prices for different products

c) Charging different prices to different customers for the same product

d) Reducing prices to compete with other firms

3. What does “productive inefficiency” refer to?

a) Producing at a higher average cost than necessary

b) Overproducing goods to reduce costs

c) Producing at maximum efficiency

d) Reducing production costs by increasing competition

Exercise 4. ***Match each term with its correct definition.***

Terms:

1. **Anti-Monopoly Law (AML)**
2. **Supernormal Profit**
3. **Stifle Competition**
4. **Rule of Law**

Definitions:

a) The principle that all entities are accountable to laws that are fairly applied and enforced.

b) A situation where companies earn profits significantly higher than the normal level in the long term.

c) Laws designed to prevent monopoly power and promote competition in the market.

d) Preventing new entrants into a market to maintain control over pricing and production.

Exercise 5. ***Fill in the blanks***

1. A monopolist exploits consumers by setting ___________ prices due to a lack of competition.

2. ___________ practices allow monopolists to charge different prices to different customers for the same product.

3. The European Chamber advocates for greater __________ in the enforcement of China's Anti-Monopoly Law.

4. __________ inefficiency occurs when a monopolist does not produce at the minimum average cost.

5. The European business community highlights that competition law should treat all companies __________.

Exercise 6. ***Define if the following statements are true or false.***

1. In a monopoly, the firm often operates at the minimum average cost.
2. Supernormal profits are considered a disadvantage of monopoly.
3. Price discrimination benefits consumers by reducing the overall cost of products.
4. The European Chamber supports using administrative intimidation tactics to enforce AML.
5. Procedural transparency is recommended as a best practice for conducting antitrust investigations.

Exercise 7. ***Provide synonyms or antonyms for the given words***

1. Provide a synonym for "***inefficiency***":
2. What is an antonym for "***transparency***"?
3. Provide a synonym for "***stifle***":
4. What is an antonym for "***extraordinary***"?

Exercise 8. ***Translate into English using your active vocabulary***

1. Одним із головних *дефектів* цієї економічної моделі є низька ефективність у довгостроковій перспективі.
2. Цей *товар* користується великим попитом на міжнародному ринку.
3. Компанія намагається зменшити *витрати*, не втрачаючи якість продукції.
4. У ринковій економіці виробник не завжди є *встановлювачем ціни*.

5. Підприємство працює на *оптимальному рівні* виробництва, щоб уникнути збитків.
6. Через *надлишок виробничих потужностей* компанія змушена скоротити робочі години.
7. Ми розрахували *середню вартість* виробництва кожної одиниці продукції.
8. На графіку видно, як змінюється *крива доходу* при зростанні обсягу продажів.
9. Попит і пропозиція досягають *рівноваги*, коли ціна стабілізується.
10. Деякі великі компанії застосовують *цінову дискримінацію*, щоб збільшити прибуток.

Exercise 9. *Quiz*

1. The pure monopolist's product…
   - A. Has many substitutes offered by different companies
   - B. Is differentiated
   - C. Is standardized and similar to that in different companies
   - D. None of the choices
2. Wich of the following is not a characteristic of a pure monopoly?
   - A. A pure monopoly is the single seller of a particular good
   - B. The monopolist is a price maker and has great control over the price
   - C. There is relatively easy entry for firms into the monopolistic industry
   - D. for firms into the monopolistic industry
3. Which of the following market structures has the strongest barriers to entry in an industry?
   - A. Pure monopoly
   - B. Oligopoly
   - C. Monopolistic competition
   - D. Pure competition
4. Which of the following is true of pure monopoly?

A. Its demand curve slopes downward

B. Since there is only one seller, the demand curve for the firm is the same as that for the industry

C. As a monopolist lowers the price, the lower price applies to all prior units of output, not just the additional ones sold.

D. All of the other choices.

5. Which of the following is true? A monopolist will…

    A. Increase output in the elastic region of the demand curve.

    B. Decrease output in the inelastic region of the demand curve

    C. Not change output if MR = MC

    D. All of the other choices are correct.

6. Which of the following is true of the monopolist?

    A. He will always charge the highest priced he can get

    B. He will maximize profit per unit

    C. He may suffer a loss if Pm<Average total cost

    D. None of the other choices

7. Which of the following is not a condition for price discrimination?

    A. All sellers must have the same willingness to purchase the product

    B. Monopoly power

    C. The original purchaser can't resell the product

    D. None of the other choices

8. Which of the following is true of the monopolist?

    A. He will operate on the inelastic part of the demand curve

    B. He will continue to increase output and decrease price as long as demand is elastic

    C. He will reduce his output as long as MR>MC

    D. None of the other choices.

GRAMMAR REVISION

MODALS

The modal verbs ***can, could, may, might, must, ought to, will, would, shall, should*** express meanings such as obligation, necessity, certainty, ability, possibility, lack of necessity, offers, suggestions, requests, logical assumptions, permissions, prohibition, advice and criticism.

!!! Modal verbs:
• do not take ***-s***, ***-ing*** or ***-ed***;
• are followed by a bare infinitive except for ***ought to***;
• do not have tenses.

Use	Present / Future	Past
ability	She can negotiate in three languages.	He could manage a team of 15 employees last year.
possibility	The company can increase revenue this quarter.	They could have missed the funding deadline.
	Our supplier may delay the delivery.	He may have signed the contract yesterday.
	The client might need further clarification.	She might have misunderstood the proposal.
	This material is to be exported under strict regulations.	It was likely that the shipment had been delayed.
	It is likely that the CEO will attend the conference.	He was likely to have completed the audit by then.
probability	They will approve the budget soon.	—
	The new strategy should boost profits.	The award should have been announced by now.
	The guests ought to arrive before the presentation.	The reports ought to have been submitted yesterday.
logical assumption	He must be reviewing the financial report.	She must have been finalizing the merger documents.
	He can't be the head of the legal department.	The CFO can't have approved such a risky deal.

Use	Present / Future	Past
	The consultant couldn't be available today.	He couldn't have attended the stakeholder meeting.
permission	You can access the shared drive now.	He was allowed to present the findings.
	Could I schedule a meeting with the director?	
	You may use the company vehicle for the client visit.	
	Might I speak to the regional manager, please?	
necessity	I must update the financial statement before the deadline.	I had to cancel the meeting due to a conflict.
	He has to consult the compliance team.	She had to reschedule the workshop.
	I've got to prepare the quarterly review.	I had got to prepare a presentation yesterday.
	You are to follow corporate policy at all times.	I was to finalize the vendor contracts by email.
	The printer needs servicing.	The contract needed reviewing before approval.
	I ought to reply to the investor's inquiry.	We ought to have responded to the investor's email sooner.
absence of necessity	You mustn't disclose confidential data.	You didn't have to attend the board meeting.
	You needn't bring your laptop to the seminar.	You needn't have submitted the report twice.
advice	You should consult HR about the issue.	You should have contacted HR earlier.
	You ought to follow up after the interview.	He ought to have revised the project timeline.
	You'd better finalize the proposal today.	It would have been better if you had checked the terms first.
	Shall I confirm the venue for the meeting?	
criticism	You could at least proofread your emails.	You could have at least replied to the client last night.
	You should complete your tasks on time.	You should have completed the report by now.

Use	Present / Future	Past
	You ought to be more respectful in negotiations.	You ought to have behaved more professionally during the call.
obligation	I must submit the project plan today.	I had to attend a compliance training last week.
	I have to meet the quarterly KPIs.	We ought to have supported the nonprofit initiative.
	We ought to contribute to the company's CSR efforts.	
requests	Can I see the latest figures?	—
	Could I join the next board meeting?	__
	May I book the conference room for Thursday?	__
	Might I propose an alternative strategy?	__
	Will you email the investor updates?	__
	Would you mind reviewing this contract?	__
offers	Can I assist you with the presentation?	__
	Shall we handle the logistics for you?	__
	Would you like me to draft the report?	__
suggestions	Shall we postpone the product launch?	He could have consulted the legal team.
	We can review the proposal now, if you prefer.	
	You could update the client by phone.	
prohibition	You can't disclose the client's financial details.	We couldn't discuss internal matters in public.
	You mustn't access restricted files.	
	You may not enter the meeting room without ID.	
duty	Every employee must comply	Every employee had to follow the

Use	Present / Future	Past
	with company policies.	new policy.
	Managers ought to support professional development.	They ought to have offered more training programs.

