

**Николаенко Ирина Сергеевна**

# **Economics: Translation Practice**

**(Учебно-методические материалы по курсу  
экономического перевода)**

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Настоящие учебно-методические материалы предназначены для аудиторной и самостоятельной работы студентов 5 курса по совершенствованию навыков перевода. Тексты, представленные в пособии, отобраны из аутентичных периодических изданий (The Economist, Newsweek, The Moscow Times) и предполагают работу студентов по следующим темам: макроэкономика и микроэкономика; сфера бизнеса и финансов; организационная и организационно-правовая структура предприятий; управленческая, производственная, маркетинговая и финансовая деятельность предприятий; система учета и отчетности на предприятиях; финансовые институты и рынки; составление бизнес-планов; ценообразование и основы кредитования.

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## UNIT 1. GENERAL ECONOMICS

### **TEXT 1.**

### **FINANCE AND BANKING**

#### **Introduction**

When I bought my house I borrowed most of the money from a bank. The bank insisted that I pay the rest of the cost of the house with my own money. I also agreed to repay the bank loan over 25 years at an interest rate which varied according to the market. The payment for the house was made by cheque. Since the house was the bank's security for its loan, I also had to insure the property against fire or other damage.

This might all sound expensive, difficult and risky. But the majority of British families buy their homes this way and on the whole see nothing threatening or strange about it. They do not feel threatened because this is the way houses have been bought for many years: their parents and grandparents probably did the same. Things can go wrong, but usually people repeat the process several times during their lives, often buying a bigger and more expensive house as their incomes rise and they make a profit on selling the previous house.

There is a deeper reason, however, why buying a house this way does not seem strange. The process illustrates many of the essential components of a capitalist financial system, which in Britain's case is one of the most sophisticated in the world: big transactions are rarely in cash (my house purchase was by cheque); borrowing is easy and common (the mortgage on the house); people have secure savings (from which I topped up the bank loan); one can protect property financially (insurance); and there is a market on which assets can be readily bought and sold (selling my house and buying another one). In essence, this financial system is how people who need money (a house buyer) can be put in touch with people who have money (banks and other institutions). It is how savers relate to borrowers.

Savings are the heart of the system. They are simply what people have left over after meeting their daily needs for food, housing, recreation and so on. If individuals did not save, there would be no spare money to lend to other people. So the first fundamental ingredient of the British financial system is that people save – typically around 15 percent of what they earn. The savers are not the government (which in fact is a big borrower), and they are not companies (which generally want to borrow money to finance expansion). They are ordinary citizens. The financial system is driven, therefore, by the separate decisions of millions of people. Put

another way, it is about risk – about people weighing up the risks and returns from different ways of using their money.

They can make these decisions because of two other fundamental ingredients. One is *private property*. Individuals can buy and sell all kinds of assets – not just personal possessions such as televisions or cars. People own shares in companies, or they buy government bonds, or they form partnerships with others to run a business. There is a basic freedom to use your money and property as you wish.

The other fundamental ingredient is perhaps less obvious. It is a *free press*. People cannot save or invest wisely without information. Indeed, so important has information become to finance that the two are virtually identical. The worldwide explosion in electronic information services, increasingly carried over the Internet, has been substantially a response to the apparently insatiable demand for information useful in business. Britain has a flourishing business press, of which the best known are the *Financial Times*, a daily newspaper, and the *Economist*, a weekly magazine, both read by business people and others all over the world. Television and radio also carry detailed business news.

### **How the financial system evolved**

British people take this financial system for granted. But it was not always either so efficient or so reliable. The origins of the system lie in the Middle Ages when Britain emerged as a major trading nation (partly because it is an island) and Britain's kings and queens wanted money (usually to fight foreign wars), rather as modern governments, also want money (to pay for education, health and social security, as well as the military). Since governments do not on the whole run productive enterprises and earn money, they had to raise it through taxes or borrowing.

The City of London was a great port (Russian merchants sold timber, grain and other products in London and, even today the shipping market is called the Baltic Exchange). London was also the capital, so, the kings, and queens turned to the merchants of London to raise money. The merchants built a quite sophisticated system to finance their trade, helped by Italian bankers who settled in London at the invitation of King Edward I in the thirteenth century. Italian bankers conducted their business sitting on benches, or “banco” in Italian. From this came the English word “bank”, and its counterpart “bankrupt” – literally in Italian a broken bench. Lombard Street, in the heart of the City of London, takes its name Lombardy in Italy.

By the end of the seventeenth century most of the elements of a modern financial system were in place. Money could be deposited in banks. Merchants could finance business by signing their names on pieces of paper – called bills – which promised to pay money to the holder of the bill if a specified eventuality arose, for example paying for a cargo of cloth. These bills could be traded, much as securities are now. The first joint-stock companies – companies owned by investors who bought shares in them – began to appear, and so the Stock Exchange began.

