



Министерство образования и науки Российской Федерации  
Федеральное государственное бюджетное образовательное учреждение  
высшего образования  
«Кузбасский государственный технический университет имени Т. Ф. Горбачева»

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**ОРГАНИЗАЦИЯ  
САМОСТОЯТЕЛЬНОЙ РАБОТЫ СТУДЕНТОВ  
ПО АНГЛИЙСКОМУ ЯЗЫКУ**

**Электронное учебное пособие**

Кемерово 2017

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УДК 811.111(075.8)(086.76)

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Горбачёва М. М. **Организация самостоятельной работы студентов по английскому языку** [Электронный ресурс]: электронное учебное пособие / М. М. Горбачёва; КузГТУ. – Кемерово, 2017. – 1 электрон. опт. диск (0,91 Мб)

Упражнения и задания, представленные в пособии, направлены на формирование у студентов умений чтения и перевода иноязычных текстов по специальности «Экономическая безопасность» с целью извлечения профессионально-значимой информации, а также базовых умений и навыков профессионального общения на иностранном языке.

#### **Текстовое (символьное) электронное издание**

Минимальные системные требования: Частота процессора не менее 1,0 ГГц; ОЗУ 512 Мб; 20 Гб HDD; операционная система Windows XP; CD-ROM 4-скоростной; ПО для чтения файлов PDF-формата; SVGA-совместимая видеокарта; мышь.

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Сведения о технической подготовке материалов для электронного издания Редактор З. М. Савина

Объем издания в единицах измерения объема носителя, занятого цифровой информацией (байт, Кб, Мб) 0,91 мегабайта

Наименование и контактные данные юридического лица, осуществившего запись на материальный носитель  
Федеральное государственное бюджетное образовательное учреждение высшего образования «Кузбасский государственный технический университет имени Т. Ф. Горбачева»  
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## Предисловие

Целью учебного пособия является организация самостоятельной работы студентов специальности 38.05.01 «Экономическая безопасность» по овладению навыками иностранного языка (английский язык) для его активного применения в ситуациях профессионального общения.

Упражнения и задания, представленные в пособии, направлены на формирование у студентов умений чтения и перевода иноязычных текстов по специальности «Экономическая безопасность» с целью извлечения профессионально-значимой информации, а также базовых умений и навыков профессионального общения на иностранном языке

С целью реализации компетентного подхода к обучению применяются методические приемы, направленные на формирование компетенций, связанных с извлечением и переводом профессионально-ориентированной информации из иноязычных текстов на основе развиваемой способности каждый раз выбирать виды чтения и перевода, адекватные поставленной задаче.

Для развития навыков практического использования иностранного языка в профессиональной сфере используются такие виды деятельности, как: поиск и реферирование информации на изучаемом языке, составление и презентация докладов и сообщений, составление диалогов и моделирование дискуссий и конференций.

Лексический состав материала соответствует современному состоянию **английского языка** и включает в себя профессиональную терминологию изучаемой специальности.



# UNIT I

## ECONOMIC SECURITY

### Individual working plan and tips

You should fulfill this unit in 10 hours. Plan your work according to the following scheme:

1. Study the words, word combination and terms necessary for the following stages (I, II):

- a) read the words twice, using Google translate to consult the correct pronunciation;
- b) close the books, try to reproduce the words and word combination;
- c) open the book and check yourself;
- d) repeat a-c if necessary.

2. Read and understand the professional oriented information (III):

For the terms

- a) read and translate the definition concerning the theme of the work;
- b) make some sentences using these definitions;
- c) close the book and try to give your own explanation of the definitions;

For the texts

- a) find the unknown words in the dictionary<sup>4</sup>
- b) translate the text passage by passage;
- c) make a plan of the text: divide it into some parts and write down the key words for every part;
- d) close the book and try to re-tell the text briefly according to the plan using the key words.

3. Make exercises to gain the skills of working with the above given information (IV, V).

4. Prepare your own utterances using the information and skills gained (VI, VII).

5. Present the results of you individual work to your professor.

6. Analyze your mistakes and find out what has caused them.

## Tasks

### I. Study the following words and word combinations.

foreseeable	предвидимый
predictability	предсказуемость
solvency	платежеспособность
duplication	копирование, повторение
vocational rehabilitation	профобучение инвалидов
plunder	разграбление
arguably	возможно, вероятно
clandestine	тайный, скрытый
coercive	насильственный, принудительный
unauthorized	незаконный
cash flow	движение денежной наличности
to tend to	стремиться к
coverage	зд. сфера
legislature	законодательная власть
to merge	соединяться, сливаться

### II. Translate and learn the following definitions.

1. **Income** is the consumption and savings opportunity gained by an entity within a specified timeframe, which is generally expressed in monetary terms.

2. **Standard of living** is the level of wealth, comfort, material goods and necessities available to a certain socioeconomic class in a certain geographic area.

3. **Cash** is current assets comprising currency or currency equivalents that can be accessed immediately or near-immediately.

4. **Economic entity** is one of the assumptions made in generally accepted accounting principles.

5. **Money** is any object or record that is generally accepted as payment for goods and services and repayment of debts in a given socio-economic context or country.

6. **Trade** is the transfer of ownership of goods and services from one person or entity to another by getting something in exchange from the buyer.

7. **Resource** is a source or supply from which benefit is produced.



8. *Solvency* is the degree to which the current assets of an individual or entity exceed the current liabilities of that individual or entity.

### **III. Read and translate the text given below.**

#### **Economic security**

Economic security or financial security is the condition of having stable income or other resources to support a standard of living now and in the foreseeable future. It includes:

- probable continued solvency;
- predictability of the future cash flow of a person or other economic entity, such as a country;
- employment security or job security.

Financial security more often refers to individual and family money management and savings. Economic security tends to include the broader effect of a society's production levels and monetary support for non-working citizens.

In the United States, children's economic security is indicated by the income level and employment security of their families or organizations. Economic security of people over 50 years old is based on Social Security Benefits, pensions and savings, earnings and employment, and health insurance coverage.

In 1972, the state legislature of Arizona formed a Department of Economic Security with a mission to promote «the safety, well-being, and self sufficiency of children, adults, and families». This department combines state government activities previously managed by the Employment Security Commission, the State Department of Public Welfare, the Division of Vocational Rehabilitation, the State Office of Economic Opportunity, the Apprenticeship Council, the State Office of Manpower Planning, and the State Department of Mental Retardation. The State Department of Mental Retardation (renamed the Division of Developmental Disabilities, House Bill 2213) joined the Department in 1974. The purpose in creating the Department was to provide an integration of direct services to people in such a way as to reduce duplication of administrative efforts, services and

expenditures. Family Connections became a part of the Department in January 2007.

The Minnesota Department of Economic Security was formed in 1977 from the departments of Employment Services and Vocational Rehabilitation, the Governor's Manpower Office, and the Economic Opportunity Office, which administered anti-poverty programs. In 1985, State Services for the Blind was included in this department. In 2003, the Minnesota Department of Economic Security and Minnesota Department of Trade and Economic Development were merged to form The Minnesota Department of Employment and Economic Development.

Economic security, in the context of politics and international relations, is the ability of a nation-state to follow its choice of policies to develop the national economy in the manner desired. Historically, conquest of nations have made conquerors rich through plunder, access to new resources and enlarged trade through controlling of the conquered nations' economy. In today's complex system of international trade, characterized by multi-national agreements, mutual inter-dependence and availability of natural resources, economic security forms, arguably, as important a part of national security as military policy.

Economic security has been proposed as a key determinant of international relations, particularly in the geopolitics of petroleum in American foreign policy after September 11, 2001.

In Canada, threats to the country's overall economic security are considered economic espionage, which is «illegal, clandestine or coercive activity by a foreign government in order to gain unauthorized access to economic intelligence, such as proprietary information or technology, for economic advantage».

#### **IV. Answer the following questions.**

1. What does the term of economic security include? Compose your own definition.
2. What are the indications of children's economic security? Add your own indicators.
3. What are the bases of the elderly-aged persons' economic security? Enlarge the bases with your own ideas.

4. What organizations do the departments of economic security include? What organizations, in your opinion, were not included?

5. Give the definition of nation-state economic security. Present your own definition.

6. What is the main threat to national economic security? What other threats can you mention?

**V. Retell the text in 8–10 sentences.** Be ready to answer the questions.

**VI. Find the additional information** about the following institutions and present it in the form of short reports:

a) Social Security Benefits;

b) Department of Economic Security;

c) Department of Employment and Economic Development.

**VII. Prepare yourself for the discussion in the following way.**

1. Find the information about the institutions and organizations responsible for the economic security of the Russian Federation.

2. Compare the systems of economic security provision in our country and abroad (in the form of the table).

3. Express your opinion about advantages and disadvantages of both.

4. Suppose what should be done in order to improve these systems.



## UNIT II PERSONAL FINANCIAL SECURITY

### Individual working plan and tips

You should fulfill this unit in 10 hours. Plan your work according to the following scheme:

1. Study the words, word combination and terms necessary for the following stages (I, II, VI, VIII):

a) read the words twice, using Google translate to consult the correct pronunciation;

b) close the books, try to reproduce the words and word combination;

c) open the book and check yourself;

d) repeat a-c if necessary.

2. Read and understand the professional oriented information (III, IX):

For the terms

a) read and translate the definition concerning the theme of the work;

b) make some sentences using these definitions;

c) close the book and try to give your own explanation of the definitions;

For the texts

a) find the unknown words in the dictionary;

b) translate the text passage by passage;

c) make a plan of the text: divide it into some parts and write down the key words for every part;

d) close the book and try to re-tell the text briefly according to the plan using the key words.

3. Make exercises to gain the skills of working with the above given information (IV, V, X).

4. Prepare your own utterances using the information and skills gained (VII, XI–XIII).

5. Present the results of your individual work to your professor.

6. Analyze your mistakes and find out what has caused them.

## Tasks

### I. Study the following words and word combinations.

rooted in	основанный на
wipe out	смывать
prone to	склонный к
layoff	приостановка работы
yield	прибыль, доход
boost	повышение
underinsured	недостаточно застрахованный
sparingly	скупо
trim	урезать, сокращать
diversify	вкладывать в различные отрасли
to deride	высмеивать
sissy	трусливый
to be in the doghouse	быть в немилости, в опале
deferred	отложенный, отсроченный
gratification	удовольствие
bequest	наследство

### II. Translate and learn the following definitions.

1. **Assets** are economic resources; anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered an asset.

2. **Finance investment** is putting money into something with the expectation of gain, that upon thorough analysis, has a high degree of security for the principal amount, as well as security of return, within an expected period of time.

3. **Salary** is a form of remuneration paid periodically by an employer to an employee, the amount and frequency of which may be specified in an employment contract.

4. **Economic value** is the worth of a good or service as determined by the market.

5. **Capital stock** of a business entity represents the original capital paid into or invested in the business by its founders.

6. **Commodity** is the generic term for any marketable item produced to satisfy wants or needs. Economic commodities comprise goods and services.

7. **Bond** is a debt security, under which the issuer owes the holders a debt and, depending on the terms of the bond, is obliged to pay them interest and/or to repay the principal at a later date, termed the maturity.

8. **Deposit account** is a current account, savings account, or other type of bank account, at a banking institution that allows money to be deposited and withdrawn by the account holder.

### **III. Read and translate the text given below.**

#### **Eight keys to financial security**

**Key 1.** Your own earning power rooted in your education and job skills is the most valuable asset you'll ever own, and it can't be wiped out in a market crash. Keep your earning power growing through continuous education, training and personal development. If you work in a field prone to periodic layoffs or falling earnings, think about a career change, especially if there's something else you've always dreamed of doing.

Consider this: A \$30 000 pay hike can be viewed as an annual return on a capital investment, like earning a continuous yield of 6 % on \$500,000 of savings. You know how hard it is to save up \$500 000. Maybe that \$30 000 boost in salary is easier to achieve.

**Key 2.** Before you acquire any financial assets, make sure you have enough insurance against life's big risks – serious illness, disability and early death. Most people, young families in particular, are underinsured, especially for disability. When an emergency arises, you and your family will never regret having «wasted» all those annual premiums on insurance you «don't need».

**Key 3.** Use credit only to purchase things of lasting value: a home, education, maybe a car. Pay cash for everything else such as clothing, travel, entertainment and furniture. Even better, take advantage of the credit card company's free 30-day loan by charging responsibly and paying off the bill in full every month. Do you know anyone who got into big financial trouble because they didn't borrow enough money? I don't.

**Key 4.** If you feel you never have any money «left over» for investing after you pay all your bills, try reversing the bill-paying

process. Make the first check you write each month a deposit to your mutual fund, money market or brokerage account. Then pay all your regular monthly bills, finishing up with the credit card bill. If you're having trouble paying that last bill, trim your discretionary spending but keep paying yourself first.

**Key 5.** In investing, as in baseball, those who swing for the fences do hit the occasional home run. But they strike out a lot too, and their lifetime batting average annual total return suffers accordingly. So shy away from highly volatile stocks, Initial Public Offerings (IPOs), buying on margin and commodity trading. Don't try to time markets, because no one does it consistently well. Use dollar-cost averaging to invest regularly in markets good, bad and lackluster. Have the patience to wait out the occasional (and inevitable) bear markets.

**Key 6.** When tech stocks were flying high in the late '90s, safer investments like bonds, CDs and less-volatile blue-chip stocks were derided as sissy stuff. Diversification was considered boring. But successful investors have always known that any one class of assets stocks, real estate, bonds, cash will have its day in the doghouse and its day in the sun. That's why you've got to own all of them, in a mix that's right for your age, income, family responsibilities and tolerance for risk.

**Key 7.** Deferred gratification is no fun, but it's the only way I know to fund your long-term goals college for your kids or grandkids, that vacation home you've always wanted, early retirement, a generous bequest to your alma mater. Take a close look at your current lifestyle, and if you see a lot of spending that is dispensable, consider it found money for the bigger dreams in your life.