!!! • **Modal + be + -ing** expresses an action in progress now: She *may be sleeping*.

• **Modal + have been + -ing** expresses an action in progress in the past: She *may have been sleeping* then.

• **Modal + have + past participle (V_3)** expresses a complete action in the past: She *may have taken* your car.

EXERCISES

Exercise 1. ***Complete the sentences with the correct modal verb (e.g., can, must, should, may, might, will, could) and ensure the sentence makes sense in a business or economic context.***

1. Businesses _______ adapt to changing market trends to stay competitive.
2. The company _______ increase its investment in research and development to boost innovation.
3. Investors _______ carefully evaluate risks before entering volatile markets.
4. You _______ submit the financial report by Friday; it's the deadline.
5. Small businesses _______ struggle to survive during periods of economic recession.
6. Entrepreneurs _______ seek funding from venture capitalists to grow their startups.
7. Government policies _______ significantly influence foreign direct investment.
8. We _______ reduce costs to improve our profit margins this quarter.
9. Customers _______ hesitate to buy expensive products during inflationary periods.
10. A new competitor in the market _______ pose a threat to established companies.

Exercise 2. ***Choose the correct modal verb to complete the sentence.***

1. The government ______ take immediate action to address inflation.

   a) can

   b) must

   c) might

2. A new policy ______ affect foreign investments in the country.

   a) must

   b) could

   c) shall

3. Employees ______ attend mandatory training sessions to improve their skills.

   a) should

   b) might

   c) can

4. If the company expands its operations, it ______ create more job opportunities.

   a) may

   b) must

   c) will

5. Businesses ______ forecast their annual revenue to plan for future investments.

   a) can

   b) should

   c) must

6. The marketing team ______ launch a new campaign to increase brand visibility.

   a) might

   b) will

   c) can

7. Companies ______ reduce waste to align with environmental regulations.

   a) should

   b) must

   c) can

8. You ______ sign the contract before the deal is finalized.

   a) might

   b) must

   c) can

9. A skilled workforce ______ help an organization achieve long-term success.

   a) must

   b) could

   c) shall

10. Global markets ______ be unpredictable due to geopolitical events.

    a) can

    b) will

    c) may

Exercise 3. ***Match the sentences using modal verbs with their correct economic or business context.***

1. The central bank ______ lower interest rates to stimulate borrowing.
2. Companies ______ diversify their products to reduce dependency on a single market.
3. You ______ not delay payment to suppliers to maintain good business relationships.
4. Employees ______ request additional resources to meet their targets.
5. Governments ______ offer tax incentives to attract foreign investors.
6. Managers ______ analyze competitors' strategies before launching a new product.
7. Startups ______ face challenges in securing funding during a recession.
8. We ______ evaluate the cost-benefit ratio before making large investments.

9. Organizations ______ improve workplace culture to retain employees.
10. Firms ______ conduct market research to understand consumer behavior.

a) Encouraging international trade

b) Improving workplace productivity

c) Responding to economic challenges

d) Ensuring operational stability

e) Strengthening market position

f) Managing competitive risks

g) Supporting long-term profitability

h) Retaining key personnel

i) Making strategic decisions

j) Promoting financial stability

Exercise 4. ***Identify and correct the mistakes in the use of modal verbs in these sentences.***

1. The company will to launch its new product next quarter.
2. They might can increase their advertising budget next year.
3. Businesses mustn't to ignore the impact of environmental regulations.
4. The team shall creates a contingency plan for potential risks.
5. Employees should to understand the company's long-term goals.
6. You could not delay submitting the tax forms last year.
7. Management must analyzes quarterly sales reports to identify trends.
8. A growing company might has additional operating expenses.
9. Inflation should affects consumer spending significantly.
10. The CEO can attends the conference, but it isn't confirmed yet.

Exercise 5. ***Answer the following questions using modal verbs and business/economic vocabulary.***

1. What should a company do to remain competitive in a saturated market?

2. How might governments support small businesses during an economic downturn?
3. Why must organizations prioritize customer satisfaction in a global economy?
4. What factors could influence a company’s decision to expand internationally?
5. How can businesses mitigate risks associated with fluctuating exchange rates?
6. What strategies should an organization adopt to manage rising operational costs?
7. How may technological advancements affect the labor market in developing economies?
8. Why might investors choose to diversify their portfolios during uncertain times?
9. How must leaders address employee concerns to improve retention rates?
10. What could happen if a company fails to comply with environmental regulations?

Exercise 6. ***Rewrite the sentences below using modal verbs to make them more formal or polite.***

1. It is necessary to meet the project deadline by Friday.
2. Employees are required to complete their training by the end of this quarter.
3. I advise the management team to increase the marketing budget.
4. The financial department must analyze the quarterly budget.
5. Clients are allowed to request additional information if needed.
6. It is recommended to diversify the company’s investment portfolio.
7. All employees must attend the annual company meeting.
8. It’s possible for new policies to affect our supply chain.
9. You have permission to access the confidential report, but only within the office.

10. The CEO insists on reviewing all major decisions before implementation.

Exercise 7. ***Fill in the blanks***

1. A rise in unemployment ______ lead to lower consumer spending.
2. Central banks ______ lower interest rates to stimulate the economy during a recession.
3. Inflation ______ cause businesses to increase prices, potentially reducing demand.
4. International trade agreements ______ create opportunities for economic growth.
5. High levels of debt ______ be unsustainable for developing economies.
6. Governments ______ increase infrastructure spending to boost job creation.
7. Exchange rate fluctuations ______ affect the profitability of export-driven companies.
8. Policy changes ______ alter the investment climate in emerging markets.
9. Companies ______ focus on sustainability to appeal to environmentally conscious consumers.
10. In some cases, increased taxation ______ discourage foreign investment.

TEXTS FOR READING AND DISCUSSION

Text 1

The Global Marketplace: Opportunities and Challenges

The globalization of business has transformed the way companies operate. Today, even small and medium-sized enterprises can reach international markets through advancements in technology, trade agreements, and interconnected supply chains. For many businesses, expanding internationally is no longer a luxury—it is a necessity to remain competitive in an increasingly global economy.

One of the primary reasons companies venture into the global marketplace is to tap into new customer bases. Saturation in domestic markets often leads businesses to seek growth opportunities abroad. For example, a technology company based in the United States might find a significant demand for its products in Asia or Europe, where customers have similar needs but fewer local providers. This expansion not only boosts revenue but also diversifies the business's income sources, making it less vulnerable to downturns in any single market.

Globalization also allows companies to benefit from cost efficiencies. By establishing production facilities in countries with lower labor or manufacturing costs, businesses can reduce expenses and increase profit margins. A well-known example is the apparel industry, where many companies outsource production to countries like Bangladesh, Vietnam, or Indonesia, where wages are lower compared to Western countries. Additionally, accessing raw materials in resource-rich regions can lead to significant savings.

However, operating internationally comes with its challenges. Navigating cultural differences is one of the most complex aspects of global business. A marketing campaign that resonates well with customers in one country might be ineffective—or even offensive—in another due to differing cultural norms, traditions, and values. For instance, while humor is a common marketing tool in the United States, it may not be as well-received in more conservative cultures.

Legal and regulatory barriers also pose significant challenges. Each country has its own rules regarding trade, labor, taxation, and intellectual property. Businesses must comply with these regulations while ensuring they do not violate domestic laws in their home country. In some cases, governments may impose tariffs or trade restrictions that make entering a particular market financially unfeasible.