The calculation of the first life-expectancy tables – estimates of how long people live on average – launched the life assurance business, by which regular savings contributions are made to a company which invests the money and promises to pay an agreed sum at a specified future date. Merchants wanting to insure their ships began to meet in Edward Lloyd's coffee house; and after a while these relaxed occasions developed into Lloyd's of London, the world's biggest insurance market. At the same time, the government started to issue bonds to borrow money.

Indeed, the most important and famous British financial institution, the Bank of England, was founded by a group of merchants in 1694 because King William III wanted to borrow money (needless to say, for a war with France). Although the Bank was privately owned, it quickly became the most powerful financial body in the country. The Bank acted for the government and grew into being the lender of last resort – the bank from which other banks could borrow when necessary. It held the country's gold reserves and was responsible for conducting official financial business with other countries. Most important for ordinary people, the Bank issued banknotes, and coins, and from the mid-nineteenth century onwards was virtually the only legal issuer of notes and coins in England and Wales. Confusingly, however, three Scottish banks still retain the right to issue banknotes in Scotland. The Bank of England was nationalized in 1946, but its functions have continued to be broadly the same.

## **TEXT 2.**

### **CHARACTERISTICS OF BUSINESS ORGANIZATIONAL FORMS**

There are currently about 16.5 million business firms operating in the United States. While corporations account for only 16 percent of this total, they earned almost 80 percent of all business profits. Corporations are thus the dominant organizational business form in this country.

**SOLE PROPRIETORSHIP.** A sole proprietorship is simply a business owned by one person which has no legal standing apart from its owner. The owner, or proprietor, assumes all the risks of running the business. In particular, the proprietor is faced with unlimited liability. This means that business creditors can look to the personal assets in order to satisfy business claims. In return to assuming this risks, the owner realizes all the profits (or losses) generated by the business. These profits and losses are taxed at personal income tax rates.

Financing the growth of the business is difficult because the proprietorship does not issue securities. The proprietor is responsible for meeting the terms of any business loan obtained, regardless of what happens to the business.

**PARTNERSHIP.** A partnership is a business owned by two or more persons. Partnership agreements, which can be filed in most states, have the effect of giving the partnership legal standing.

The owners of a partnership are classified as general or limited partners. General partners have unlimited liability and can enter into contractual obligations that are binding upon the partnership. The extent of liability of limited partners is described in the partnership agreement. Limited partners may not actively manage the business. Some limited partners simply provide capital in return for an agreed-upon share of profits.

A major problem with a partnership form is that it is terminated upon the death of a partner and must be reorganized. Arriving at the value of the deceased partner's ownership of the firm can present further problems, especially when it is necessary to buy out the heirs of the deceased partner.

**CORPORATIONS.** A corporation is a state-chartered entity that has a legal existence Separate from its owners. As a legal entity, it can sue and be sued. Since the corporation legally exists apart from its owners, it has an indefinite lifetime.

Shares of common stock are authorized when a corporation is chartered by a state. These shares represent ownership of the firm, and transfer of ownership is accomplished by the sale of these shares. Such transfers become relatively easy, given that buyers can be found and a share price agreed upon.

Corporate owners have limited liability. This means that creditors cannot look to the personal wealth of the owners to satisfy claims against the corporation. If a corporation becomes insolvent or suffers an adverse court judgement, the corporate owners stand to lose no more than the amount of their investment in the corporation.

**TEXT 3.**

**LEVELS AND AREAS OF MANAGEMENT**

**Levels of management**

Each organization can be represented as a three-storey structure or a pyramid. Each storey corresponds to one of the three general levels of management: top managers, middle managers, and first-line managers. At the basic level of this pyramid there are operating employees.



**A top manager** is an upper-level executive who guides and controls the overall activities of the organization. Top managers constitute a small group. They are generally responsible for the organization's planning and developing its mission. They also determine the firm's strategy and its major policies. It takes years of hard work as well as talent and good luck, to reach the ranks of top managers. They are *president, vice president, chief executive officer, and member of the Board.*

**A middle manager** is a manager who implements the strategy and major policies handed down from the top level of the organization. Middle managers develop tactical plans, policies, and standard operating procedures, and they coordinate and supervise the activities of first-line managers. Titles at the middle-management level include *division manager, department head, plant manager, and operations manager.*

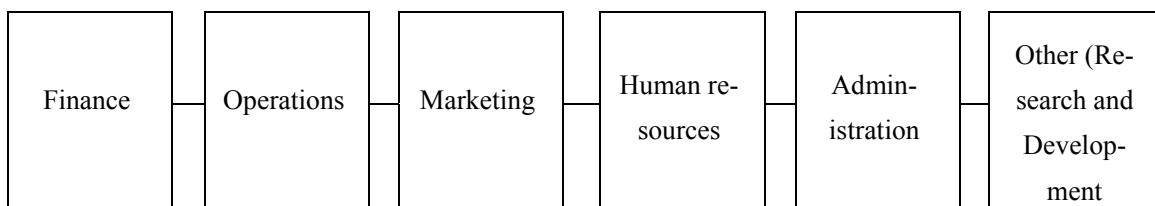
**A first-line manager** is a manager who coordinates and supervises the activities of operating employees. First-line managers spend most of their time working with employees, answering questions, and solving day-to-day problems. Most first-line managers are former operating employees who, owing to their hard work and potential, were promoted into management. Many of today's middle and top managers began their careers on

this first management level. Common titles for first-line managers include *office manager*, *supervisor*, *foreman* and *project manager*.