**Key 8.** Your own financial security depends far more than you may think on the financial, physical and spiritual health of others in your community, our nation, our world. When you share your good fortune by donating your money, time and talent to charity, you help create a stronger economy and a healthier, safer world.

So give generously to education, your church, social-service agencies, the arts, medical research whatever you value most. It feels wonderful, it's the ultimate in enlightened self-interest and it's the right thing to do.

**IV. Read the text one more time. Choose the title for each part:**

- «Invest in yourself».
- «Protect yourself and your loved ones».
- «Borrow sparingly».
- «Pay yourself first».
- «Don't go for the home run».
- «Diversify, diversify, and diversify».
- «Live simply today for a more comfortable tomorrow».
- «Give generously to create a better world».

**V. Answer the following questions.**

1. What does the term «personal financial security» mean for you? Give your own definition.
2. Do you feel yourself financially secure? Why?
3. What advices (choose 2–3) from the text given above are the most useful for you? Why?
4. What advices, in your opinion, are controversial? Why?
5. Do you follow the mentioned above rules? Why?
6. What do you do to ensure your own financial security?

**VI. Study the following words and word combinations.**

to afford	быть в состоянии
retirement	выход на пенсию
asset allocation	распределение средств
recuperate	вернуть потраченное, возместить
risk tolerance	толерантность к риску
enticing	привлекательный, заманчивой
recurring expense	периодический, повторяющийся
to tempt	искушать
tax-deferred	имеющий налоговые льготы
earmarked	забронированный
to deter	удерживать
to diversify portfolio	диверсифицировать портфель ценных бумаг
to be eroded	зд. уменьшаться
to reassess	производить переоценку
spouse	супруг, супруга



**VII. Read the following tips. Guess what they should cover. Prove your opinion in some sentences.**

«Start as soon as you can».

«Treat your savings as an expense».

«Save as much as you can in a tax-deferred account».

«Diversify your portfolio».

«Consider all of your potential expenses in your financial plan».

«Budget».

«Periodically reassess your portfolio».

«Reassess your expenses and make changes where possible».

«Consider your spouse».

«Work with an experienced financial planner».

**VIII. Translate and learn the following definitions.**

1. **Interest rate** is the rate at which interest is paid by a borrower for the use of money that they borrow from a lender.

2. **Interest** is a fee paid by a borrower of assets to the owner as a form of compensation for the use of the assets. It is most commonly the price paid for the use of borrowed money, or money earned by deposited funds.

3. In common usage, an **expense or expenditure** is an outflow of money to another person or group to pay for an item or service, or for a category of costs. In accounting, expense has a very specific meaning. It is an outflow of cash or other valuable assets from a person or company to another person or company.

4. **Asset allocation** is an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investors risk tolerance, goals and investment time frame.

5. **Consumer goods** are final goods specifically intended for the mass market. For instance, consumer goods do not include investment assets, like precious antiques, even though these antiques are final goods.

6. **Mortgage loan** is a loan secured by real property through the use of a mortgage note which evidences the existence of the loan and the encumbrance of that realty through the granting of a mortgage which secures the loan.

7. **Market** is any structure that allows buyers and sellers to exchange any type of goods, services and information.

8. **Debt** is an obligation owed by one party (the debtor) to a second party, the creditor; usually this refers to assets granted by the creditor to the debtor, but the term can also be used metaphorically to cover moral obligations and other interactions not based on economic value.

9. **Tax** is a pecuniary burden laid upon individuals or property owners to support the government; a payment being exacted by legislative authority.

10. **Budget** is a financial plan and a list of all planned expenses and revenues. It is a plan for saving, borrowing and spending.

## **IX. Read and translate the text given below.**

### **Ten tips for achieving financial security**

When it's time for you to retire, will you be able to afford it? Almost all of the research conducted on the subject, over the last few years, shows that most individuals are unable to demonstrate financial readiness for their retirement years. This only serves to underline the fact that saving for retirement is a challenging process that requires careful planning and follow-through. Here we review some helpful tips that should help you on your way to a comfortable retirement.

**Start as soon as you can.** It is obvious that it is better to start saving at an early age, but it is never too late to start even if you are already close to your retirement years because every penny saved helps to cover your expenses.

If you save \$200 every month for 40 years at a 5 % interest rate, you will have saved significantly more than an individual who saves at the same rate for 10 years. However, the amount saved over the shorter period can go a long way in helping to cover expenses during retirement. Also, keep in mind that other areas of financial planning, such as asset allocation, will become increasingly important as you get closer to retirement. This is because your risk tolerance generally decreases as the number of years in which you can recuperate any losses goes down.

**Treat your savings as an expense.** Saving on a regular basis can be a challenge, especially when you consider the many regular expenses we all face, not to mention the enticing consumer goods that tempt us to spend our disposable cash. You can guard amounts you want to add to your nest egg from this temptation by treating your retirement savings as a recurring expense, similar to paying rent, mortgage or a car loan. This is even easier if the amount is debited from your paycheck by your employer. (Note: If the amount is deducted from your paycheck on a pre-tax basis, it helps to reduce the amount of income taxes owed on your salary.)

Alternatively (or in addition), you may have your salary direct-deposited to a checking or savings account, and have the designated savings amount scheduled for automatic debit to be credited to a retirement savings account on the same day the salary is credited.

**Save as much as you can in a tax-deferred account.** Contributing amounts earmarked for your retirement to a tax-deferred retirement account deters you from spending those amounts on impulse, because you are likely to face tax consequences and penalties. For instance, any amount distributed from a retirement account may be subject to income taxes the year in which the distribution occurs, and if you are under age 59,5 when the distribution occurs, the amount could be subject to a 10 % early-distribution penalty.

If you have enough income, consider whether you can increase the amount you save in tax-deferred accounts. For instance, in addition to saving in an employer-sponsored retirement plan, think about whether you can also afford to contribute to an individual retirement account (IRA).

**Diversify your portfolio.** The old adage that tells us that we shouldn't put all of our eggs in one basket holds true for retirement assets. Putting all your savings into one form of investment increases the risk of losing all your investments, and it may limit your return on investment (ROI). As such, asset allocation is a key part of managing your retirement assets.

Proper asset allocation considers factors such as the following:

- Your age. This is usually reflected in the aggressiveness of your portfolio, which will likely take more risks when you're younger, and less the closer you get to retirement age.

- Your risk tolerance. This helps to ensure that, should any losses occur, they occur at a time when the losses can still be recuperated.
- Whether you need to have your assets grow or produce income.

**Consider all of your potential expenses in your financial plan.**

When planning for retirement, some of us make the mistake of not considering expenses for medical and dental costs, long-term care and income taxes. When deciding how much you need to save for retirement, make a list of all the expenses you may incur during your retirement years. This will help you to make realistic projections and plan accordingly.

**Budget.** Saving a lot of money is great, but the benefits are eroded or even nullified if it means you have to use high-interest loans to pay your living expenses. Therefore, preparing and working within a budget is essential. Your retirement savings should be counted among your budgeted recurring expenses in order to ensure that your disposable income is calculated accurately.

**Periodically reassess your portfolio.** As you get closer to retirement and your financial needs, expenses and risk tolerance change, strategic asset allocation must be performed on your portfolio to allow for any necessary adjustments. This will help you ensure that your retirement planning is on target.

**Reassess your expenses and make changes where possible.** If your lifestyle, income and/or fiscal responsibilities have changed, it may be a good idea to reassess your financial profile and make adjustments where possible, so as to change the amounts you add to your retirement nest egg. For instance, you may have finished paying off your mortgage or the loan for your car, or the number of individuals for which you are financially responsible may have changed. A reassessment of your income, expenses and financial obligations will help to determine if you need to increase or decrease the amount you save on a regular basis.

**Consider your spouse.** If you are married, consider whether your spouse is also saving and whether certain expenses can be shared during your retirement years. If your spouse hasn't been saving, you need to determine whether your retirement savings can cover not only your expenses, but those of your spouse as well.

**Work with an experienced financial planner.** Unless you are experienced in the field of financial planning and portfolio management, engaging the services of an experienced and qualified financial planner will be necessary. Choosing the one who is right for you will be one of the most important decisions you make.

What we've discussed here are just a few of the factors that may affect the success of your retirement plan and determine whether you enjoy a financially secure retirement. Your financial planner will help you to determine whether you should consider other factors. As we said before, starting early will definitely make the task ahead easier, but it is not too late to adopt some of these practices, even if you are already retired.

**X. Retell in brief the tips from the text given above.** Compare them with your own ideas (ex. VI). Were you right or wrong? Why?

**XI. Make up the dialogues between the personal financial advisor and his/her client.** Use the information from the texts given above.

**XII. Compare the articles given above.** Which advices are more useful? Why? Make up the analysis in the form of short report.

**XIII. Create your own list of advices concerning personal financial security.** Choose the best list of the group (through the discussion).



## UNIT III BUSINESS ECONOMIC SECURITY

### Individual working plan and tips

You should fulfill this unit in 10 hours. Plan your work according to the following scheme:

1. Study the words, word combination and terms necessary for the following stages (I, III):

- a) read the words twice, using Google translate to consult the correct pronunciation;
- b) close the books, try to reproduce the words and word combination;
- c) open the book and check yourself;
- d) repeat a-c if necessary.

2. Read and understand the professional oriented information (V):

For the terms

- a) read and translate the definition concerning the theme of the work;
- b) make some sentences using these definitions;
- c) close the book and try to give your own explanation of the definitions.

For the texts

- a) find the unknown words in the dictionary;
- b) translate the text passage by passage;
- c) make a plan of the text: divide it into some parts and write down the key words for every part;
- d) close the book and try to re-tell the text briefly according to the plan using the key words.

3. Make exercises to gain the skills of working with the above given information (IV, VI, VIII).

4. Prepare your own utterances using the information and skills gained (II, VIII).

5. Present the results of you individual work to your professor.

6. Analyze your mistakes and find out what has caused them.

## Tasks

### I. Study the following words and word combinations.

emerging	развивающийся
to condition	обуславливать, определять
inherent	неотъемлемый
safeguard	мера предосторожности
provide for	предусматривать
contribute to	способствовать
aforementioned	вышеупомянутый
to split into	зд. делить на
immunity	неприкосновенность
to pursue	совершать, выполнять
to ensure	обеспечивать, гарантировать
inflow	зд. приток
forestall	предотвращать

**II. Compose the sentences using the following word combinations:** in terms of, to take into account, in the course of, to be associated with, in order to, to be aimed at, to provide for, to contribute to.

### III. Translate and learn the following definitions.

1. **Agent** is an actor and decision maker in a model. Typically, every agent makes decisions by solving a well- or ill-defined optimization/choice problem. For example, *buyers* and *sellers* are two common types of agents in partial equilibrium models of a single market.

2. **Bankruptcy** is a legal status of an insolvent person or an organization, that is, one who cannot repay the debts they owe to creditors.

3. **Exchange** (or bourse) is a highly organized market where (especially) tradable securities, commodities, foreign exchange, futures, and options contracts are sold and bought.

4. **Know-how** is practical knowledge of how to get something done. In the context of industrial property, know-how is a component in the transfer of technology in national and international

environments, co-existing with or separate from other IP rights such as patents, trademarks and copyright and is an economic asset.

5. **Profit** is the return to an owner of capital stock (means of production) in any productive pursuit involving labor, or a return on bonds and money invested in capital markets.

6. **Means of production** refers to physical, non-human inputs used in production – the factories, machines, and tools used to produce wealth – along with both infrastructural capital and natural capital. This includes the classical factors of production minus financial capital and minus human capital. They include two broad categories of objects: instruments of labour (tools, factories, infrastructure, etc.) and subjects of labour (natural resources and raw materials).

7. **Supply** is the amount of some product producers are willing and able to sell at a given price all other factors being held constant. Usually, supply is plotted as a supply curve showing the relationship of price to the amount of product businesses are willing to sell.

8. **Demand** is an economic principle that describes a consumer's desire and willingness to pay a price for a specific good or service. Demand refers to how much (quantity) of a product or service is desired by buyers. The quantity demanded is the amount of a product people are willing to buy at a certain price; the relationship between price and quantity demanded is known as the demand relationship.

**IV. Find the definition of the following terms:** management, executive staff, decision-making, espionage, employee, budgeting, tax burden, production capacity, profitability, market share, access to loans, money liquidity, exchange value of securities, optimum capital structure.

**V. Read and translate the text given below.**

**Environmental factors determining economic security  
of businesses and its elements**

The activity of economic agents in emerging market relations requires a rapid determination of factors conditioning the availability of economic security of businesses, adaptation to dynamics of external



environment through liquidation of existing threats. The establishment of market economy foundations leads to competition between the market players, which, in its turn, is a source of risk.

Therefore, economic security management can be considered as an inherent part of the system of business management aimed at standing up against internal and external risks of its performance.

Taking safeguards to provide for enterprise's security is necessary to protect its activity from negative effects of external environment and support a condition of the most effective use of all types of resources to prevent threats and provide for stable situation and stable operation of the business at present and in the future.

With the aim to work out timely administrative decisions, it is appropriate to determine factors conditioning economic security of businesses. Most economists identify factors contributing to business crisis as such that contribute to bankruptcy.

The aforementioned factors can be divided into two main groups:

- a) independent from business activity (external or exogenous factors);
- b) dependent on business activity (internal or endogenous factors).

The crisis development external factors, in their turn are split into three following subgroups:

1. ***Social and economic factors*** of the overall country's development. Only these factors influencing the economic performance of a certain business (i.e. factors shaping the potential for bankruptcy risk) make the subject for consideration.

2. ***Market factors***. When considering market factors, tendencies of development negative for this business in terms of commodity (including raw materials and manufactured goods) and financial markets (money, stock and foreign exchange) are under study.