Another significant concern is currency risk. When businesses operate in multiple countries, they must deal with fluctuations in exchange rates. A sudden depreciation of a foreign currency can reduce the profitability of sales in that region. For example, a company exporting goods to a country whose currency loses value against the dollar may receive less revenue in dollar terms than initially expected.

Despite these hurdles, many companies view the global marketplace as an opportunity rather than a threat. To mitigate risks, they often invest in local partnerships or joint ventures, leveraging the expertise and networks of established local players. Additionally, businesses increasingly rely on technology to streamline operations and communication across borders. Tools such as customer relationship management (CRM) systems, video conferencing, and cloud-based supply chain platforms allow businesses to operate seamlessly across continents.

In conclusion, the global marketplace offers immense potential for growth and innovation, but it requires careful planning, cultural sensitivity, and a willingness to adapt. Companies that can successfully navigate the complexities of international business will not only thrive but also contribute to the economic interconnectedness that defines the modern world.

Discussion Questions:

1. What are the biggest risks for businesses entering international markets, and how can they be mitigated?
2. Can small businesses benefit from globalization, or is it only feasible for large corporations?
3. How important is cultural understanding for the success of international business operations?
4. In your opinion, will globalization continue to grow, or will protectionism hinder its progress?
5. Can you think of an example where a company succeeded or failed due to cultural or regulatory challenges?

Text 2

Business and Artificial Intelligence: Transforming Industries

Artificial Intelligence (AI) has emerged as one of the most transformative technologies of the 21st century, profoundly impacting businesses across the globe. From streamlining operations to enabling more informed decision-making, AI is redefining how organizations function, innovate, and compete.

The Role of AI in Business

AI refers to the simulation of human intelligence by machines, including the ability to learn, reason, and solve problems. In business, AI applications span a wide range of functions:

1. Automation of Repetitive Tasks:
2. AI-powered systems are being used to automate routine tasks, freeing up human employees to focus on more strategic work. For example, chatbots in customer service handle inquiries 24/7, reducing response times and improving customer satisfaction. In accounting, AI tools automate invoice processing and expense tracking, ensuring accuracy and saving time.
3. Data-Driven Decision-Making:

4. Businesses generate vast amounts of data every day. AI systems analyze this data to provide actionable insights, helping companies make informed decisions. Predictive analytics tools, for instance, forecast market trends or customer behavior, enabling businesses to stay ahead of the competition.
5. Personalization:

   Companies use AI to deliver personalized experiences to their customers. E-commerce platforms like Amazon and Netflix leverage AI algorithms to recommend products and content based on user preferences and past behavior. This targeted approach increases customer engagement and boosts sales.
6. Improving Efficiency:

   AI optimizes supply chains by predicting demand, managing inventory, and identifying inefficiencies. Manufacturers use AI-driven robotics to improve production processes, reducing waste and increasing output.
7. Enhancing Security:
8. Cybersecurity systems powered by AI detect and mitigate threats in real time. For example, financial institutions use AI to identify fraudulent transactions and protect sensitive customer data.

AI Across Industries

1. *Healthcare:*

   AI is revolutionizing the healthcare industry by improving diagnostic accuracy and treatment planning. AI-powered tools analyze medical images, predict disease outbreaks, and assist in drug discovery.
2. *Finance:*

   In banking and finance, AI automates fraud detection, credit scoring, and risk assessment. Robo-advisors provide personalized investment recommendations, making financial planning more accessible.
3. *Retail:*

   Retailers use AI for inventory management, dynamic pricing, and customer relationship management. Virtual shopping assistants and AR-powered fitting rooms enhance the shopping experience.

4. *Transportation:*

   AI is the backbone of autonomous vehicles, which promise to transform the logistics and transportation industries. Additionally, AI optimizes routes and schedules for delivery services, saving time and fuel.

5. *Education:*

   AI-powered platforms provide personalized learning experiences, adapting content to students' needs. Automated grading systems reduce teachers' workloads, allowing them to focus on teaching.

Challenges of Implementing AI in Business

Despite its benefits, adopting AI is not without challenges:

1. Cost:

   Developing and integrating AI systems can be expensive, particularly for small businesses.

2. Skill Gaps:
3. There is a growing demand for professionals with expertise in AI and machine learning. Companies struggle to find skilled talent to implement and manage AI solutions.
4. Data Privacy:
5. AI relies on large datasets, raising concerns about data privacy and security. Businesses must comply with regulations such as GDPR to ensure ethical use of customer data.
6. Bias and Ethics:

   AI systems can inherit biases present in the data they are trained on, leading to unfair outcomes. Ensuring transparency and accountability in AI decision-making is a significant challenge.

7. Resistance to Change:

8. Employees may fear that AI will replace their jobs, leading to resistance. Businesses must address these concerns through education and upskilling programs.

The Future of AI in Business

The potential of AI in business is limitless. As technology advances, AI systems will become more sophisticated and accessible. Some key trends to watch include:

- AI-Powered Creativity: Generative AI tools are already being used to create marketing content, product designs, and even music.
- Sustainable Business Practices: AI will play a crucial role in promoting sustainability by optimizing energy use and reducing waste.
- Human-AI Collaboration: Instead of replacing jobs, AI will augment human capabilities, creating new roles and opportunities.

Businesses that embrace AI will gain a competitive edge, but they must also navigate the ethical and practical challenges that come with it. Ultimately, the successful integration of AI will depend on a company's ability to balance innovation with responsibility.

Discussion Questions:

1. How can businesses ensure that AI is used ethically and responsibly?
2. What industries do you think will benefit the most from AI in the next decade?
3. Do you believe AI will create more jobs or lead to significant job losses? Why?
4. How can small businesses adopt AI despite financial and technical constraints?
5. What role should governments play in regulating AI in business?

Text 3

Unlocking the Internet

In 1998, two graduate students at Stanford University in California thought they saw how to unlock the Internet's rapidly expanding universe of information. A decade later, Google – as they called their invention – had become the dominant Internet search engine in most of the world. Its revenue topped $20 billion in 2008, half from outside the United States, and its employees numbered 20,000. Its computers could store, index, and search more than one trillion other Web site pages. So ubiquitous had this search engine grown that its very name had become a verb: When most people want to find something on the Internet, they "google" it.

Although this astonishing success has rarely been matched, its ingredients are a familiar part of the U.S. economic story. Google illustrates how ideas, entrepreneurial ambition, university research, and private capital together can create breakthrough innovations.

Google's founders, Sergey Brin and Larry Page, started with particular advantages. Brin, born in Moscow, and Page, a midwesterner, are sons of university professors and computer professionals. "Both had grown up in families where intellectual combat was part of the daily diet," says David Vise, author of The Google Story. They met by chance in 1995 at an orientation for new doctoral students at Stanford University's graduate school, and by the next year they were working together at a new Stanford computer science center built with a $6 million donation from Microsoft founder Bill Gates.

As with other Internet users, Brin and Page were frustrated by the inability of the existing search programs to provide a useful sorting of the thousands of sites that were identified by Web queries. What if the search results could be ranked, they asked themselves, so that pages that seemed objectively most important were listed first, followed by the next most important, and so forth? Page's solution began with the principle that sites on the Web that got the most traffic should stand at the top in search reports. He also developed ways of assessing which sites were most intrinsically important.

At this point, Stanford stepped in with critical help. The university encourages its PhD students to use its resources to develop commercial products. Its Office of Technology Licensing paid for Google's patent. The first funds to purchase the computers used for Google's searches came from a Stanford digital library project. Their first users were Stanford students and faculty.

The linkages between university research and successful business innovation have not always thrived in regions where technology industries are not well rooted. But Stanford, in Palo Alto, California, stands at the center of Silicon Valley, a matrix of technology companies, investment funds, and individuals with vast personal fortunes that evolved during the decades of the computer industry's evolution.