Operating employees are not managers. They are qualified and non-qualified persons working for the organization. For their labour or services they get salaries or wages. They represent the work force of the organization.

### **Areas of Management**

An organizational structure can also be divided more or less horizontally into areas of management. The most common areas are finance, operations, marketing, human resources, and administration. Depending on its purpose and mission, an organization may include other areas as well – research and development, for example, or risk management.



**A financial manager** is primarily responsible for the organization’s financial resources. Accounting and investment are specialized areas within financial management. Because financing affects the operation of the entire firm, many of the presidents of the largest companies are people who got their “basic training” as financial managers.

**An operations manager** creates and manages the systems that convert resources into goods and services. Traditionally, operations management is equated with the production of goods. However, in recent years many of the techniques and procedures of operations management have been applied to the production of services and to a variety of non-business activities. Like financial management, operations management has produced a good percentage of today’s company presidents.

**A marketing manager** is responsible for the exchange of products between the organization and its customers or clients. Specific areas within marketing are marketing research, advertising, promotion, sales, and distribution.

**A human resources manager** is in charge of the organization’s human resources programs. He or she engages in human resources planning, design systems for hiring, training, and appraising the performance of em-

ployees, and ensures that the organization follows government regulations concerning employment practices.

**An administrative manager** (also called *a general manager*) is not associated with any specific functional area but provides overall administrative leadership. A hospital administrator is a good example of an administrative manager. He or she does not specialize in operations, finance, marketing, or human resources management but instead coordinates the activities of specialized managers in all these areas.

## **TEXT 4.**

### **THE SCIENCE OF MANAGEMENT**

Management is a rather all-inclusive term and is used in a variety of ways. Some refer to management as anybody who sits on the company side of the bargaining table during a labor-company negotiation. Management, then, would refer to anybody representing the employer and who is not a member of the union side

Others consider the term “management” to mean an entrepreneur, an administrator, a leader, or the authority. Management can be thought of as a group of individuals working together towards a common goal. It can be thought of as almost an anonymous unit of shadowy figures working in the background to operate a corporate giant or it may be considered very personally as an individual, a manager who administers, executes and plans policy. All of these definitions fit to some extent into our concept of management.

Manager serves business by performing certain functions. These functions might be summarized as planning, coordinating, getting action and controlling.

**PLANNING.** Part of planning is to set objectives. Goals must come before plans are drawn up. Without setting adequate goals and objectives, it becomes virtually impossible to make plans that efficiently guide the firm to its basic objective of providing the product or service and making a profit while doing so.

After the objectives have been developed, the next step is thinking through and defining the steps required to achieve the objectives in the light of future probabilities. Much of the results can be seen in the determination of policies, in schedules, in production, in various programs including rather complete sales programs and campaigns, in various opera-

tional procedures and lastly, but certainly not least in the overall, development of adequate budgets for each department.

Another stage of planning often is involved with the future or as some put it “looking ahead”. Most firms develop forecasting systems for sales production and capital needs, and in this way they attempt to forecast or predict the future. These systems combine an analysis of past performance and current research. This research frequently gives an idea as to trends, and attempts to predict whether a trend is continuing along past lines or whether it is changing upwards or downwards or, in some cases, whether the sales and/or production areas should do something entirely different. Research may indicate a great need for an improvement or perhaps even a new product. Obviously if a new product is developed one cannot rely on past sales and production figures to calculate or forecast the future for this new product.

**COORDINATING.** Coordination requires management to see that the necessary resources are available and allocated so as to fulfill plan and meet larger goals. All of the resources involved in a given project must be coordinated to most efficiently produce and distribute the product. This means not only that the productive facilities must be activated so as to produce the product desired but also that the people in production sales personnel, finance accounting, and other areas of the company must be coordinated to do whatever is necessary to build and distribute the product.

**GETTING ACTION.** Coordination and control meet in the actual performance of the plan. Here is really the “guts” of the management job. People are directed towards performing a particular goal through their work. Direction, coordination, motivation, administering, and even sometimes execution are used to describe this important activity.

**CONTROLLING.** Control requires that information be assembled so that results can be measured. It is of great importance to the management structure to have a way of evaluating the results of these actions so that they may be controlled. A standard of performance is set up and the individuals who are performing the tasks are measured against a particular standard. This process is also applied to the machines which are used in the production and distribution of the product. These machines are frequently given efficiency rating. As a matter of fact, when machines are purchased or built certain specifications take into consideration the performance desired.

**MANAGEMENT ORGANIZATION.** One of the aspects of organization which bothers a great many people, even those actually engaged into busi-