3. ***Other external factors***. The enterprise itself determines these factors' structure with taking into account the specific character of its economic performance. In the course of the crisis development analysis, internal factors are also divided into three following subgroups depending on money flows peculiarities, namely: factors related to manufacturing operation; factors related to investment activity and factors related to financial activity.

This approach is comprehensible, but there is another way of determination of business' economic security; the businesses economic security is directly associated with financial risk management.

Financial risk management is a process with the help of which the economic agent influences the risk situation by making rational changes in the level of business' economic security in order to provide for a required level of profit. Business' economic security allows the enterprise to effectively operate in risk situation.

The indicator of business' economic security can be defined as a level of immunity of all the systems of the enterprise in pursuing economic operation under risk situation. The situation is a totality of factors creating conditions for making a decision and implementation of a specific type of economic activity at some specific moment.

Ensuring business' economic security is related to the following: management and staff security; security of culture; security of information and decision-making; manufacturing security; legal security; financial security; espionage security.

***Management and staff security*** means physical security of life and health for senior, middle, and junior management and executive staff.

***Security of culture*** is related to relations between the employees within the organization, between the organizations in the person of management and the staff, relations with external cultures (with the culture of clients and territories where the enterprise or its units are situated).

***Security of information and decision-making*** covers keeping of know-how, scientific researches and innovation elaborations, economic extension plans by limiting access for outsiders to market confidential information.

Manufacturing security provides for protection from negative effect on buildings, constructions, equipment, manufacturing technology, raw materials, materials, semi-finished production, as well as providing for a possibility to diversify production manufacturing, re-orient to another suppliers, rapid technical re-equipment in case of its including to a new production manufacturing.

***Legal security per se*** is aimed at keeping available patents and obtaining new ones, licenses, authorizations; preventing or bringing to

a minimum penalties, fines, forfeits and responsibility for violation of existing legislation.

The aim of *financial security* is to provide for a quality budgeting, reduction of tax burden, the inflow of required investment and obtaining profit.

Ensuring of business' economic security as a process of forestalling various losses from unfavorable factors in all areas of its manufacturing and financial activity.

Both internal and external factors can produce negative effects: subjective and objective ones. The state legislative and legal system, regulating the country's economic and social development as well as its security, is an external factor that influences business' economic security.

Technical and economic security (manufacturing potential of an enterprise, timely renovation of production funds, level of production capacity development), resources' security (supporting manufacturing process with main types of resources, energy), financial security (level of profitability, market share, access to loans, money liquidity, exchange value of securities, optimum capital structure), intellectual and personnel elements (maintaining the staff's high level of qualification), security of information (establishment of the system of economic support for decisions on economic security), social safety net (level of wages, structure of family incomes, enterprise's status) are among the areas of enterprise's economic activity that provide for its economic security.

## **VI. Answer the following questions.**

1. Why the problem of the factors determining economic security of businesses is of great importance now?
2. Enumerate the factors contributing to business crisis. In what way do they lead to the bankruptcy?
3. What is financial risk management responsible for?
4. What is the indicator of business' economic security determined?
5. Name the directions of activities aimed at ensuring business' economic security. Why each of them is included?
6. What is the aim of financial security?

7. Give the examples of subjective and objective negative effects of business' crises factors.

8. Make a list of the areas of enterprise's economic activity that provide for its economic security. Explain why are they important for business security?

**VII. Retell the text. Use the questions from the exercise V as the plan.** Express your own attitude to the problem.

**VIII. Make up dialogues between risk manager and the owner of the enterprise trying:**

- a) to determine threats to their business;
- b) to determine the measures to be taken in order to provide for economic and financial security of their business;
- c) to determine factors which create risks for their business;
- d) to eliminate factors which create risks for their business.



## UNIT IV RISK MANAGEMENT

### Individual working plan and tips

You should fulfill this unit in 10 hours. Plan your work according to the following scheme:

1. Study the words, word combination and terms necessary for the following stages (I, II):

- a) read the words twice, using Google translate to consult the correct pronunciation;
- b) close the books, try to reproduce the words and word combination;
- c) open the book and check yourself;
- d) repeat a-c if necessary.

2. Read and understand the professional oriented information (III, VIII):

For the terms

- a) read and translate the definition concerning the theme of the work;
- b) make some sentences using these definitions;
- c) close the book and try to give your own explanation of the definitions.

For the texts

- a) find the unknown words in the dictionary;
- b) translate the text passage by passage;
- c) make a plan of the text: divide it into some parts and write down the key words for every part;
- d) close the book and try to re-tell the text briefly according to the plan using the key words.

3. Make exercises to gain the skills of working with the above given information (IV–VI, IX–XI).

4. Prepare your own utterances using the information and skills gained.

5. Present the results of you individual work to your professor.

6. Analyze your mistakes and find out what has caused them.

## Tasks

### I. Study the following words and word combinations.

prioritization	назначение приоритетов
impact	влияние, воздействие
to deliberate	намеренный, обдуманный
adversary	конкурент, противник
root-cause	основная причина
in descending order	в порядке убывания
to mitigate	смягчать, уменьшать
inaction	бездействие
explicitly	ясно, детально, подробно
assumption	зд. предположение
to mishandle	плохо справляться
constraint	ограничение
framework	рамки
to trigger	начинать, инициировать
hence	поэтому, следовательно
compliance	соответствие
template	шаблон, образец
taxonomy	систематика
severity	тяжесть, трудность
implementation	выполнение
trade-off	компромисс, обмен
to eliminate	исключать

### II. Translate and learn the following definitions.

1. **Financial market** is a place where people and entities can trade financial securities, commodities, and other fungible items of value at low transaction costs and at prices that reflect supply and demand.

2. **Failure** is something that does not reach expectations of success.

3. **Life-cycle** is the dynamic, iterative process of changing the enterprise over time by incorporating new business processes, new technology, and new capabilities, as well as maintenance, disposition and disposal of existing elements of the enterprise.

4. **Liability** is an obligation of an entity arising from past transactions or events, the settlement of which may result in the transfer or use of assets, provision of services or other yielding of economic benefits in the future.

5. **Credit risk** is the risk that a borrower will default on any type of debt by failing to make payments which it is obligated to do.

6. **Decision making** is the mental processes resulting in the selection of a course of action among several alternative scenarios.

7. **Stakeholder** a party that can affect or be affected by the actions of the business as a whole.

8. **Agenda** is a list of meeting activities in the order in which they are to be taken up, by beginning with the call to order and ending with adjournment.

9. **Outsource** is the process of contracting out a business process, which an organization may have previously performed internally or which the company deems necessary or important, to an independent organization, where the process is purchased as a service.

10. **Pay-off** is an act of implying money or gift giving that alters the behavior of the recipient

### **III. Read and translate the text given below.**

#### **Risk management and its process. Part 1**

1. Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risks can come from uncertainty in financial markets, project failures (at any phase in design, development, production, or sustainment life-cycles), legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attack from an adversary, or events of uncertain or unpredictable root-cause.

The strategies to manage risk typically include transferring the risk to another party, avoiding the risk, reducing the negative effect or probability of the risk, or even accepting some or all of the potential or actual consequences of a particular risk.

Certain aspects of many of the risk management standards have come under criticism for having no measurable improvement on risk, whether the confidence in estimates and decisions seem to increase.

In ideal risk management, a prioritization process is followed whereby the risks with the greatest loss (or impact) and the greatest probability of occurring are handled first, and risks with lower probability of occurrence and lower loss are handled in descending order. In practice the process of assessing overall risk can be difficult, and balancing resources used to mitigate between risks with a high probability of occurrence but lower loss versus a risk with high loss but lower probability of occurrence can often be mishandled.

Risk management also faces difficulties in allocating resources. This is the idea of opportunity cost. Resources spent on risk management could have been spent on more profitable activities. Again, ideal risk management minimizes spending (or manpower or other resources) and also minimizes the negative effects of risks.

Risk management should:

- create value – resources expended to mitigate risk should be less than the consequence of inaction, or the gain should exceed the pain;
- be an integral part of organizational processes;
- be part of decision making;
- explicitly address uncertainty and assumptions;
- be systematic and structured;
- be based on the best available information;
- be tailorable;
- take human factors into account;
- be transparent and inclusive;
- be dynamic, iterative and responsive to change;
- be capable of continual improvement and enhancement;
- be continually or periodically re-assessed.

**IV. Explain the following phrases.** Say which of them can be applied to you. Prove your opinion:

- a) be an integral part of something;
- b) to be systematic and structured;
- c) to be transparent and inclusive;
- d) to be iterative and responsive to change;



- e) to be capable of enhancement;
- f) to address uncertainty and assumptions;
- g) be part of decision making.

**V. Answer the following questions.**

1. Where can the risks come from?
2. What do the strategies to manage risk typically include?
3. Describe the prioritization process in ideal risk management.

What usually happens in practice?

4. How does risk management concern resource allocation?
5. What features should ideal risk management possess?

**VI. Render the text given above.** Use the questions from the exercise V as the plan.

**VII. Organize a press-conference.** One of the students pretends to be the top risk manager; the other students asking him questions about his job.

**VIII. Read and translate the text given below.**

**Risk management and its process. Part 2**

The process of risk management consists of several steps. The first one – establishing the context – involves:

- a) identification of risk in a selected domain of interest;
- b) planning the remainder of the process;
- c) mapping out the social scope of risk management, the identity and objectives of stakeholders, the basis upon which risks will be evaluated, constraints;
- d) defining a framework for the activity and an agenda for identification;
- e) developing an analysis of risks involved in the process;
- f) mitigation or solution of risks using available technological, human and organizational resources.

After establishing the context, the next step in the process of managing risk is to identify potential risks. Risks are about events that, when triggered, cause problems. Hence, risk identification can start

with the source of problems, or with the problem itself. The chosen method of identifying risks may depend on culture, industry practice and compliance. The identification methods are formed by templates or the development of templates for identifying source, problem or event. Common risk identification methods are: objectives-based risk identification, scenario-based risk identification, taxonomy-based risk identification, common-risk checking, risk charting.

Once risks have been identified, they must then be assessed as to their potential severity of impact (generally a negative impact, such as damage or loss) and to the probability of occurrence. These quantities can be either simple to measure, in the case of the value of a lost building, or impossible to know for sure in the case of the probability of an unlikely event occurring. Therefore, in the assessment process it is critical to make the best educated decisions in order to properly prioritize the implementation of the risk management plan.

Once risks have been identified and assessed, all techniques to manage the risk fall into one or more of these four major categories:

- avoidance (eliminate, withdraw from or not become involved);
- reduction (optimize – mitigate);
- sharing (transfer – outsource or insure);
- retention (accept and budget).

Ideal use of these strategies may not be possible. Some of them may involve trade-offs that are not acceptable to the organization or person making the risk management decisions.

**IX. Find the equivalents for the following words and word combinations:** to consist of, to map out, to define, to mitigate, objective, assessment, to optimize, to share, retention, probability, value, solution, scope, step, to transfer, to manage, to avoid.

**X. Answer the following questions.**

1. What does the establishing the context include?
2. What are the potential risks?
3. What do the chosen methods of identifying risks depend on?
4. What are the common risk identification methods?
5. Is it easy to assess the potential impact of the risks?
6. What are the techniques of risk management?

**XI. Retell the text given above.** Use the questions from the exercise IX as the plan.

**XII. Find additional information about:**

a) risk identification methods (objectives-based risk identification, scenario-based risk identification, taxonomy-based risk identification, common-risk checking, risk charting);

b) risk assessment and potential risk treatment (risk avoidance, risk reduction, risk sharing, risk retention) techniques.

**Present them in the form of reports. Organize the conference and choose the best report (through discussion).**

Average Real Growth Rates in Emerging and Developed Markets  
Actual and Estimated/Projected 2005-2015



Note: Developed Economies: US, UK, France, Germany, Italy, Japan and Canada; BRICs – Brazil, Russia, India and China, and the N-11 developing countries, Bangladesh, Egypt, Korea, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, Turkey and Vietnam  
 Note: Methodology: Simple averages of year-over-year GDP growth at constant prices  
 Source: IMF World Economic Database April 2010; TCG Analysis

## UNIT V NATIONAL ECONOMIC SECURITY

### Individual working plan and tips

You should fulfill this unit in 10 hours. Plan your work according to the following scheme:

1. Study the words, word combination and terms necessary for the following stages (I):

a) read the words twice, using Google translate to consult the correct pronunciation;

b) close the books, try to reproduce the words and word combination<sup>4</sup>

c) open the book and check yourself;

d) repeat a-c if necessary.

2. Read and understand the professional oriented information (III, VII):

For the terms

a) read and translate the definition concerning the theme of the work;

b) make some sentences using these definitions<sup>4</sup>

c) close the book and try to give your own explanation of the definitions.

For the texts

a) find the unknown words in the dictionary;

b) translate the text passage by passage;

c) make a plan of the text: divide it into some parts and write down the key words for every part<sup>4</sup>

d) close the book and try to re-tell the text briefly according to the plan using the key words.