In 1998, Brin and Page met Andy Bechtolsheim, a co-founder of Sun Microsystems, an established Silicon Valley leader. Bechtolsheim believed that Brin and Page could succeed. His $100,000 personal check helped the pair build their computer network and boosted their credibility. A year later, Google was handling 500,000 queries a day and winning recognition across the Internet community. Google's clear advantages over its rivals and the inventors' commitment attracted $25 million in backing from two of Silicon Valley's biggest venture funds. And the founders got the money without having to give up control of the company.

A decade after its founding, Google's goals have soared astronomically. As author Randall Stross, author of Planet Google, puts it, the company aims to "organize everything we know." Its initiatives include an effort to digitize every published book in the world.

Google has emerged as a metaphor for the openness and creativity of the U.S. economy, but also for the far-ranging U.S. power that so worries foreign critics. Human rights advocates and journalists blasted Google's 2006 agreement to self-censor its search engine in China at the direction of Beijing's government.

Google answers that these kinds of restrictions will fade with the spread of democracy and individual freedoms. If that proves true, this example of American entrepreneurship will have been an agent of that change.

Discussion Questions:

1. What factors contributed to Google's success as described in the text? How do these factors reflect broader trends in the U.S. economy?
2. How did Stanford University support the development of Google? Do you think this level of university involvement is essential for technological breakthroughs? Why or why not?
3. The text mentions Google's efforts to digitize books and its controversial self-censorship in China. How do these initiatives reflect both the positive and negative aspects of Google's global influence?
4. Sergey Brin and Larry Page took significant risks in building Google, including seeking funding and competing with established search engines. In your opinion, what role does risk-taking play in entrepreneurship, and how is it illustrated in Google's story?
5. Google has been criticized for agreeing to censorship demands in China. Should companies like Google prioritize ethical considerations over business expansion? Why or why not?

Text 4

The Double-Edged Sword of Social Networks

Social networks have transformed how people communicate, share information, and build relationships. Platforms like Facebook, Instagram, Twitter (now X), and TikTok connect billions of users worldwide, enabling them to share their lives, express opinions, and even influence global movements. However, as these networks become more integrated into daily life, they raise critical questions about their impact on society.

One of the greatest benefits of social networks is their ability to connect people across the globe. A grandmother in one country can video call her grandchildren halfway around the world, while activists can use these platforms to organize protests, share their message, and rally support for important causes. Social media has given a voice to marginalized communities, providing a platform to share their stories and fight for justice.

On the flip side, social networks have also been criticized for spreading misinformation, creating echo chambers, and amplifying negativity. Algorithms prioritize engagement, often favoring sensational or divisive content over nuanced discussions. This can distort users' perceptions of reality, polarize communities, and contribute to mental health issues. Moreover, social media often promotes an unrealistic standard of beauty and success, which can lead to anxiety, depression, and feelings of inadequacy.

Privacy is another pressing issue. Social networks collect vast amounts of personal data to target users with ads and recommendations. While this creates a more personalized experience, it also raises concerns about how this data is used, stored, and protected. High-profile data breaches and controversies, such as Cambridge Analytica, have highlighted the risks involved in handing over so much information to private companies.

Perhaps one of the most contentious questions is the role of social networks in shaping public discourse. Should these platforms act as neutral conduits for free speech, or do they have a responsibility to moderate content and prevent the spread of harmful ideas? Striking the right balance between freedom of expression and protecting users from harm remains an ongoing challenge.

In many ways, social networks reflect the best and worst of humanity. They offer unprecedented opportunities for connection and creativity but also pose significant challenges that society must address. The question is: how can we maximize the benefits of social networks while minimizing their harms?

Discussion Questions

1. What do you think is the most significant positive impact of social networks on society?

2. How can users protect themselves from the negative mental health effects associated with social media use?

3. Should social media companies be responsible for regulating content on their platforms? Why or why not?

4. How can individuals ensure their privacy while using social networks?

5. In what ways can social networks contribute to misinformation, and what steps can be taken to counteract this issue?

Discussion Area

1. DISCUSSION ON INTERNATIONAL BUSINESS

Introduction

International business refers to all commercial transactions, both private and governmental, that occur between two or more countries. These transactions include trade, investment, and the movement of goods, services, and resources across borders. With globalization and technological advancements, international business has become a significant aspect of modern economies.

Key Discussion Points

1. **Globalization and Its Impact**

  - How has globalization shaped the way businesses operate internationally?
  - What are the advantages and disadvantages of globalization for businesses?

- Examples of companies that have successfully leveraged globalization.

2. **Cultural and Ethical Considerations**
   - How do cultural differences affect international business operations?
   - What challenges do companies face in maintaining ethical standards across borders?
   - Importance of understanding local customs, language, and traditions.
3. **Trade Agreements and Policies**
   - The role of trade agreements such as NAFTA, USMCA, and the EU in promoting international trade.
   - How do tariffs, quotas, and regulations impact businesses?
   - The effect of geopolitical tensions on international trade.
4. **Technological Advancements**
   - How technology has simplified cross-border trade and communication.
   - The role of e-commerce in international business.
   - Challenges associated with cybersecurity in a global market.
5. **Risks in International Business**
   - Currency exchange risks and strategies for mitigation.
   - Political and economic instability in target markets.
   - Managing supply chain disruptions on a global scale.
6. **Corporate Social Responsibility (CSR) in International Business**
   - Importance of sustainability and CSR in international operations.
   - How companies can balance profit-making with social responsibilities globally.
   - Examples of businesses contributing positively to international communities.
7. **Future Trends in International Business**
   - The growing importance of emerging markets.
   - Role of artificial intelligence and automation in global operations.

- Predictions on how international trade dynamics may shift in the coming decades.

Questions for Discussion

1. What strategies can businesses adopt to overcome cultural barriers in international trade?
2. How should companies adapt their marketing strategies for different international markets?
3. What role does education play in preparing professionals for international business challenges?
4. In what ways can small businesses compete globally?
5. How can companies balance profitability with ethical practices and sustainability in global markets?

2. DISCUSSION ON THE USAGE OF ARTIFICIAL INTELLIGENCE IN INTERNATIONAL BUSINESS

Introduction

Artificial Intelligence (AI) has revolutionized the way businesses operate across borders. From automating processes to improving decision-making, AI is a transformative force in international business. Companies leverage AI to enhance efficiency, reduce costs, and gain competitive advantages in global markets.

Key Discussion Points

1. **Globalization and AI's Role**

- How has AI influenced the globalization of businesses?
- Examples of how AI-powered solutions are enabling seamless international operations.
- The impact of AI in connecting businesses to global markets.

2. **Cultural and Ethical Considerations**

- How can AI help businesses understand cultural differences in international markets?
- Ethical concerns with using AI, such as data privacy and algorithmic bias.
- The importance of culturally sensitive AI models in global business strategies.

3. **Trade Agreements and Policies in the AI Era**

- The role of AI in navigating trade agreements and compliance with international regulations.
- How AI-driven data analytics can assist in trade policy analysis.
- The implications of differing AI regulations across countries.

4. **Technological Advancements in AI**

- AI-powered tools for global communication and translation, such as chatbots and voice assistants.
- The use of AI in global supply chain management and logistics.
- Examples of AI transforming e-commerce and international marketing.

5. **Risks and Challenges of Using AI in International Business**

- Dependence on AI and the risks of technology failure or misuse.
- Challenges in integrating AI with existing business systems on a global scale.
- The risk of cybersecurity threats in AI applications.

6. **Corporate Social Responsibility (CSR) and AI**

- How businesses can use AI to meet sustainability goals globally.
- Ethical AI practices in international operations, focusing on transparency and fairness.
- Examples of AI-driven initiatives for social good in international markets.

7. **Future Trends of AI in International Business**

- The potential of AI to drive innovation in global trade and commerce.
- Emerging AI technologies like machine learning, natural language processing, and robotics in international operations.
- Predictions for AI's role in shaping the future of global business dynamics.

Questions for Discussion

1. How can AI help businesses understand and adapt to cultural differences in global markets?
2. What strategies should companies adopt to ensure ethical and unbiased AI usage internationally?
3. How can small businesses leverage AI to compete in global markets?
4. What are the key challenges in implementing AI solutions across different countries?
5. What are the implications of varying AI regulations in different regions for international businesses?

3. DISCUSSION ON THE ROLE OF AI IN SHAPING THE FUTURE OF GLOBAL WORKFORCE DYNAMICS

Introduction

Artificial Intelligence (AI) is reshaping the global workforce by automating tasks, enhancing productivity, and creating new roles that didn't exist a decade ago. As businesses operate internationally, AI's influence on workforce dynamics spans across borders, industries, and cultures, driving conversations about its benefits, challenges, and long-term implications.

Key Discussion Points

1. **AI-Driven Automation in International Business**

- How is AI automating tasks in various sectors across the globe?

- The impact of automation on labor-intensive industries in different countries.
- Case studies of companies successfully integrating AI into their global operations.

2. **Workforce Upskilling and Reskilling**
   - The need for upskilling employees to work alongside AI technologies.
   - International approaches to workforce training for AI-driven roles.
   - Challenges in bridging the skills gap in developing and developed countries.
3. **Cultural and Regional Impacts of AI on Jobs**
   - How cultural attitudes toward technology influence AI adoption in the workplace.
   - The effect of AI on job creation and displacement in various regions.
   - Balancing global consistency with local workforce needs.
4. **AI and Remote Work in International Business**
   - The role of AI in enabling remote work and virtual teams across borders.
   - AI tools that enhance productivity, communication, and collaboration in global teams.
   - Challenges in managing a diverse, AI-enabled remote workforce.
5. **Ethical and Social Implications of AI in the Workforce**
   - How can businesses ensure equitable use of AI in hiring and workforce management?
   - The potential for AI to reduce or exacerbate workplace discrimination.
   - Balancing profit and responsibility when replacing human labor with AI systems.
6. **AI Policies and Global Workforce Regulations**
   - International differences in AI-related labor policies.
   - How governments and businesses are addressing the impact of AI on employment.

- ○ The role of global institutions in standardizing AI workforce practices.

7. **The Future of Work in an AI-Powered World**

- ○ Emerging trends in AI-driven workforce models.
- ○ The role of AI in creating entirely new industries and job categories.
- ○ Predictions on the evolution of the global workforce with advancing AI.

Questions for Discussion

1. What strategies can businesses adopt to prepare their international workforce for AI integration?
2. How can AI be used to enhance diversity and inclusion in global hiring practices?
3. What are the ethical considerations for companies using AI to replace human labor internationally?
4. How can governments and businesses collaborate to address AI-related workforce disruptions?
5. What opportunities does AI offer for developing countries in terms of workforce development?

GLOSSARY OF ECONOMIC TERMS

A

Agribusiness – A term that reflects the large, corporate nature of many farm enterprises in the modern U. S. economy.

American Stock Exchange – One of the key stock exchange in the United States, it consists mainly of stocks and bonds of companies that are small to medium-sized, compared with the shares of large corporations traded on the New York Stock Exchange.

Amortisation – The gradual reduction in the value of an asset (or a debt) over time. A debt (such as a mortgage) is amortised via regular repayments. Companies use amortisation to steadily reduce the value of intangible assets on their balance-sheets.

Antitrust law – A policy or action that seeks to curtail monopolistic powers within a market.

Arbitration – The hearing and determination of a dispute, esp an industrial dispute, by an impartial referee selected or agreed upon by the parties concerned.

Asset – A possession of value, usually measured in terms of money.

Auctions – These are usually associated with the sale of livestock, antiques and works of art. But in recent decades, they have been favoured by economists as a means of ensuring that sellers get the best price for a wider range of assets. For example, governments have used auctions to sell off parts of the electromagnetic spectrum to mobile telecoms companies.

B

Balance of payments – An accounting statement of the money value of international transactions between one nation and the rest of the world over a specific period of time. The statement shows the sum of transactions of individuals, businesses, and government agencies located in one nation, against those of all other nations.

Balance of trade – That part of a nation's balance of payments dealing with imports and exports – that is, trade in goods and services – over a given period. If exports of goods exceed imports, the trade balance is said to be "favorable"; if imports exceed exports, the trade balance is said to be "unfavorable".

Barter – The direct swap of goods and services for other goods and services, without the use of money. This is normally a less efficient form of trade, since the wants and needs of buyers and sellers rarely match exactly.

Bear – Investor who expects the price of an asset or assets in general to fall.

Bear market – A market in which, in a time of falling prices, shareholders may rush to sell their stock shares, adding to the downward momentum.

Big Mac index – A light-hearted guide to whether currencies are over- or undervalued, invented by *The Economist* in 1986. The index is based on the theory of purchasing-power parity – the notion that in the long run exchange rates should tend to equalise the prices of goods in different currencies. Fresh helpings of burgernomics are served up regularly.

Bill of exchange – A short-term financial instrument, originally used to finance international trade. The buyer of goods would give the seller a signed bill, equal to the value of the purchase, which the seller could then cash with a banker. In modern finance, bills are a catch-all term for short-term debt such as Treasury bills and commercial bills.

Black economy – That portion of the income of a nation that remains illegally undeclared either as a result of payment in kind or as a means of tax avoidance.

Blockchain – A distributed ledger used to make a digital record of the ownership of assets, in particular cryptocurrencies.

Boom – A period of high economic growth characterized by rising wages, profits, and prices, full employment, and high levels of investment, trade, and other economic activity.

Bond – A certificate reflecting a firm's promise to pay the holder a periodic interest payment until the date of maturity and a fixed sum of money on the designated maturing date.

Bubble – The concept that asset prices can rise far higher than can be justified by their fundamentals, such as the expected cashflows that will derive from them. A famous example is the South Sea bubble of the early 18th century. Economists who believe in efficient markets are dubious that bubbles ever occur. Identifying bubbles at the time isn't always easy.

Budget – The annual process through which a government sets out its spending plans and tax measures. A balanced budget is when revenues are expected to match expenditure. More usually, spending outstrips revenues and the government runs a budget deficit.

Budget deficit – The amount each year by which government spending is greater than government income.

Budget surplus – The amount each year by which government income exceeds government spending.

Bull – Investor who expects the price of an asset or assets in general to rise.

Bull market – A market in which there is a continuous rise in stock prices.

C

Capital – The physical equipment (buildings, equipment, human skills) used in the production of goods and services. Also used to refer to corporate equity, debt securities, and cash.

Capitalism – An economic system in which the means of production are privately owned and controlled and which is characterized by competition and the profit motive.

Capital market – The market in which corporate equity and longer-term debt securities (those maturing in more than one year) are issued and traded.

Central bank – A country's principal monetary authority, responsible for such key functions as issuing currency and regulating the supply of credit in the economy.

Commercial bank – A bank that offers a broad range of deposit accounts, including checking, savings, and time deposits, and extends loans to individuals and businesses – in contrast to investment banking firms such as brokerage firms, which generally are involved in arranging for the sale of corporate or municipal securities.

Commodity – A raw material, such as oil or copper, that is usually traded in bulk. Changes in commodity prices can have significant economic effects by, for example, feeding through into consumer prices. A sharp rise in energy prices can adversely affect consumer demand; because consumers have to spend more on energy, they have less to spend elsewhere.

Common market – A group of nations that have eliminated tariffs and sometimes other barriers that impede trade with each other while maintaining a common external tariff on goods imported from outside the union.

Common stock – A share in the ownership of a corporation.

Competition – A concept at the heart of economics. Firms compete to sell the best goods and services to consumers, and to attract the best workers. The aim is to allocate resources in the most efficient manner.

Consumer – A person who acquires goods and services for his or her own personal needs.

Consumer goods - Goods that satisfy personal needs rather than those required for the production of other goods or services.

Consumer price index – A measure of the U.S. cost of living as tabulated by the U.S. Bureau of Labor Statistics based on the actual retail prices of a variety of consumer goods and services at a given time and compared to a base period that is changed from time to time.