3. Make exercises to gain the skills of working with the above given information (II, VIII, X–XIII).

4. Prepare your own utterances using the information and skills gained (IV–VI, IX, XIV).

5. Present the results of you individual work to your professor.

6. Analyze your mistakes and find out what has caused them.

## Tasks

### I. Study the following words and word combinations.

meaningful	содержательный, значительный
succinct	краткий, сжатый
inquiry	зд. исследование, изучение
to strive to	стремиться к
dimension	зд. аспект
oversight	надзор, контроль
to reinforce	укреплять
amid	между, среди
downturn	спад деловой активности
to hamper	препятствовать, затруднять
coherent	последовательный
to incur	подвергаться чему-либо
faltering	неустойчивый, неуверенный
finding	заключение, выводы
projection	прогноз
in conjunction with	совместно с
relative to	по отношению к

### II. Choose the correct translation.

inflation-adjusted	с учётом инфляции
household income	семейный бюджет
financial safety net	«страховочная сетка»
	для малоимущих
to fill gap	заполнить пробел
joint occurrence	совместное проявление
to buffer risk	уменьшить риск
nondiscretionary spending	косвенные расходы
out-of-pocket spending	прямые расходы
to be counted as	считаться чем-либо или кем-либо

### **III. Read and translate the text given below.**

#### **ESI economic security index. Part I**

The Economic Security Index (ESI), developed by political scientist Jacob Hacker and a multi-disciplinary research team with support from the Rockefeller Foundation, is designed to provide a meaningful, succinct measure of Americans' economic security. Professor Hacker is based at the Institution for Social and Policy Studies at Yale University, which aims to facilitate interdisciplinary inquiry in the social sciences and research into important public policy arenas.

The ESI is part of the «Campaign for American Workers» initiative of the Rockefeller Foundation. The initiative strives to improve economic security among American workers and their families, in part by improving knowledge and understanding among policymakers and thought leaders of the dimensions of American economic security.

The ESI research team has been guided by a technical committee retained by the Rockefeller Foundation to provide oversight and to reinforce the intellectual and analytical integrity of the resulting work.

Even before the current recession, economic security was a major concern of most Americans. This concern has only grown amid the deepest downturn in decades.

The ESI represents the share of Americans who experience at least a 25 percent decline in their inflation-adjusted «available household income» from one year to the next and who lack an adequate financial safety net to replace this lost income.

Yet the discussion of economic security has been hampered by the lack of a simple, coherent measure that allows for the comparison of economic security over time and across Americans of different circumstances.

The Economic Security Index (ESI), sponsored by the Rockefeller Foundation, was created to fill this gap. It provides a simple measure of the joint occurrence of three major risks to economic well-being:

- a) experiencing a major loss in income;
- b) incurring large out-of-pocket medical expenses;

c) lacking adequate financial wealth to buffer the first two risks.

In brief, the ESI represents the share of Americans who experience at least a 25 percent decline in their inflation-adjusted «available household income» from one year to the next and who lack an adequate financial safety net to replace this lost income until it has returned to its original level. «Available household income» is income that is reduced by nondiscretionary spending, including, most substantially, the amount of a household's out-of-pocket medical spending. Thus Americans may experience income losses of 25 percent or greater due to a decline in income or an increase in medical spending or a combination of the two. The ESI is the share of Americans who are counted as insecure by this standard. A higher ESI therefore indicates greater insecurity, much as a rising unemployment rate signals a faltering economy.

Estimates of the full ESI are currently available from 1985 through 2007, with projections provided for 2008 and 2009; future updates are planned as more recent data become available. The primary data source for the ESI is the U.S. Census Bureau's Survey of Income and Program Participation (SIPP), which is supplemented by other sources where needed. A less complete form of the ESI is available back to the late 1960s, offering a longer-term perspective on trends in economic security.

**IV. Make up dialogues between the ESI representative and the journalist interviewing him about:**

- a) the purposes of Economic Security Index;
- b) ESI research team and its foundation;
- c) the methods of ESI calculation;
- d) the main terms using for EMI measuring.

**V. Find the additional information about ESI and present it in the form of short reports.**

**VI. Find the information about similar Russian indexes or ratings and present your reports in the form of the conference. Choose the most efficient from the point of view of economic safety determination. Be ready to prove your opinion.**

## **VII. Read and translate the text given below.**

### **ESI economic security index. Part II**

To summarize the main findings from the ESI:

- Economic insecurity has increased over the last quarter century. In 1985, 12.2 percent of Americans experienced a major economic loss sufficient to classify them as insecure in the ESI. During the recession of the early 2000s, this had risen to 17 percent. In 2007, before the current downturn, the picture had improved (13,7 percent), but measured insecurity remained higher than in the 1980s.

- Economic insecurity is likely to have increased dramatically in the last few years. Because the economic downturn after 2007 was substantial, we project the ESI forward based on the 1985–2007 experience. These projections suggest that in 2009, the level of economic insecurity experienced by Americans was greater than at any time over the past quarter century, with approximately one in five Americans (20,4 percent) experiencing a decline in available household income of 25 percent or greater. This projection is consistent with the findings from a separate poll of Americans' economic experiences conducted in conjunction with the development of the ESI.

Economic insecurity has increased over the last quarter century and is likely to have increased dramatically in the last few years. In 2009, projections suggest, approximately one in five Americans experienced a decline in income of 25 percent or greater.

At any given unemployment rate, more people are experiencing insecurity than in the past.

- The ESI rises and falls with the state of the economy, and especially the unemployment rate. But at any given unemployment rate, more people are experiencing insecurity than in the past. In other words, the ESI has been higher relative to the unemployment rate in recent years than it was in the 1980s. In 1985, the unemployment rate was 7.2 percent, and the ESI was 12 percent. In 2002, the unemployment rate was 5,8 percent, but the ESI rose to 17 percent. Moreover, for those who experience drops in available income of 25 percent or greater, the size of drops has increased. Between 1985 and 1995, the typical (median) drop among those experiencing a



25 percent or greater available income loss was about 38,2 percent; between 1997 and 2007, it was 41,4 percent.

- To see beyond short-term economic fluctuations, we statistically calculate the longer term trend in the ESI. Based on this analysis, the ESI has increased by approximately a third from 1985 to 2007. If the projections up to 2009 are included, the ESI increased by almost half (49,9 percent) since 1985. Putting this trend in terms of population, approximately 46 million Americans were counted as insecure in 2007, up from 28 million in 1985.

- The share of Americans experiencing large drops in available household income has increased even more since the 1960 s. Because the ESI takes 1985 as its point of departure, how we interpret the trend over the past quarter century depends in part on whether the mid-1980s were relatively secure or insecure for Americans. The less complete form of the ESI available back to the late 1960 s shows that large (25 percent or greater) income losses – the core component of the complete ESI – had already risen by about a third from the 1960 s to the 1980 s, making subsequent increases over the past quarter century even more noteworthy.

- The extent of economic security varies substantially across the population. Those with the most income and education have faced the least insecurity. The less affluent, those with limited education, African Americans, and Hispanics have faced the most. Virtually all groups, however, experienced significant increases in insecurity over the past 25 years.

The ESI is a measure of the actual occurrence of economic losses, rather than of anxiety or fear about such losses. According to the survey evidence, many more Americans worry about economic security than experience large income declines of the sort captured by the ESI. According to the ESI, these concerns have real grounding: Major economic losses have affected between one in six and one in five Americans each year in the last two recessions, more than 60 percent of Americans experienced at least one such loss over the 1996–2006 period, and losses of this magnitude have become more common for Americans up and down the income ladder since the mid-1980 s.

### **VIII. Describe each finding from ESI in 2–3 sentences.**

**IX. What conclusions, in your opinion, can be drawn on the basis of mentioned findings.** Prove your ideas in written form.

**X. Formulate the theme and the main idea of the texts given above using the following clichés:**

the texts deal with (touch upon, are devoted to, describe);

the text consist of (contains);

it is reported about;

it is spoken in detail about;

mention is made of;

special attention is paid to;

some facts (figures, names) are listed.

**XI. Divide all the information from the texts given above into paragraphs.** Present the main idea of each paragraph. Prove it using sentences from the texts containing the most important facts.

**XII. Render the texts.**

**XIII. Find out author's conclusion in the texts given above; write it down using the following clichés:**

the author concludes with a consideration of;

the author comes to the conclusion that;

in conclusion the author says that.

**XIV. Give your own comments on the information from the texts given above.** Try to answer the questions:

a) how do you evaluate the actuality of this information;

b) how you think who and for what purposes could use it.

**Use the following clichés:**

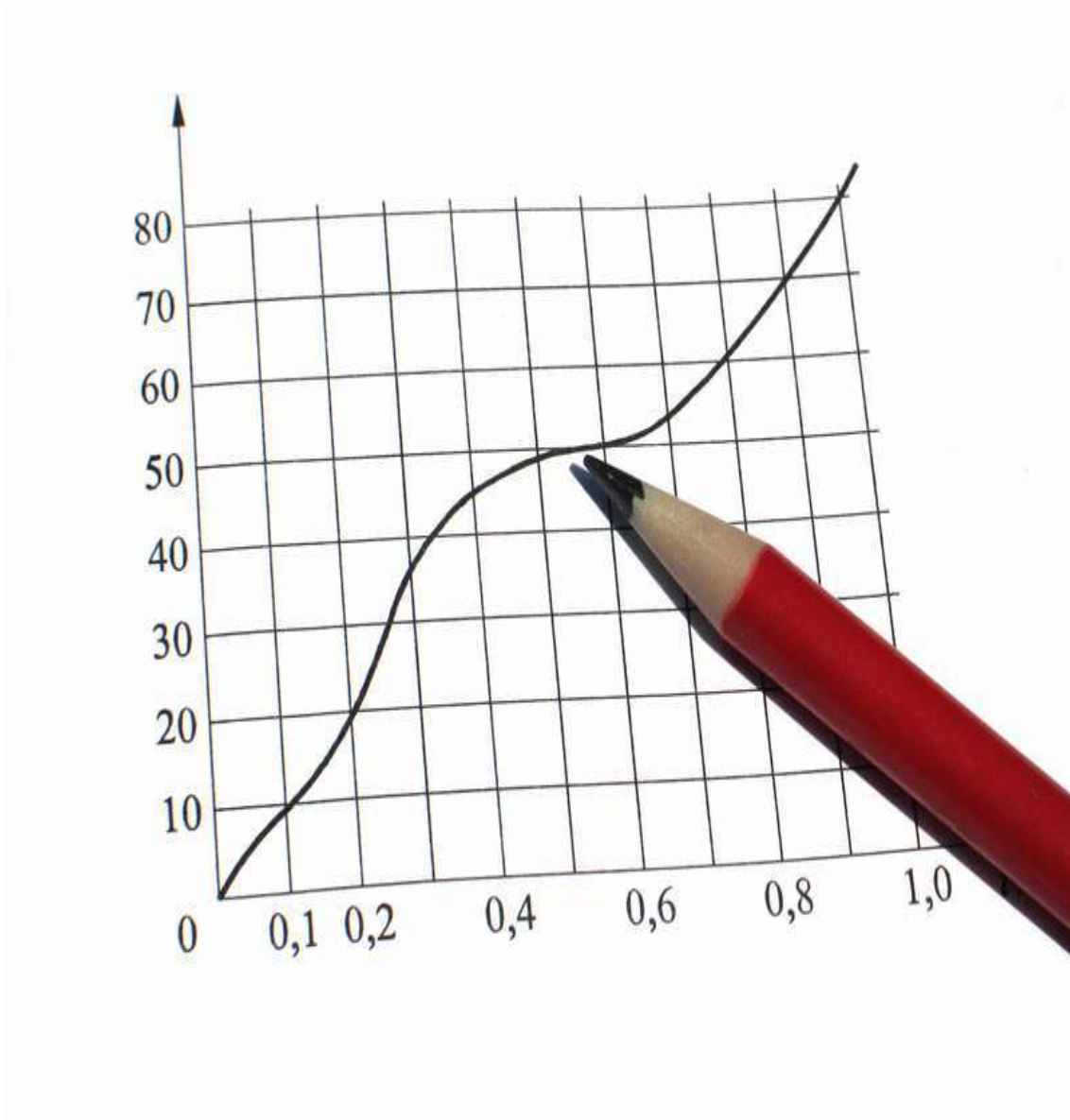
the information of the texts is addressed to the students (graduates, engineers, specialists, all those interested in);

the texts may be recommended to;

the information of the texts is interesting (important, useful, hard to understand).

**XV. Present the summary of the information from the texts given above according to the following structure:**

- a) the theme of the text;
- b) the main idea of the text;
- c) rendering of the text;
- d) author's conclusion;
- e) your own comments.



## UNIT VI CRISES AND RECOVERIES

### Individual working plan and tips

You should fulfill this unit in 10 hours. Plan your work according to the following scheme:

1. Study the words, word combination and terms necessary for the following stages (I, II, VI, X):

a) read the words twice; using Google translate to consult the correct pronunciation;

b) close the books; try to reproduce the words and word combination;

c) open the book and check yourself;

d) repeat a-c if necessary.

2. Read and understand the professional oriented information (III, VII, XI):

For the terms

a) read and translate the definition concerning the theme of the work;

b) make some sentences using these definitions;

c) close the book and try to give your own explanation of the definitions,

For the texts

a) find the unknown words in the dictionary;

b) translate the text passage by passage;

c) make a plan of the text: divide it into some parts and write down the key words for every part;

d) close the book and try to re-tell the text briefly according to the plan using the key words.

3. Make exercises to gain the skills of working with the above given information (IV, V, XII–XIV).

4. Prepare your own utterances using the information and skills gained (VIII, IX).

5. Present the results of your individual work to your professor.

6. Analyze your mistakes and find out what has caused them.

## Tasks

### I. Study the following words and word combinations.

to unravel	зд. слабеть, рушиться
bound	зд. привязанный
shrinkage	сокращение
aptitude	зд. сообразительность
heterodox	зд. нестандартный
to discourage	препятствовать
soy	соя
accessible	доступный
to stage	осуществлять
to stock	хранить, откладывать
anticipated	досрочный
downside	обратная сторона
mutually	взаимно
setback	регресс
surge	рост, всплеск
to acknowledge	признавать
disparity	неравенство

### II. Translate and learn the following definitions:

1. **Credit** is the trust which allows one party to provide resources to another party where that second party does not reimburse the first party immediately (thereby generating a debt), but instead arranges either to repay or return those resources (or other materials of equal value) at a later date.

2. **Royalties** are usage-based payments made by one party (the «licensee») to another (the «licensor») for the right to ongoing use of an asset, sometimes an intellectual property (IP).

3. **Inflation** is a rise in the general level of prices of goods and services in an economy over a period of time.

4. **Retail** is the sale of goods and services from individuals or businesses to the end-user.

5. **Recession** is a business cycle contraction, a general slowdown in economic activity.

6. **Tax revenue** is the income that is gained by governments through taxation.

7. **Price** is the ratio of the quantities of goods that are exchanged for each other.

8. **Trade** is the transfer of ownership of goods and services from one person or entity to another by getting something in exchange from the buyer.

### **III. Read and translate the text.**

#### **Argentine economic crisis and its recovery**

The Argentine economic crisis (1999–2002) was a major downturn in Argentina's economy. It began in 1999 with the decrease of real Gross Domestic Product (GDP). By 2002 GDP growth was increasing, surprising economists and the business media.

The origins and effects of the collapse must be understood in the context of earlier events and decisions. In journalist Peter Katel identified three very serious crises, converging at «the worst possible time», to explain why the Argentinean economy unraveled how and when it did:

the Argentine peso was bound to the US dollar at the start of the 1990 s;

the large amounts of borrowing by former Argentine president;  
an increase in debt due to the considerable shrinkage in the size of tax revenue that the government was receiving.

By late December, 2001, riots had reached Argentina's capital, Buenos Aires.

In 2002, the prime-minister Eduardo Duhalde appointed Roberto Lavagna, a respected economist with centrist views, a minister of economy. Lavagna showed a considerable aptitude at managing the crisis, with the help of heterodox measures.

The economic outlook was completely different from that of the 1990 s; the devalued peso made Argentine exports cheap and competitive abroad, while discouraging imports. In addition, the high price of soy in the international market produced an injection of massive amounts of foreign currency (with China becoming a major buyer of Argentina's soy products).

The government encouraged import substitution and accessible credit for businesses, staged an aggressive plan to improve tax

collection, and set aside large amounts of money for social welfare, while controlling expenditure in other fields.

As a result of the administration's productive model and controlling measures (selling reserve dollars in the public market), the peso slowly revalued, reaching a 3-to-1 rate to the dollar. Agricultural exports grew and tourism returned.

The huge trade surplus ultimately caused such an inflow of dollars that the government was forced to begin intervening to keep the peso from revaluing further, which would ruin the tax collection scheme (largely based on import taxes and royalties) and discourage further reindustrialization. The central bank started buying dollars in the local market and stocking them as reserves.

By December 2005, foreign currency reserves had reached US\$28 billion (they were greatly reduced by the anticipated payment of the full debt to the IMF in January 2006). The downside of this reserve accumulation strategy is that the dollars have to be bought with freshly issued pesos, which may induce inflation. The central bank neutralizes a part of this monetary emission by selling Treasury letters. In this way the exchange rate has been stabilized near a reference value of 3 pesos to the dollar.

The currency exchange issue is complicated by two mutually opposing factors: a sharp increase in imports since 2004 (which raises the demand of dollars), and the return of foreign investment (which brings fresh currency from abroad) after the successful restructuring of about three quarters of the external debt. The government has set up controls and restrictions aimed at keeping short-term speculative investment from destabilizing the financial market.

Argentina's recovery suffered a minor setback in 2004 when rising industrial demand caused a short-lived energy crisis. The prospect of future energy shortages is not discounted.

Argentina has managed to return to growth with surprising strength; the GDP jumped 8,8 % in 2003, 9,0 % in 2004, 9,2 % in 2005, 8,5 % in 2006 and 8,7% in 2007. Though average wages have increased 17 % annually since 2002 (jumping 25 % in the year to May 2008), consumer prices have partly accompanied this surge; though not comparable to the levels of former crises, the inflation rate was 12,5 % in 2005, 10 % in 2006 and is believed by private economists to have approached 15 % in 2007 and to exceed 20 % during 2008 (even

if the Ministry of Economy refuses to acknowledge inflation greater than 10 %). This has prompted the government to increase tariffs for exporters and to pressure retailers into one price truce after another in a bid to stabilize prices, so far with little effect.

While unemployment has been considerably reduced (it has been hovering around 8,5 % since 2006), Argentina has so far failed to reach an equitable distribution of income (the wealthiest 10 % of the population receives 31 times more income than the poorest 10 %). This disparity, nevertheless, compares quite favorably to levels seen in most of Latin America.

#### **IV. Answer the following questions.**

1. What were the reasons of Argentine economic crisis?
2. What were the consequences of the crises concerning Argentina export and import?
3. What measures did government propose to stabilize the situation?
4. What was the reason of the great inflow of dollars? What was the effect of this inflow?
5. In what way has the exchange rate been stabilized?
6. By what factors was the currency exchange issue complicated?
7. Did Argentina's recovery suffer any setbacks?
8. What indicates the strength of Argentine growth?

#### **V. Retell the text.**

#### **VI. Study the following words and word combinations.**

in response to	в ответ на
dire	тяжёлый
background	предпосылка, происхождение
to stall	остановиться
to soar	стремительно повышаться
to devise	разрабатывать
package deal	комплексная сделка
to stem	сопротивляться
to enact	устанавливать, вводить
to curb	сдерживать



## **VII. Read the text given below.**

### **Economic Stabilization Plan**

The Economic Stabilization Plan was implemented in Israel in 1985 in response to the dire domestic economic situation of the early 1980 s.

The background to the crisis is that the years after the 1973 Yom Kippur War were a lost decade economically, as growth stalled, inflation soared and government expenditures rose significantly. Then, in 1983, Israel suffered what is known as «the Bank stock crisis». By 1984 inflation was reaching an annual rate close to 450 % and projected to reach over 1000 % by the end of the following year.

In response, in 1985 the Knesset implemented an economic stabilization plan aimed at generating «sharp disinflation». The plan was devised by Yitzhak Moda'i and Michael Bruno. This was done after a series of smaller, so-called «package deals» that were negotiated with selected entities in the Israeli economy proved ineffective in stemming the rise of inflation. It was not until the implementation of this wider-scale stabilization plan, which brought together all the main players in the Israeli economy at the time (the government, labor unions, and the central bank) that inflation was successfully brought to under 20 % in less than two years. Some of its main points included:

- A significant cut in government expenditures and deficit.
- Reaching an agreement with the then-powerful labor union to enact wage controls, thus decoupling rampant wage from price inflation.
- Emergency measures imposing temporary price controls over a broad range of basic products and services.
- A sharp devaluation of the Shekel, followed by a policy of a long-term fixed foreign exchange rate.
- Curbing the Bank of Israel's ability to print money to cover government deficits.

These steps, coupled with the subsequent introduction of market-oriented structural reforms successfully reinvigorated the economy, paving the way for its rapid growth in the 1990s. The plan has since become a model for other countries facing similar economic crises.

**VIII. Read once more the main points of the Plan.** Guess what the reasons for these measures were? What effects, in your opinion, did they cause?

**IX. Find and the additional information about Russian government response to economic recession in 2008.** Evaluate this response from the point of view of its economic effectiveness. Present the information in the form of short report.

**X. Study the following words and word combinations.**

drastic	радикальный, резкий
ringgit	ринггит
alarming	тревожный
to drop	падать, рушиться
to peg	искусственно поддерживать
attached	привязанный
regardless	невзирая ни на что
to rebound	рикошетить
to rejuvenate	восстанавливать
benign	мягкий, благоприятный
slump	резкий спад
attributable	относимый к
abandon	зд. отменять
appreciation	подорожание
capital flight	утечка капитала
to caution	предостеречь
ban	запрет
swiftly	быстро, поспешно
pace	зд. скорость

**XI. Study the text.**

**Asian financial crisis and recovery**

I. The year 1997 saw drastic changes in Malaysia. There was speculative short-selling of the Malaysian currency, the ringgit. Foreign direct investment fell at an alarming rate and, as capital flowed out of the country, the value of the ringgit dropped from MYR

2,50 per USD to, at one point, MYR 4,80 per USD. The Kuala Lumpur Stock Exchange's composite index fell from approximately 1300 to nearly merely 400 points in a few short weeks. Bank Negara imposed capital controls and pegged the Malaysian ringgit at 3,80 to the US dollar. Malaysia refused economic aid packages from the International Monetary Fund (IMF) and the World Bank, surprising many analysts. By refusing aid and thus the conditions attached thereof from the IMF, Malaysia was not affected to the same degree in the Asian Financial Crisis as Indonesia, Thailand, and the Philippines.

Regardless, the GDP suffered a sharp 7,5 % contraction in 1998. It however rebounded to grow by 5,6 % in 1999. The Government of Malaysia predicted 5,8 % real GDP growth in the year 2000, but most analysts predicted growth will exceed 8 % for the year.

In order to rejuvenate the economy, massive government spending was made and Malaysia continuously recorded budget deficits in the years that followed. Economic recovery has been led by strong growth in exports, particularly of electronics and electrical products, to the United States, Malaysia's principal trade and investment partner. Inflationary pressures remained benign, and, as a result, Bank Negara Malaysia, the central bank, had been able to follow a low interest rate policy. The Malaysian economy recovered from the 1997 Asian Financial Crisis sooner than neighbouring countries, and has since recovered to the levels of the pre-crisis era with a GDP per capita of \$14,800.

The post Y2K slump of 2001 did not affect Malaysia as much as other countries. This may have been clearer evidence that there are other causes and effects that can be more properly attributable for recovery. One possibility is that the currency speculators had run out of finance after failing in their attack on the Hong Kong dollar in August 1998 and after the Russian ruble collapsed.

II. The fixed exchange rate was abandoned on July 21, 2005. In the same week, the ringgit strengthened a percent against various major currencies and was expected to appreciate further. As of December 2005, however, expectations of further appreciation were muted as capital flight exceeded USD 10 billion. According to Bank Negara's published figures, Malaysia's foreign exchange reserves increased steadily since the initial capital flight, from USD75,2 billion as at 15 July 2005 to peak at USD125,7 billion as at 31 July 2008, a

few months before the global credit crisis that started in September 2008. As at 29 May 2009, the reserves stood at USD88,3 billion. In spite of the large positive current account surplus, foreign reserves have started to fall at a rapid rate. Official statistics released in March 2006, confirmed capital flight of more than US\$10 billion. However, as of the 4th fiscal year, a surge of FDI has pushed the KLSE above 1200 points, and is expected to strengthen to pre 1997 levels.

In March 2005, the United Nations Conference on Trade and Development (UNCTAD) published a paper on the sources and pace of Malaysia's recovery. The paper concluded that the controls imposed by Malaysia's government neither hurt nor helped recovery. The chief factor was an increase in electronics components exports, which was caused by a large increase in the demand for components in the United States, which was caused, in turn, by a fear of the effects of the arrival of the year 2000 (Y2K) upon older computers and other digital devices.

In September 2005, Sir Howard J. Davies, director of the London School of Economics, at a meeting in Kuala Lumpur, cautioned Malaysian officials that if they want a flexible capital market, they will have to lift the ban on short-selling put into effect during the crisis. In March 2006, Malaysia removed the ban on short selling. It is interesting to note that some of the measures taken by the Malaysian government in response to the Asian crisis, such as the ban on short selling, were swiftly adopted by the very countries that had previously been critical of the Malaysian response.

Regardless of cause and effect claims, rejuvenation of the economy also coincided with massive government spending and budget deficits in the years that followed the crisis. Later, Malaysia enjoyed faster economic recovery compared to its neighbours. The country has recovered to the levels of the pre-crisis era – as an example, the KLCI Composite Index hit an all time high of 1,386 on 20 June 2007 which is approximately 100 points higher than the pre-crisis record of 1,275 in 1993. While the pace of development today is not as rapid, it is seen to be more sustainable.

**XII. Fill the following table.** Write down all the major events concerning Malaysia economic crisis and its numerical indicators.

<b>Year</b>	<b>Event</b>	<b>Indicator</b>
<b>1997</b>	<i>Foreign investment fall. Capital flight. Inflation.</i>	<i>The ringgit dropped from MYR 2,50 per USD to MYR 4,80 per USD.</i>
<b>1998</b>		
<b>1999</b>		
<b>2001</b>		
<b>2005</b>		
<b>2006</b>		
<b>2007</b>		
<b>2008</b>		

**XIII. Retell the text.** Use the table from the ex. XIV as a plan.

**XIV. Fill the following table.** Use the information from the texts given above.

<b>Crisis</b>	<b>Reasons</b>	<b>Consequences</b>	<b>Government actions</b>	<b>Results</b>
<i>Argentine</i>				
<i>Israel</i>				
<i>Asia</i>				

**XV. Find similarities and differences concerning different countries' crises.** Summarize the information from the table in 12–15 sentences.

## UNIT VII

### ECONOMIC AND NATIONAL SECURITY: INTERACTION AND SYNTHESIS

#### Individual working plan and tips

You should fulfill this unit in 10 hours. Plan your work according to the following scheme:

1. Study the words, word combination and terms necessary for the following stages (I, II):

a) read the words twice; using Google translate to consult the correct pronunciation;

b) close the books; try to reproduce the words and word combination;

c) open the book and check yourself;

d) repeat a-c if necessary.

2. Read and understand the professional oriented information (IV, IX):

For the terms

a) read and translate the definition concerning the theme of the work;

b) make some sentences using these definitions;

c) close the book and try to give your own explanation of the definitions,

For the texts

a) find the unknown words in the dictionary;

b) translate the text passage by passage;

c) make a plan of the text: divide it into some parts and write down the key words for every part;

d) close the book and try to re-tell the text briefly according to the plan using the key words.