Consumption tax – A tax on expenditures, rather than on earning.

Cost of living – The average expenditure of a person or family in a given period.

Cryptocurrency – Tokens created digitally and at the moment privately, although some central banks have created their own. Enthusiasts see the currencies as a way of avoiding fiat currency and hence the oversight of governments and banks; ownership and transfer are recorded in a distributed ledger, called the blockchain. The value of cryptocurrencies has been highly volatile, making it difficult for them to be either a store of value or medium of exchange, two essential functions of a conventional currency.

Currency – A metal or paper medium of exchange that is in current use in a particular country.

Current account – An account at a bank or building society against which cheques may be drawn at any time

D

Debt – That is owed, such as money, goods, or services

Deflation – A reduction in the level of total spending and economic activity resulting in lower levels of output, employment, investment, trade, profits, and prices

Deficiency payment – A government payment to compensate farmers for all or part of the difference between producer prices actually paid for a specific commodity and higher guaranteed target prices.

Demand – The total quantity of goods and services consumers are willing and able to buy at all possible prices during some time period.

Deposit insurance – U.S. government backing of bank deposits up to a certain amount – currently, $100,000.

Depression – A severe decline in general economic activity in terms of magnitude and/or length.

Deregulation – Lifting of government controls over an industry.

Discount rate – The interest rate paid by commercial banks to borrow funds from Federal Reserve Banks.

Dividend – Money earned on stock holdings; usually, it represents a share of profits paid in proportion to the share of ownership.

Dow Jones Industrial Average – A stock price index, based on 30 prominent stocks, that is a commonly used indicator of general trends in the prices of stocks and bonds in the United States.

Dumping – Under U.S. law, sales of merchandise exported to the United States at “less than fair market value,” when such sales materially injure or threaten material injury to producers of like merchandise in the United States.

Duty – A government tax, esp on imports.

E

Economic growth – An increase in a nation’s capacity to produce goods and services.

Electronic commerce – Business conducted via the World Wide Web.

Embargo – Any legal stoppage of commerce.

Employee – A person who is hired to work for another or for a business, firm, etc, in return for payment.

Employer – A person, business, firm, etc, that employs workers.

Employment – The act of employing or state of being employed.

Entrepreneur – The owner or manager of a business enterprise who, by risk and initiative, attempts to make profits.

Exchange rate – The rate, or price, at which one country’s currency is exchanged for the currency of another country.

Exports – Goods and services that are produced domestically and sold to buyers in another country.

Export subsidy – A lump sum given by the government for the purpose of promoting an enterprise considered beneficial to the public welfare.

Fast track – Procedures enacted by the U.S. Congress under which it votes within a fixed period on legislation submitted by the president to approve and implement U.S. international trade agreements.

Federal Reserve Bank – One of the 12 operating arms of the Federal Reserve System, located throughout the United States, That together with their 25 branches carry out various functions of the U.S. central bank system.

Federal Reserve System – The principal monetary authority (central bank) of the United States, which issues currency and regulates the supply of credit in the economy. It is made up of a seven-member Board of Governors in Washington, D.C., 12 regional Federal Banks, and their 25 branches.

Fiscal policy – The federal government's decisions about the amount of money it spends and collects in taxes to achieve full employment and a non-inflationary economy.

Fixed exchange rate system – A system in which exchange rates between currencies are at a predetermined level and do not move in response to changes in supply and demand.

Floating exchange rate system – A flexible system in which the exchange rate is determined by market forces of supply and demand, without intervention.

Food for Peace – A program that provides for the disposition of U.S. farm products outside the United States.

Franchise – Authorization granted by a manufacturing enterprise to a distributor to market the manufacturer's products.

Free enterprise system – An economic system characterized by private ownership of property and productive resources, the profit motive to stimulate production competition to ensure efficiency, and the forces of supply and demand to direct the production and distribution of goods and services.

Free trade – The absence of tariffs and regulations designed to curtail or prevent trade among nations.

Fringe benefit – An indirect, non-cash benefit provided to employers in addition to regular wage or salary compensation, such as health insurance, life insurance, profit-sharing, and the like.

Futures – Contracts that require delivery of a commodity of specified quality and quantity, at a specified price, on a specified future date.

G

Globalisation – The tendency for national economies to become integrated with each other, through the movement of goods and services, capital and people. The first modern wave of globalisation in the late 19th century was brought to an end by the first world war. A second stage emerged during the late 20th century as China, and the ex-communist countries of eastern Europe, joined the global trading system.

Gold standard – A monetary system in which currencies are defined in terms of a given weight of gold.

Gross domestic product (GDP) – The total value of a nation's output, income, or expenditure produced within its physical boundaries.

Gross national product (GNP) – The total value of all final goods and services produced annually by a nation

H

Hedging – This occurs when individuals, companies and institutions try to protect themselves against adverse market movements, such as changes in commodity prices, currencies or interest rates.

Hire purchase – A system for purchasing merchandise, such as cars or furniture, in which the buyer takes possession of the merchandise on payment of a deposit and completes the purchase by paying a series of regular instalments while the seller retains ownership until the final instalment is paid.

Human capital – The health, strength, education, training, and skills that people bring their jobs.

Hyperinflation – Extremely high inflation, usually over 50 per cent per month, often involving social disorder.

I

Imports – Goods or services that are produced in another country and sold domestically.

Income tax – An assessment levied by government on the net income of individuals and businesses.

Industrial Revolution – The emergence of the factory system of production in which workers were brought together in one plat and supplied with tools, machines, and materials with which they worked in return for wages. The Industrial Revolution was spearheaded by rapid changes in the manufacture of textiles, particularly in England about 1770 and 1830. More broadly, the term applies to continuing structural economic change in the world economy.

Inflation – A rate increase in the general price level of all goods and services. (This should not be confused with increases in the Prices of specific goods relative to the prices of other goods.)

Insurance – The act, system, or business of providing financial protection for property, life, health, etc, against specified contingencies, such as death, loss, or damage, and involving payment of regular premiums in return for a policy guaranteeing such protection.

Interest – A right, share, or claim, esp in a business or property .

Interest rate – The rate of interest payable on borrowed money.

Intellectual property – Ownership, as evidenced by patents, trademarks, and copyrights, conferring the right to possess, use, or dispose of products created by human ingenuity.

Investment – The purchase of a security, such as a stock or bond.

Invisible hand – A metaphor used by Adam Smith to describe how an individual may be “led by an invisible hand to promote an end which was no part of his intention”. This has been interpreted in the modern era to suggest that individuals who act in their own self-interest may end up promoting the good of society as a whole.

Invoice – A document issued by a seller to a buyer listing the goods or services supplied and stating the sum of money due.

J

Joint-stock company – A business enterprise characterized by its separate legal existence and the sharing of ownership between shareholders, whose liability is limited.

Joint venture – A business or project in which two or more companies or individuals have invested, with the intention of working together.

L

Labor force – As measured in the United States, the total number of people employed or looking for work.

Laissez-faire – French phrase meaning “leave alone”. In economic and politics, a doctrine that economic system functions best when there is no interference by government.

Lease – A contract by which property is conveyed to a person for a specified period, usually for rent.

Loan – Property lent, esp money lent at interest for a period of time.

M

Managed float regime – An exchange rate system in which rates for most currencies float, but central banks still intervene to prevent sharp changes.

Market – A setting in which buyers sellers establish prices for identical or very similar products, and exchange goods or services.

Market economy – The national economy of a country that relies on market forces to determine levels of production, consumption, investment, and savings without government intervention.

Microeconomics – The branch of economics that studies the decision-making of individual entities, such as individuals and businesses. Microeconomists look at how these agents will respond to incentives, or to changes in prices, regulations or taxes. By contrast, macroeconomics looks at the behaviour of the economy in aggregate.

Mixed economy – An economic system in which both the government and private enterprise play important roles with regard to production, consumption, investment, and savings.