3. Make exercises to gain the skills of working with the above given information (III; VI; X).

4. Prepare your own utterances using the information and skills gained (V; VII–XI; XII).

5. Present the results of you individual work to your professor.

6. Analyze your mistakes and find out what has caused them.

## Tasks

### I. Study the following words and word combinations.

fluctuation	колебание
depleted	истощённый; исчерпанный
adversary	противник
immense	огромный; безмерный
hostile	враждебный
subversive	подрывной
interagency	межведомственный
robust	сильный; крепкий
fraud	мошенничество
takeover	поглощение компании
enforcement	исполнение закона
subpoena	зд. судебный
onerous	обременительный
to deem	полагать; считать
pillar	зд. опора; оплот
restraint	ограничение
merger	слияние компаний
lessen	сокращённый
to amend	вносить поправки
pool	зд. фонд
underappreciated	недооценённый
to beg	поднимать вопрос
to purport	претендовать

### II. Choose the correct translation.

to be captive to	зд. зависеть от
to pose challenges	создавать трудности
at one's disposal	в чьём-либо распоряжении
fiduciary duties	фидуциарные обязанности
extensive oversight	всесторонний надзор
subject to the jurisdiction	находиться в юрисдикции
interlocking directorate	соединённое директорство
within the scope of	в рамках чего-либо
regardless	безотносительно к чему-либо
with respect to	по отношению к

**III. Find the definition of the following terms.** Try to explain them in your own words: gross domestic product; commodities market; investee; broker; short sales; fiduciary duties; conflict of interest; thrift; price discrimination; exclusive dealing; merger; dividend; derivatives; investment pool; loan origination.

**IV. Study the text given below.**

### **National responses to the nation's economic security threats**

#### **Introduction**

National security has never been more captive to economic security than it is today. Economic security is not restricted to the usual fluctuations in gross domestic product (GDP); employment; productivity; and other metrics which have been the focus of macroeconomists for decades and still predominate in academic studies. Analysis of trends in GDP – such as the rise of China; decline or instability in Russia; and the outlook for the United States – while important; do not by themselves pose immediate challenges to US national security. Instead; in the present context; economic security refers to global capital flows and the capital and commodities markets which accommodate those flows. Through these channels currencies can be destroyed; inflation can be transmitted; reserves can be depleted; and financial institutions can be destabilized.

Despite the range of potential national security threats posed by adversaries and the diverse methods and immense resources at their disposal; investee nations such as the United States and others are not without considerable tools at their disposal to deter; detect; and defend against hostile or subversive actions by adversaries. These are considered below.

The first line of defense for the United States is the Exon-Florio Amendment to the Defense Production Act of 1950 which permits voluntary review of foreign investments in the United States by the Committee on Foreign Investment in the United States (CFIUS); a 13-member interagency body chaired by the US Treasury and with Cabinet-level participation from Treasury; Commerce; Defense; Energy; State; Homeland Security; Office of the Attorney General;



Office of Management and Budget; Council of Economic Advisors; Office of the United States Trade Representative; National Economic Council; National Security Council; and the Office of Science and Technology Policy. The director of national intelligence and the secretary of labor are also nonvoting ex officio members.

## **Securities Law**

The United States has a comprehensive set of laws governing securities; futures; and derivatives transactions contained in the Securities Act of 1933; the Securities Exchange Act of 1934; the Investment Advisers Act of 1940; the Investment Company Act of 1940; the Commodity Exchange Act; and other acts; all as amended to date. These statutes contain robust antifraud provisions and reporting provisions governing such matters as takeovers; 5 percent or greater positions; licensing of advisors; brokers; and exchanges; large trader reports; large position reports; margin requirements; reporting of purchases and sales by company officers and directors; short sales; fiduciary duties; conflicts of interest; and many other matters designed generally to provide fair; efficient; and transparent markets. The laws; rules; and regulations are implemented by large staffs at the SEC and the Commodity Futures Trading Commission (CFTC) dedicated to market supervision; including delegated authority to exchanges and their self-regulatory organizations. Enforcement is supported through SEC and CFTC investigatory and subpoena power; administrative judges; and access to the resources of the federal courts; the FBI; and the Department of Justice; as needed. Importantly; these rules (with few exceptions) apply equally to adversaries with regard to their transactions in US markets; with US counterparties; or through means of US interstate commerce. However; as noted above; where adversary investment pools and their home countries do not cooperate in investigations or allow access to information; enforcement of these rules against adversaries can be problematic.

## **Banking Law**

Financial institutions such as banks and thrifts are subject to extensive regulation and oversight in addition to that which may be conducted by the SEC with respect to trading in the public securities of these institutions. The United States has numerous bank; thrift; and bank holding company statutes and multiple regulatory bodies to enforce these; including the Board of Governors of the Federal Reserve System; the Office of the Controller of the Currency; and the Office of Thrift Supervision; among others. The principal statute which would govern adversary firm acquisition of banks or thrifts is the Bank Holding Company Act of 1956 as amended by the Gramm-Leach-Bliley Act (1999). These statutes require regulatory filings and approval when certain investments in financial institutions exceed 5 percent and have other progressively more onerous requirements at ownership levels in excess of 19,9 percent and 24,9 percent. Depending on the exact type of instruments; voting rights; and contractual arrangements involved; these thresholds can be deemed to constitute «control» and are prohibited to acquirers engaged in nonbanking commercial activities. Separate review processes are applied to foreign acquirers having to do with banking regulation in their home countries. As a practical matter; no adversary could legally obtain control of a US bank under these statutes.

## **Antitrust Law**

The twin pillars of antitrust law are the Sherman Antitrust Act of 1906; which outlaws contracts or conspiracies «in restraint of trade or commerce;» and the Clayton Antitrust Act of 1914; which outlaws certain kinds of price discrimination; exclusive dealings; mergers which lessen competition; and directors serving on the boards of two or more competing companies. In addition; the Hart-Scott-Rodino Antitrust Improvements Act of 1976 amends the Clayton Act to provide for advance notification of certain mergers; tender offers; and acquisitions and requires a 30-day waiting period after notice and before closing during which regulatory agencies may request further information to evaluate whether the proposed transaction violates any antitrust laws. It is fair to say that many adversary investment pool

transactions in Latin America; Africa; and Asia would violate US antitrust laws if conducted subject to the jurisdiction of the United States; in other words; certain acquisitions are done precisely for the purpose of price discrimination; exclusive dealings; to establish interlocking directorates; and so forth. The fact that these laws exist (and that similar laws exist in the EU) acts as a powerful check on certain abuses against fair trade; which might be pursued by an adversary but for these laws.

**V. Find the additional information about the following institutions and present it in the form of short reports:**

Committee on Foreign Investment in the United States.

US Treasury.

Office of the Attorney General.

Office of Management and Budget.

Council of Economic Advisors.

Office of the United States Trade Representative.

National Economic Council; National Security Council.

Office of Science and Technology Policy.

Commodity Futures Trading Commission.

Department of Justice.

Federal Reserve System.

the Office of the Controller of the Currency.

Office of Thrift Supervision.

**VI. Translate and render in brief every part of the text** (it should be presented in 4–5 sentences).

**VII. Present in written** summary of the text.

**VIII. Prepare yourself for the discussion.**

1. Find the information about the laws providing national economic security of the Russian Federation.

2. Compare the legislation providing economic security in our country and in the USA (in the form of the table).

3. Express your opinion about advantages and disadvantages of both.

4. Suppose what should be done in order to improve Russian legislation in order to provide better national economic security.

**IX. Translate the report given below.**

**Economic security task team report  
to the California commission on aging**

March 8, 2005

Prepared by  
Bonnie Parks; Executive Director;  
Cheri Jasinski; Consultant

The purpose of this document is to provide a status report of the work of a stakeholder task team on Economic Security organized around working on implementation of «Planning for an Aging California Population» (Health and Human Service Agency; October 2003).

Background on economic security

By 2005; there will be about 55 million workers age 45 and older; or about 37 percent of the labor force according to the Bureau of Labor statistics. University studies show that the longer «baby boomers» are employed; the greater the economic benefit to the State in both reduced costs of social programs and the increased tax revenues generated.

The AARP has documented that older adults face barriers to employment because of stereotypes about their abilities and because of lack of updated training. Information on how to proactively reduce those barriers assists older workers to obtain jobs.

In addition; Chair of the Assembly Committee on Aging and Long-Term Care will develop a master plan for legislation that will be addressing economic security issues. The Committee has issued an Executive Summary and page 4 addresses Employment; Finance; and Retirement. It states that policymakers will need to support individuals' continuance in the labor force for as long as they need to or want to work. One of the key questions asked on page 11 is; «How

can we help empower individuals to remain as independent and engaged as possible for as long as possible?». Work is a major factor in addressing this issue.

Priority: encourage employers to develop flexible work option plans.

Action Plan

1. Employers should develop mechanisms for improved work options including flexible scheduling; compressed work week; job sharing; part time/on call employment; «V-time» or voluntarily taking a portion of the year off; and telecommuting.

2. Provide incentives by offering prorated health benefits to part time employees.

Priority: take action to eliminate age discrimination.

Action Plan

1. Change negative stereotypes of aging that exist in the media; and throughout society by incorporating issues of diversity and elder involvement into the Stay Well public information program and on the Industry Coalition on Age Equity and the Media (ICAEM) agenda.

2. Strengthen and reinforce current employment law with regard to age discrimination by:

A) Expansion of employers awareness of the law.

B) Clarification of who enforces the law.

C) Strengthening enforcement procedures.

D) Strengthening employee rights.

E) Clarification and simplification of how employees file complaints.

Priority: provide job training and support for job seekers.

Action Plan

1. Consolidate and revitalize private non-profit and community-based organizations' older worker programs.

a) Eliminate service fragmentation and add an older worker advocacy component.

b) Provide culturally relevant; job-related supportive services for older workers including:

- personal and job counseling \$;
- job referral services \$;
- resume/job applications and supportive services.

c) Establish or revitalize job development relationships with business and labor.

d) Coordinate relationships with educational institutions to provide appropriate opportunities for career enhancement; job training; retraining; and skill development.

e) Expand offerings over the Internet; grant work/life credits toward earning a degree; and similar creative methods to support the continuing education needs of the aging workforce.

**X. Give the proper translation of the following institutions.**

Try to describe the sphere of their activities. Find the equivalents in your region (country).

Economic security task team.

Health and Human Service Agency.

Bureau of Labor statistics.

AARP.

Assembly Committee on Aging and Long-Term Care.

Employment Development Department.

Senior Worker Advocate Council (SWAC).

the California Employer Advisory Council.

Industry Coalition on Age Equity and the Media.

One-Stop Career Centers.

**XI. Find additional information about the background on economic security of older adults in your region (country).**

Underline differences and similarities in comparison with the USA situation. Present it in the form of short report.

**XII. Create the similar priority and action plan concerning:**

- a) middle-aged persons who lost their jobs;
- b) young people with no access to the higher education;
- c) persons willing to start their own business.

## UNIT VIII THREATS TO NATION'S ECONOMIC SAFETY

### Individual working plan and tips

You should fulfill this unit in 10 hours. Plan your work according to the following scheme:

1. Study the words; word combination and terms necessary for the following stages (I; VI):

- a) read the words twice; using Google translate to consult the correct pronunciation;
- b) close the books; try to reproduce the words and word combination;
- c) open the book and check yourself;
- d) repeat a-c if necessary.

2. Read and understand the professional oriented information (II; III; VII):

For the terms

- a) read and translate the definition concerning the theme of the work;
- b) make some sentences using these definitions;
- c) close the book and try to give your own explanation of the definitions;

For the texts

- a) find the unknown words in the dictionary;
- b) translate the text passage by passage;
- c) make a plan of the text: divide it into some parts and write down the key words for every part;
- d) close the book and try to re-tell the text briefly according to the plan using the key words.

3. Make exercises to gain the skills of working with the above given information (IV; V; VIII–X).

4. Prepare your own utterances using the information and skills gained (XI; XII).

5. Present the results of you individual work to your professor.
6. Analyze your mistakes and find out what has caused them.

## Tasks

### I. Study the following words and word combinations.

brain drain	утечка мозгов
liable	уязвимый
conversed	обратный
to launch	зд. запустить
to imply	предполагать
staggered	зд. ступенчатый
shrink	зд. ухудшиться; уменьшиться
to revive	восстановить
comparable	сопоставимый; соизмеримый
tertiary level education	высшее образование
to plug shortages	восполнить недостаток
to distinguish between	различать
returnee	вернувшийся
overseas	заграничный

### II. Read and translate the text given below.

#### Brain drain

Brain drain is also known as «The human capital flight». It can be simply defined as the mass emigration of technically skilled people from one country to another country. Brain-drain can have many reasons; for example; political instability of a nation; lack of opportunities; health risks; personal conflicts; etc. Brain-drain can also be named as «human capital flight» because it resembles the case of capital flight; in which mass migration of financial capital is involved.

The term brain-drain was introduced by observing the emigration of the various technologists; doctors and scientists from various developing countries (including Europe) to more developed nations like USA. Now this phenomenon of brain drain has a conversed effect for a country in which people are getting migrated and brain-drain of a nation becomes brain-gain for that particular country. Usually all developing countries including India are suffering from brain drain and developed countries like USA are having brain gain from this phenomenon.



Brain-gain is just an opposite situation to brain-drain. Countries in which skilled workers are migrating are said to be brain-gaining countries. Examples include USA; Canada and UK. These countries are having brain-gain because these nations are rich and have enough work opportunities. Moreover; they provide better facilities and life styles.

**Brain drain from Europe.** A few years before; Europe was one of extreme sufferers of the brain-drain. In Europe brain drain was occurring in two stages. First was the migration of workers from the southeastern Europe and Eastern Europe to the Western Europe. And other stage of brain-drain was the migration from Western Europe to the USA. But this cycle of migration is getting slower these days. To stop the brain-drain Europe community also launched a provision called «Blue-card». It's same as green-card facility of USA. In fact EU was getting much more liable for the immigrants of Asia in last decade in order to compensate the brain-drain. But at the same time EU is worried about the effects of foreign population on culture and environment of Europe; so these days EU is implying some strict rules to regulate flow of immigrants.