Monetary policy – Federal Reserve System actions to influence the availability and cost of money and credit as a means of helping to promote high employment, economic growth, price stability, and sustainable pattern of international transactions.

Money – The oil that greases the economy's wheels, and acts as the unit of account for economic activity. Money can be any token that is accepted as payment; past examples have included seashells and the giant stones on the island of Yap. For a while, money was linked to precious metals but modern money is largely fiat currency and is electronic in form. Whatever its form, money needs to be a reasonably stable store of value and an acceptable medium of exchange.

Money supply – The amount of money (coins, paper currency, and checking accounts) that is in circulation in the economy.

Monopoly – The sole seller of a good or service in a market.

Moonlighting – Working at a secondary job.

Mortgage – An agreement under which a person borrows money to buy property, esp a house, and the lender may take possession of the property if the borrower fails to repay the money.

Mutual fund – An investment company that continually offers new shares and buys existing shares back on demand and uses its capital to invest in diversified securities of other companies. Money is collected from individuals and invested on their behalf in varied portfolios of stocks.

N

National Association of Securities Dealers Automated Quotation System (Nasdaq) – An automated information network that provides brokers and dealers with price quotations on the approximately 5,000 most active securities traded over-the-counter.

National debt – The total outstanding borrowings of a nation's central government.

National income – The total of all incomes accruing over a specified period to residents of a country and consisting of wages, salaries, profits, rent, and interest.

National insurance contributions – The payments someone makes towards their national insurance, usually taken from their salary by their employer before the salary is paid to the person.

Negative income tax – A payment made to people on low incomes as a way of reducing poverty. The approach can be an alternative to welfare payments, which can be complex to administer and carry social stigma. Instead the state just makes a payment to those whose incomes are below a certain level.

Negative interest rates – A modern development that would have surprised economists from earlier eras, negative rates mean that investors are in effect charged for lending, or depositing, their money. They emerged in the wake of the 2007-09 financial crisis, as central banks found new ways to ease monetary policy. Investors had a number of reasons for tolerating negative yields on government bonds; they might face bigger losses investing elsewhere; falling prices could make negative rates positive in real terms; and holding their money in cash (banknotes) was impractical.

New Deal – U.S. economic reform programs of the 1930s established to help lift the Unites States out of the Great Depression.

New York Stock Exchange – The world's largest exchange for trading stocks and bonds.

Nontariff barrier – Government measures, such as import monitoring systems and variable levies, other than tariffs that restrict imports or that have the potential for restricting international trade.

O

Offshore haven – A jurisdiction which imposes little or no tax on transactions or profits and thus is chosen by financial and multinational companies as a hub for some of their activities. Rich individuals also hold money offshore, to reduce their tax bills. The IMF has estimated that governments worldwide lose around $500bn to $600bn a year through the use of offshore havens.

Open trading system – A trading system in which countries allow fair and nondiscriminatory access to each other's markets.

Over-the-counter – Figurative term for the means of trading securities that are not listed on an organized stock exchange such as the New York Stock Exchange. Over-the-counter trading is done by broker-dealers who communicate by telephone and computer networks.

Overheating – If an economy is growing too fast, companies may face bottlenecks in acquiring resources or hiring labour. This will lead to higher costs and wages, and thus rising inflation.

Overshooting – When financial markets take a trend too far. For example, when a currency depreciates, investors may lose confidence and sell, driving the currency to an undervalued level. Investors may also overreact when central banks start to tighten monetary policy, driving up rate expectations further than the authorities intend. But overshooting is not always irrational or mistaken. Rudi Dornbusch, a German economist, showed that exchange rates naturally overshoot under certain conditions.

P

Panic – A series of unexpected cash withdrawals from a bank caused by a sudden decline in depositor confidence or fear that the bank will be closed by the chartering agency, i.e., many depositors withdraw cash almost simultaneously. Since the cash reserve a bank keeps on hand is only a small fraction of its deposits, a large number of withdrawals in a short period of time can deplete available cash and force the banks to close and possibly go out of business.

Pawnbroker – A dealer licensed to lend money at a specified rate of interest on the security of movable personal property, which can be sold if the loan is not repaid within a specified period.

Pay-as-you-earn (PAYE) – A method of paying tax in which the tax is taken off your wages before they are paid to you.

Pension funds – Institutional investors that run portfolios on behalf of current and future retirees. Final-salary (or defined-benefit) funds offer a pension that is linked to employees' salaries; these are increasingly confined to the public sector. In the private sector, younger employees are only offered defined-contribution pensions, where the retirement income is dependent on market performance.

Perfect competition – A model that describes a market where buyers and sellers are numerous and well-informed and thus there is no scope for monopoly, monopsony or oligopoly. The model requires a number of idealised assumptions (such as no transaction costs) that do not apply in the real world.

Per capita income – The total income of an area or country divided by the number of people in that area or country.

Poverty – Measures of poverty can be absolute or relative. In the former case, individuals or households have insufficient income to afford the basics of life: food, shelter, heat, clothing. In the latter, poverty is measured against a proportion (say, 50% or 60%) of median income. At the global level, extreme poverty is defined by the World Bank as an income of less than $2.15 a day, at the time of writing. On this measure, the proportion of the world population in extreme poverty has dropped from more than 35% in 1990 to less than 10%.

Poverty trap – A term used when people find it impossible to improve their circumstances thanks to institutional barriers. One example is the workings of the tax and benefits system. High effective marginal tax rates—combining taxes on earnings and withdrawal of benefits as incomes rise—may mean that their employment earnings will make them barely any better off. Another is access to the highest level of education and health services, which may prevent people from realising their full potential.

Price discrimination – Actions that give certain buyers advantages over others.

Price fixing – Actions, generally by several large corporations that dominate in a single market, to escape market discipline by setting prices for goods or services at an agreed-on level.

Price supports – Federal assistance provided to farmers to help them deal with such unfavorable factors as bad weather and overproduction.

Privatization – The act turning previously government-provided services over to private sector enterprises.

Productivity – The ratio of output (goods and services) produced per unit of input (productive resources) over some period of time.

Profits – The difference between a company's revenues and its costs. Profits lie at the heart of the capitalist system and are one of the key motives for business formation. They will either be reinvested in the business or distributed to shareholders in the form of dividends or share buy-backs.

Protectionism – The deliberate use or encouragement of restrictions on imports to enable relatively inefficient domestic producers to compete successfully with foreign producers.

R

Raw materials – Basic commodities – eg, oil, metals and cotton – that firms need to manufacture products.

Recession – A significant decline in general economic activity extending over a period of time.

Regulation – The formulation and issuance by authorized agencies of specific rules or regulations, under governing law, for the conduct and structure of a certain industry or activity.

Reserve currency – A currency held by a central bank for use in emergencies. The central bank might need reserves to defend the currency of its home nation (by selling the foreign currency and buying the domestic one). Or it might lend its reserves to domestic banks should they need them. The dominant reserve currency is the American dollar (around 60% of global reserves at the time of writing) but the euro and Japanese yen are also used.

Retail – The sale of goods individually or in small quantities to consumers

Revenue – Payments received by businesses from selling goods and services.

S

Salary – A fixed regular payment made by an employer, often monthly, for professional or office work as opposed to manual work.

Sales – The number of goods, products, or services that a company sells within a certain time period.

Securities – Paper certificates (definitive securities) or electronic records (book-entry securities) evidencing ownership of equity (stocks) or debt obligations (bonds).

Securities and Exchange Commission – An independent, non-partisan, quasi-judicial regulatory agency with responsibility for administering the federal securities laws. The purpose of these laws is to protect investors and to ensure that they have access to disclosure of all material information concerning publicly traded securities. The commission also regulates firms engaged in the purchase or sale of securities, people who provide investment advice, and investment companies.

Services – Economic activities – such as transportation, banking, insurance, tourism, telecommunications, advertising, entertainment, data processing, and consulting – that normally are consumed as they are produced, as contrasted with economic goods, which are more tangible.