**Brain drain from Russia.** A Russian trade union official has said that more than half a million scientists and computer programmers have left the country since the fall of the Soviet Union in 1991.

The chairman of the unions represented at the Russian Academy of Sciences; Viktor Kalinushkin; told a news conference in Moscow that most of them were finding well-paid jobs in the United States; Europe and Japan.

The average monthly wage for Russian scientists is less than \$100; while in the West they can earn \$3-7 thousand a month.

Mr. Kalinushkin said physicists; biologists; chemists and computer programmers were in particularly high demand. He said Russian-speaking programmers in the USA were responsible for developing 30 % of Microsoft products.

Mr. Kalinushkin said there were currently two groups of scientists in Russia – young people under 30 who could be expected to leave to work abroad and an older generation around the age of 50; who usually remain behind. «Between 500 000 and 800 000 Russian

scientists have left on long-term mission abroad in the past 10 years» he said.

«Almost none of them have returned»

Japan; the USA; the UK; Canada; France and Germany were the main beneficiaries; he said.

**Winners and losers.** The costs and benefits of the brain drain and circulation of talent are hotly debated. International mobility of skilled workers can generate global benefits by improving knowledge flows and satisfying the demand for skills. The contribution of foreign skilled workers to economic growth and achievement in host countries; in particular to research; innovation and entrepreneurship; is increasingly recognized – witness the number of foreign-born US Nobel Prize winners or creators of global high tech companies; such as Intel or eBay; and other successful start-ups. It is important to distinguish between emigrants from OECD countries and those from developing countries.

The risk of a brain drain damaging rich countries is arguably lower; but it does exist. Canada may well lose skilled workers to the United States and import skilled human capital from other countries. However; the quality of the two-way flow is key; though it is difficult to calculate whether the loss of a top genetics researcher at a public lab can be compensated for by the arrival of even several hundred IT specialists. But as skilled migration between advanced countries is often temporary; there may be a double gain from the circulation of the highly skilled: first from the overseas experience acquired by their genetics researcher; and second from the constant inflow of skilled workers.

In sending countries in the developing world; the challenge is greater. For these countries; capturing benefits mostly depends on attracting back skilled emigrants and providing opportunities for them to use their new technological competencies. Returnees also can bring valuable management experience; entrepreneurial skills and access to global networks. They may even bring venture capital. But this is looking on the bright side.

Mostly; the problems caused by the brain drain in poorer sending countries are great. Migrants from developing countries are generally more likely to stay in the host country than migrants from advanced countries. Survey evidence on the share of foreign PhD graduates in

science and technology who stay abroad show that 79 % of 1990-91 doctoral recipients from India and 88 % of those from China were still working in the United States in 1995. In contrast; only 11 % of Koreans and 15 % of Japanese who earned science and engineering (S&E) doctorates from US universities in 1990-91 were working in the United States in 1995. In the longer term; however; return flows of people and capital may not only offset some potential negative effects of international migration but also constitute an economic development strategy in its own right. In Chinese Taipei; for example; half of all the companies emerging from that economy's largest science park; Hsinchu; were started by returnees from the United States. And in China; the Ministry of Science and Technology estimates that returning overseas students started most Internet-based ventures.

**III. Read the text one more time.** Create and prove your own title for each part.

**IV. Answer the following questions.**

1. What does the term «brain drain» mean?
2. Describe the situation concerning «brain drain» in European countries.
3. What is «brain gain»?
4. Does Russia suffer the «brain drain»? Why?
5. Who wins and who loses because of «brain drain»?
6. Is there the risk of a brain drain in rich countries?
7. What problems are caused by the brain drain in poorer sending countries?
8. What should be done in order to hold skilled workers at their native places?

**V. Present the summary of the text.**

## **VI. Study the following words and word combinations.**

disparity	несоответствие
ongoing	продолжающийся
inter-related	взаимосвязанный
cohesion	единство
innate ability	врожденная способность
to drive up	повышать
curve-like	кривая диаграммы
condensation	концентрация
maintenance	техническое обслуживание
offspring	потомство
inheritance	наследство
to constrain	сдерживать
disposable	доступный; наличный
homicide	убийство
ulcer	язва
unrest	беспорядки

## **VII. Study the text given below.**

### **Economic inequality**

Economic inequality refers to disparities in the distribution of economic assets and income. The term typically refers to inequality among individuals and groups within a society; but can also refer to inequality among nations. There is debate as to what equality should mean. Some think in terms of Equality of opportunity and others in terms of Equality of outcome.

Economic inequality has always existed; its nature; cause and importance are open to broad debate. A country's economic structure or system (such as capitalism; socialism and everything in between); ongoing or past wars; and individuals' different abilities to create wealth are all involved in the creation of economic inequality.

Economic inequality among different individuals or social groups is best measured within a single country. This is due to the fact that country-specific factors tend to obscure inter-country comparisons of individuals' incomes. A single nation will have more

or less inequality depending on the social and economic structure of that country.

I. There are many reasons for economic inequality within societies. These causes are often inter-related and complex. For example; race differences and wealth condensation are different causes but can be highly correlated within a population. The relationship between cause and effect can also be non-linear and complex. For example; economic inequality decreases the amount of social cohesion within society; leading to greater inequality. Among the acknowledged factors that impact economic inequality in some part are the labor market; innate ability; education; race; gender; culture; wealth condensation etc.

II. One of the major reasons there is economic inequality within modern market economies is because wages are determined by a market; and are hence influenced by supply and demand. In this view; inequality is caused by the differences in the supply and demand for different types of work.

A job where there are many willing workers (high supply) but only a small number of positions (low demand) will result in a low wage for that job. This is because competition between workers drives down the wage. An example of this would be low-skill jobs such as dish-washing or customer service. Competition amongst workers tend to drive down the wage since if any one worker demands a higher wage the employer can simply hire another employee at an equally low wage.

A job where there are few willing workers (low supply) but a large demand for the skills these workers have will result in high wages for that job. This is because competition between employers will drive up the wage. An example of this would be high-skill jobs such as engineers or capable CEOs. Competition amongst employers tend to drive up wages since if any one employer demands a low wage; the worker can simply quit and easily find a new job at a higher wage.

While the above examples tend to identify skill with high demand and wages; this is not necessarily the case. For example; highly skilled computer programmers in western countries have seen their wages suppressed by competition from equally skilled workers in India who are willing to accept a lower wage.

III. Many people believe that there is a connection between differences in innate ability; such as intelligence; strength; or charisma; and between an individual's levels of wealth. Relating these innate abilities back to the labor market suggests that such innate abilities are in high demand relative to their supply and hence play a large role in increasing the wage of those who have them. Contrary wise; such innate abilities might also affect an individual's ability to operate within society in general; regardless of the labor market. Various studies conducted on the correlation between IQ scores and wealth/income show that it is fairly difficult to come towards an objective conclusion on whether or not there is a relationship between intelligence and wealth/income.

IV. One important factor in the creation of inequality is the variable ability of individuals to get an education. Education; especially education in an area where there is a high demand for workers; creates high wages for those with this education. Contrary wise; those who are unable to afford an education generally receive much lower wages. Many economists believe that a major reason the world has experienced increasing levels of inequality since the 1980s is because of an increase in the demand for highly skilled workers in high-tech industries. They believe that this has resulted in an increase in wages for those with an education; but has not increased the wages of those without an education; leading to greater inequality.

V. The existence of different genders; races and cultures within a society is also thought to contribute to economic inequality. The idea of the gender gap tries to explain the reasons there are different levels of income for different genders. Culture and religion are thought to play a role in creating inequality by either encouraging or discouraging wealth-acquiring behavior and providing a basis for discrimination. It is felt that in many countries individuals belonging to certain racial and ethnic minorities are found more often among the poor than others.

Development patterns Simon Kuznets argued that levels of economic inequality are in large part the result of stages of development. Kuznets saw a curve-like relationship between level of income and inequality. This relationship is now known as Kuznets curve. Supposedly; countries with low levels of development have relatively equal distributions of wealth. As a country develops; it

acquires more capital; which leads to the owners of this capital having more wealth and income and introducing inequality. Eventually; through a variety of possible redistribution mechanisms such as social welfare programs; more developed countries move back to lower levels of inequality.

VI. Wealth condensation is a theoretical process by which; in certain conditions; newly-created wealth tends to become concentrated in the possession of already-wealthy individuals or entities. This is reflected in the common saying «the rich get richer and the poor get poorer». According to this theory; those who already hold wealth have the means to invest in new sources of creating or accumulation of wealth; thus are the beneficiaries of the new wealth.

As an example of wealth condensation; truck drivers who own their own trucks consistently make more money than those who do not since the owner of a truck can escape the rent charged to drivers by owners (Even taking into account maintenance and other costs). Hence; a truck driver who has wealth to begin with can afford to buy own truck in order to make more money. A truck driver who does not own his own truck makes a lesser wage and is therefore unable to buy his own truck to increase his income.

Related to wealth condensation are the effects of inter generational inequality. It has been noted that the rich tend to provide their offspring with a better education; increasing their chances of achieving a high amount of income. Furthermore; the wealthy often leave their offspring with a substantial inheritance; jump starting the process of wealth condensation for the next generation.

VII. There are many factors that tend to constrain the amount of economic inequality within society. Progressive taxation; where the rich are taxed more than poor; is effective at reducing the amount of income inequality in society. The Nationalization or subsidization of essential goods and services such as food; healthcare; education; and housing is also thought to reduce the amount of inequality in society. By providing goods and services that everyone needs for cheap or free; governments can effectively increase the disposable income of the poorer members of society.

VIII. Social Cohesion Research has shown a clear link between income inequality and social cohesion. In more equal societies; people are much more likely to trust each other; measures of social capital

suggest greater community involvement; and homicide rates are lower. There is a very strong correlation between socioeconomic status and health. This correlation suggests that it is not only the poor who tend to be sick when everyone else is healthy; but that there is a continual gradient; from the top to the bottom of the socioeconomic ladder; relating status to health. Lower socioeconomic status has been linked to chronic stress; heart disease; ulcers; diabetes; certain types of cancer; and premature aging.

The concept of psychosocial stress attempts to explain how psychosocial phenomenon such as status and social stratification can lead to the many diseases. Higher levels of economic inequality tend to intensify social hierarchies and generally degrades the quality of social relations – leading to greater levels of stress and stress related diseases.

IX. Many people accept inequality as a given; and argue that the prospect of greater material wealth provides incentives for competition and innovation within an economy. Some modern economic theories have suggested that a functioning economy requires a certain level of unemployment. These theories argue that unemployment benefits must be below the wage level to provide an incentive to work. Several recent economists have investigated the relationship between inequality and economic growth arguing that inequality reduces growth in poor countries and helps growth in rich ones.

X. In most western democracies; the desire to eliminate or reduce economic inequality is generally associated with the political left. The main practical argument in favor of reduction is the idea that economic inequality reduces social cohesion and increases social unrest; thereby weakening the society. There is evidence that this is true and it is intuitively true; at least for small face-to-face groups of people. Also; there is the argument that economic inequality translates to political inequality; which further aggravates the problem.

The acceptance of economic inequality is generally associated with the political right or at least that section of the right that is concerned with economics. The main practical argument in favor of the acceptance of economic inequality is that; as long as the cause is mainly due to differences in behavior; the inequality serves as an



economic engine to push the society towards economically healthy and efficient behavior; and is therefore beneficial.

**VIII. Read the text one more time. Choose the title for each part:** «Causes of Inequality»; «The Labor Market»; «Innate ability»; «Education»; «Gender; Race; and Culture»; «Wealth Condensation»; «Mitigating Factors»; «Effects of Inequality»; «Economic Incentives»; «Views on Inequality».

**IX. Answer the following questions.**

1. What does economic inequality refer to?
2. What are the origins of economic inequality?
3. In what way does the labor market influence economic inequality?
4. How does the education concern economic inequality?
5. Describe gender and racial reasons for economic inequality?
6. What does the term «wealth Condensation» mean?
7. What are the factors mitigating the impact of economic inequality?
8. What are the main effects of economic inequality?
9. What is the attitude of economists to economic inequality?
10. What views on economic Inequality exist in modern society?

**X. Retell the text given above.** Use ex. IX as the plan.

**XI. Make up dialogues;** arguing which of two mentioned above threats is more dangerous for the national economy.

**XII. Find additional information** about other threats to nation's economic security. Present it in the form of reports. Be ready to answer the questions.



## UNIT IX ATTAINMENT OF ECONOMIC SECURITY

### Individual working plan and tips

You should fulfill this unit in 10 hours. Plan your work according to the following scheme:

1. Study the words; word combination and terms necessary for the following stages (I):
  - a) read the words twice; using Google translate to consult the correct pronunciation;
  - b) close the books; try to reproduce the words and word combination;
  - c) open the book and check yourself;
  - d) repeat a-c if necessary.
2. Read and understand the professional oriented information (II):

For the terms

  - a) read and translate the definition concerning the theme of the work;
  - b) make some sentences using these definitions;
  - c) close the book and try to give your own explanation of the definitions/

For the texts

  - a) find the unknown words in the dictionary;
  - b) translate the text passage by passage;
  - c) make a plan of the text: divide it into some parts and write down the key words for every part;
  - d) close the book and try to re-tell the text briefly according to the plan using the key words.
3. Make exercises to gain the skills of working with the above given information (III; IV).
4. Prepare your own utterances using the information and skills gained (V).
5. Present the results of you individual work to your professor.
6. Analyze your mistakes and find out what has caused them.