Share – Any of the equal parts, usually of low par value, into which the capital stock of a company is divided: ownership of shares carries the right to receive a proportion of the company's profits.

Shareholder – The owner of one or more shares in a company

Social regulation – Government-imposed restrictions designed to discourage or prohibit harmful corporate behavior (such as polluting the environment or putting workers in dangerous work situations) or to encourage behavior deemed socially desirable.

Social Security – A U.S. government pension program that provides benefits to retirees based on their own and their employers' contributions to the program while they were working.

Stagflation – An economic condition of both continuing inflation and stagnant business activity.

Standard of living – A minimum of necessities, comforts, or luxuries considered essential to maintaining a person or group in customary or proper status or circumstances.

Stock – Ownership shares in the assets of a corporation.

Stock exchange – An organized market for the buying and selling of stocks and bonds.

Subsidy – An economic benefit, direct or indirect, granted by a government to domestic producers of goods or services, often to strengthen their competitive position against foreign companies.

Supply – A schedule of how much producers are willing and able to sell at all possible prices during some time period.

T

Tariff – A duty levied on goods transported from one customs area to another either for protective or revenue purposes.

Tax – A compulsory financial contribution imposed by a government to raise revenue, levied on the income or property of persons or organizations, on the production costs or sales prices of goods and services, etc.

Trade – The act or an instance of buying and selling goods and services either on the domestic (wholesale and retail) markets or on the international (import, export, and entrepôt) markets.

Trade barrier – Any regulation or policy that restricts international trade, esp. tariffs, quotas, etc.

Trade deficit – The amount by which a country's merchandise imports exceed its merchandise exports.

Trademark – The name or other symbol used to identify the goods produced by a particular manufacturer or distributed by a particular dealer and to distinguish them from products associated with competing manufacturers or dealers. A trademark that has been officially registered and is therefore legally protected is known as a Registered Trademark.

Trade surplus – The amount by which a country's merchandise exports exceed its imports.

V

Value-added tax (VAT) – A form of indirect sales tax paid on products and services at each stage of production or distribution, based on the value added at that stage and included in the cost to the ultimate consumer.

Venture capital – Investment in a new, generally possibly risky, enterprise.

W

Wage – The portion of the national income accruing to labour as earned income, as contrasted with the unearned income accruing to capital in the form of rent, interest, and dividends.

Wholesaler – A person whose business is buying large quantities of goods and selling them in smaller amounts.

Working from home (WFH) – A phenomenon that took off during the covid-19 pandemic when many offices were closed. Although employees in many sectors (retailing, manufacturing) could not work from home, office workers were able to use technology, such as video conferencing, to carry on. The evidence did not suggest a great impact on productivity but as the pandemic eased, hybrid working (with some days at home and some in the office) became quite common where it was possible.

BIBLIOGRAPHY

1. Агібалова Т. М., Карачова Д. В. Англійська мова для ефективної міжнародної ділової комунікації. Частина 1 : навч. посіб. для студ. спец. 035 «Філологія». Харків : Видавництво Іванченка І. С., 2022. 216 с. URL: https://repository.kpi.kharkov.ua/server/api/core/bitstreams/c6273da1-5c98-4923-b782-5fd29ee717da/content
2. Нікітіна І. П., Підвисоцька Г. В., Кирпита Т. В., Летуча О. В. English For International Economics : навч. посіб. Дніпро : НМетАУ, 2021. 52 с.
3. Черняк О. П. та ін. ЄВІ з англійської мови : готуємося до вступу : навч. посіб. Луцьк : Вежа-Друк, 2022. 253 с.
4. Черняк О. П. Вивчаємо англійську мову. Частина І : навч. посіб. для студ. І курсу факультету міжнародних відносин. Луцьк, 2022. 229 с.
5. Черняк О. П. Вивчаємо англійську мову. Частина ІІ : навч. посіб. для студ. І курсу факультету міжнародних відносин. Луцьк, 2023. 234 с.
6. Черняк О. П. Test Your International Relations English. Луцьк, 2024. 43 с.
7. Черняк О. П., Круглій О. Р. Використання часових форм в англійській мові : для студ. 1 курсу факультету міжнародних відносин. Луцьк, 2022. 84 с.
8. 10 Strange Forms Of Ancient Currency [Електронний ресурс]. URL: https://listverse.com/2013/06/21/10-strange-forms-of-ancient-currency-2/
9. Ashley A. Oxford Handbook of Commercial Correspondence [Електронний ресурс]. Oxford : Oxford University Press, 2003. URL: https://staffold.najah.edu/sites/default/files/Oxford%20Handbook%20of%20Commercial%20Correspondence.pdf
10. Badger I., Menzies P. American Business English Program. Intermediate Instructor's Guide. New York : Phoenix ELT, Prentice Hall Macmillan, 2009. 157 p.

11. Brand Image Excellence: Strategies for Businesses [Електронний ресурс]. URL: https://medium.com/theymakedesign/brand-image-a2e8fc77002
12. Business English [Електронний ресурс]. URL: https://www.businessenglishsite.com/business-english-grammar-verb-tenses1.html
13. Business Reference Services [Електронний ресурс]. URL: https://guides.loc.gov/business-and-labor-history/using-the-library/business
14. Cambridge Advanced Learner's Dictionary [Електронний ресурс]. URL: https://dictionary.cambridge.org/dictionary/
15. Economics: Economics Terms Word Lists [Електронний ресурс]. URL: https://www.collinsdictionary.com/word-lists/economics-economics-terms
16. Ellis M., Johnson Ch. Teaching Business English. Oxford : Oxford University Press, 2006. 237 p.
17. English Practice [Електронний ресурс]. URL: http://www.english-practice.at/b1/grammar/b1-grammar-index.htm
18. Financial English Vocabulary Exercises [Електронний ресурс]. URL: https://www.blairenglish.com/exercises/financial_english/financial_english_selectionpage.html
19. Foreign Trade and Global Economic Policies [Електронний ресурс]. URL: https://usa.usembassy.de/etexts/oecon/chap10.htm
20. Forex Trading [Електронний ресурс]. URL: https://forextrading-usdto-yen.blogspot.com/
21. Gishen S. Is there a world currency? If so, what is it? [Електронний ресурс] / Selwyn Gishen. URL: https://www.investopedia.com/ask/answers/08/is-there-a-world-currency.asp
22. International Trade Theory and Policy [Електронний ресурс]. URL: http://internationalecon.com/Trade/Tch5/T5-2.php
23. Levi M. D. International Finance [Електронний ресурс]. 2009. URL: https://api.pageplace.de/preview/DT0400.9781135975197_A29482054/preview-9781135975197_A29482054.pdf

24. Monopoly and Competition [Електронний ресурс]. URL: https://www.britannica.com/money/monopoly-economics
25. Neoclassical Economics [Електронний ресурс]. URL: https://www.sciencedirect.com/topics/economics-econometrics-and-finance/neoclassical-economics
26. Parramore L. Greece, Goldman Sachs, and the Dark Side of International Finance [Електронний ресурс] / Lynn Parramore. 2015. URL: https://www.ineteconomics.org/perspectives/blog/revealed-greece-goldman-sachs-and-the-dark-side-of-international-finance
27. Sweeny S. Communicating in Business. Second Edition: Student's Book. – Cambridge : Cambridge University Press, 2005. 174 p.
28. The A to Z of Economics [Електронний ресурс]. URL: https://www.economist.com/economics-a-to-z
29. The Bretton Woods System [Електронний ресурс]. URL: https://www.gold.org/history-gold/bretton-woods-system
30. The Top Six Most Traded Currencies in the World [Електронний ресурс]. URL: https://learn2.trade/the-top-six-most-traded-currencies-in-the-world
31. What's so bad about monopoly power? [Електронний ресурс]. URL: https://www.cbsnews.com/news/whats-so-bad-about-monopoly-power/

Навчально-методичне видання

Автор: **Черняк** Оксана Павлівна

English for International Business:

Практикум для здобувачів освіти

Друкується в авторській редакції