## Tasks

### I. Study the following words and word combinations.

fragility	зд. неустойчивость
to trigger	дать начало чему-либо
inevitably	неизбежно
severe	резкий; тяжёлый
remittance	денежный перевод
to reignite	зд. воспламенить
disturbance	возмущение; беспорядки
inappropriate	неподходящий
overriding	доминирующий
aspiration	стремление
dreadful	ужасный
manifestly	явно; очевидно
prior to	до момента
to accentuate	подчеркнуть
to tackle	приниматься за
donor	зд. финансирующая организация
to fall apart	развалиться
to inject	зд. добавлять
to devise	разработать; придумать
garments	одежда
distinct	определённый; отдельный
feeder	транспортная ветка
scattered	разбросанный
burden	зд. расходы
cluster	группа
scarce	недостаточный
virtuous	действенный
impediment	препятствие
to meet standard	отвечать стандарту
multi-shift	многосменный
exemption	освобождение от налогов
feasible	осуществимый
fast-track	ускоренный
to adjudicate	разрешить спор
tight	сжатый

notoriously  
to strangle

общеизвестно  
сдерживать; душиТЬ

## **II. Read and translate the text given below.**

### **Haiti: A Realistic Strategy for the Rapid Attainment of Economic Security**

A Report for the Secretary-General  
of the United Nations

#### **1. Introduction**

Haiti has a long history of socio-economic fragility. During 2008 the society was hit by a series of major external shocks. First the sudden increase in world food prices triggered riots and led to the fall of the government. Given the fractured nature of Haitian society; democratic politics is inevitably fraught and so it took five months to get a new government in place. No sooner was government restored than the country was hit by the fourth of a series of hurricanes; causing flooding and severe destruction of infrastructure and livelihoods. Further shocks are on the horizon for 2009. The global recession is likely sharply to reduce the remittances which are by far Haiti's largest source of foreign exchange and this will particularly hit the livelihoods of the poor. Multiple elections are due and these are likely to distract policy makers.

These shocks have two serious consequences. One is that they have created a humanitarian emergency which; if it is not dealt with; has the potential to reignite social disturbance. The other is that they have set back the launch of economic development.

The key achievement to date of the government and the international community in tandem has been the restoration of social peace. Both parties recognize that this peace is fragile and time is not necessarily working in its favour. In this context distant grand visions are inappropriate: any action has to contribute immediately to building economic security rather than merely build the foundations for some distant goal. Hence; all actions must have quick pay-offs that speak directly to the lives of ordinary people. The choice of what these

might be is a matter for the Haitian government; but as a starting point I suggest jobs.

Job opportunities are important to give dignity and structure to the lives of young people.

Currently; the proportion of the workforce in any sort of formal employment is tiny: the overriding aspiration of youth is to get a visa to emigrate and this is manifestly destructive.

Basic services are by their nature fundamentally desirable: it is dreadful that in the 21<sup>st</sup> century children should reach adulthood without schooling; and that infant mortality should be so avoidably high. Further; basic services are something that government should visibly be responsible for providing. A striking aspect of Haiti is the virtual absence of the state in much of the country: the state needs to be seen to be responding to the needs of citizens in order to command their cooperation. This does not necessarily imply that the state should directly supply basic services; but rather that it should have a visible involvement.

Haiti has two opportunities for the mass creation of productive jobs: the reconstruction of infrastructure and the expansion of export zones. I take them in turn.

## 2. Reconstruction

Haiti had a massive need for the reconstruction of infrastructure even prior to the hurricanes of 2008. As set out in the PDNA the natural shocks have substantially accentuated these needs. However; in meeting them it is essential to recognize and tackle the issue of how Haiti has come to lack infrastructure. There seem to be two underlying reasons. The primary reason is the failure to maintain infrastructure once built. The secondary reason is a lack of strategic prioritization that would focus infrastructure provision on breaking bottlenecks in the economy.

At the heart of the maintenance problem is the past behaviour of donors. Donors have structured their activities so as to deliver «projects»; a procedure for which the construction of infrastructure is well-suited: a road can be built by a donor and handed to the government. If over the decade the road falls apart due to lack of maintenance; then eventually the same donor; or another one; rebuilds

it. Not only does this approach delink the capital budget from the recurrent budget; but inadvertently it destroys the incentive for the government to provide maintenance. It is a donor responsibility to ensure that any construction of infrastructure is supported by a credible process for its maintenance. Currently such a system is in its infancy as a result of a rudimentary Road Fund (Fonds d'Entretien Routier). However; at present this is a further example of unrealistic donor behaviour. First; there is no effective system to ensure that the Fund actually receives revenue; (e.g. the supposedly automatic earmarking of revenue is not operative). Second; there is no link from construction to revenue so that as more roads get constructed whatever is provided for maintenance will simply be spread more thinly.

The maintenance issue is also central to the employment opportunities that can be generated by infrastructure construction. There is a strong quality trade-off in the techniques that can be used for construction. Labour-intensive techniques produce infrastructure of lower quality and so increase the need for maintenance. If donors are incapable of tackling the maintenance issue then the technology for infrastructure reconstruction will need to be capital-intensive and so it will not contribute substantially to jobs. Given the desirability of injecting job opportunities quickly across the country; labour-intensive public works seem highly attractive.

Priority: Devise and implement an automatic link between construction and maintenance.

Needed Actors: Donors; government; Road User Association

Conditional upon this being done; a reconstruction program can be implemented which uses a labour-intensive technology and which is designed to ease the objectives of jobs and food security; both of which have pressing infrastructure needs.

The infrastructure needed for jobs depends upon what sectors are judged to have economic potential and where they are located. Two that are promising are the export zones for garments; and the export of mangoes. The export zones have substantial infrastructure needs which will be discussed in the next section. The export of mangoes has simpler requirements: basically; there is a need for a better road network in mango-growing areas. The market opportunity for Haitian mangoes is enormous and so the requisite infrastructure seems likely to have a high economic return.

The infrastructure needs for food security are probably of two distinct types. One is to link all areas of substantial population density better to each other so that the food market is properly integrated. The other is to provide better feeder road links to those agricultural areas which have the potential for high productivity so that they can supply the urban market. Large tracts of Haiti are mountainous and providing infrastructure to the scattered populations in these areas would create an unsustainable maintenance burden and not be economic.

Priority: Conditional upon the maintenance issue being properly addressed; devise and implement an infrastructure reconstruction program; including the reconstruction of infrastructure damaged during the hurricanes; which is labour-intensive and designed to meet the infrastructure needs of other objectives.

Needed Actors: donors; government; construction industry

### 3. Labour costs: Zones of Multi-Shift Working

Labour costs in Haiti are competitive with China and labour quality is good. The only issue appears to be the current difficulties facing multi-shift working. Globally; the garments industry operates multi-shift production: this would be particularly efficient for Haiti because it would maximize the number of jobs that could be supported by a given amount of investment and infrastructure; and in Haiti jobs are the key objective for this sector. National legislation has already been adjusted to permit exemptions. However; in Ouanaminthe; which has the best prospects for immediate expansion because of its superior infrastructure; the impediment appears to be the personal security of workers. Night shifts would require workers to travel to and from the zone during the hours of darkness and this is currently too dangerous. Clearly; providing such localized security against personal violence is well within the capacities of the security forces. This is perhaps an example of the need for clearer coordination between security and development objectives.

Priority: Ensure that multi-shift working is feasible.

Needed Actors: government; security forces.

#### 4. Sites for factories: clear and rapid rights to land

As in many post-conflict societies; Haiti's land rights are complex and unclear. This makes it difficult to find sites for factories. Again; the zone approach is helpful since it enables land rights to be clarified within specified zones by fast-track procedures that do not necessarily need to apply elsewhere. A useful approach; successfully taken by the post-conflict government of Uganda; is to establish a dedicated court to hear land claims and to set a clear and short deadline by which such claims should be made for them to be valid. All claims made by this deadline are then adjudicated in a transparent manner by the court; again with a tight deadline set for decisions. Procedures such as minimum fees can be used to discourage frivolous claims. In return for clarity of land rights the business community may reasonably be asked to offer title to land that has long been occupied by squatters.

Priority: Ensure that land is rapidly available for acquisition in Export Zones with titles that cannot subsequently be challenged.

Needed Actors: government; parliament; local business community.

#### 5. Ports: infrastructure and management

Notoriously; Port-au-Prince is the highest cost port in the Caribbean. Courageously; the government has recently tackled some of the key inefficiencies and this fact should be given greater prominence. Port management can readily be improved: corrupt management should not be permitted to strangle the rest of the economy for its own private interest. The port of Dar-es-Salaam swiftly moved to East Asian standards of efficiency once it was placed under management contract and the same approach might be tried in Port-au-Prince. However; export zones elsewhere in Haiti will need new port facilities to be developed. The simplest approach is to permit new private ports; subject to regulation analogous to electricity generation.

Priority: allow all or part of the port at Port-au-Prince to be run by a management contract and develop new private ports.



Needed Actors: government; parliament; donors; private sector; IFC.

**III. Read the text given below and compile the following table.**

<b>Aim</b>	<b>Measure to be taken</b>	<b>Brief description (4–5 sentences)</b>	<b>Priority</b>	<b>Needed actors</b>

**IV. Retell the text using the table as a guide.**

**V. Organize the press-conference.** One student pretends to be the Secretary-General of the United Nations; the other ones being Haiti citizens who ask him the questing about their economic security. Use the information from the text given above.



## UNIT X JOB SECURITY

### Individual working plan and tips

You should fulfill this unit in 10 hours. Plan your work according to the following scheme:

1. Study the words; word combination and terms necessary for the following stages (I):

- a) read the words twice; using Google translate to consult the correct pronunciation;
- b) close the books; try to reproduce the words and word combination;
- c) open the book and check yourself;
- d) repeat a-c if necessary.

2. Read and understand the professional oriented information (II; IX):

For the terms

- a) read and translate the definition concerning the theme of the work;
- b) make some sentences using these definitions;
- c) close the book and try to give your own explanation of the definitions;

For the texts

- a) find the unknown words in the dictionary;
- b) translate the text passage by passage;
- c) make a plan of the text: divide it into some parts and write down the key words for every part;
- d) close the book and try to re-tell the text briefly according to the plan using the key words.

3. Make exercises to gain the skills of working with the above given information (III-V).

4. Prepare your own utterances using the information and skills gained (VI–VIII; X; XI).

5. Present the results of your individual work to your professor.

6. Analyze your mistakes and find out what has caused them.

## Tasks

### I. Study the following words and word combinations.

prevailing	преобладающий
bolster	поддерживать
to fire	зд. увольнять
to track	зд. отслеживать
statutory	установленный законом
eventually	в конечном счете
marginal	зд. минимальный
slowdown	замедление развития
aftermath	последствия
dot com	Интернет-компания
to get rid of	избавляться от
redundancy	сокращение штата
enviable	завидный
compelled	вынужденный
tenure	бессрочный контракт
precarious	ненадёжный
to sack	разг. увольнять
to reinstate	восстанавливать в должности
creditworthiness	кредитоспособность
patent-pending	запатентованный

### II. Read and translate the text given below.

#### Job security

Job security is an important part of an economic security. It is the probability that an individual will keep his or her job; a job with a high level of job security is such that a person with the job would have a small chance of becoming unemployed.

Factors affecting job security Job security is dependent on economy; prevailing business conditions; and the individual's personal skills. It has been found that people have more job security in times of economic expansion and less in times of a recession. Also; some laws (such as the Civil Rights Act of 1964) bolster job security by making it illegal to fire employees for certain reasons.

Unemployment rate is a good indicator of job security and the state of the economy and is tracked by economists; government officials; and banks.

Typically; government jobs and jobs in education; healthcare and law enforcement are considered very secure while private sector jobs are generally believed to offer lower job security and it usually varies by industry; location; occupation and other factors.

Personal factors such as education; work experience; job functional area; work industry; work location; etc.; play an important role in determining the need for an individual's services; and impacts their personal job security. Since job security depends on having the necessary skills and experience that are in demand by employers; which in turn depend on the prevailing economic condition and business environment; individuals whose services are in demand by employers will tend to enjoy higher job security.

To some extent; job security also varies by employment laws of each country. A worker in Continental Europe; if asked about his job security; would reply by naming the type of statutory employment contract he has; ranging from temporary (no job security) to indefinite (virtually equivalent to «tenure» in US universities but across the whole economy). However; people's job security eventually depends on whether they are employable or not; and if businesses have a need for their skills or not; so although employment laws can offer some relief and hedge from unemployment risk; they only have a marginal contribution to job security of individuals. Fact is that individuals need to have the right skill set to have good job security.

Job security in the United States depends more upon the economy and business conditions than in most countries because of the capitalist system and the minimal government intervention in businesses. Job security in the United States can vary a lot since the supply and demand for jobs depends on the economy. If the economy is good; companies experience more demand for their products and create more jobs; which increases job security. However; in periods of economic slowdown or recession; companies try to cut costs and lay-off workers which decreases job security.

In the aftermath of the dot com boom; computer related jobs experienced low job security whereas the situation was just the opposite prior to that. Since 2005 automotive sector jobs have

experienced very low job security; and since 2007; real estate and mortgage related jobs have seen a big decrease in job security.

A growing number of American men have dealt with their unemployment and feelings of job insecurity by not returning to work. In 1960 5 % of men ages 30–55 were unemployed whereas roughly 13 % were unemployed in 2006. «The New York Times» attributes a large portion of this to blue collar and professional men refusing to work in jobs that they are overqualified for or do not provide adequate benefits in contrast to their previous jobs.

The main difference vis-à-vis the United States is the system of indefinite contracts. In most European countries many employees have indefinite contracts which; whilst not guaranteeing a job for life; make it very difficult for the employer to get rid of an employee. Employees who have legally acquired these rights; for example because they have been with a company for two years continuously; can only be dismissed for disciplinary reasons (after a number of formal warnings and subject to independent appeal) or in the case of a company undergoing restructuring (subject to generous laws on redundancy payments and often with retraining paid for by the company). In Spain; for example; such employees are entitled to 45 days redundancy pay per year worked. The high cost of redundancy payments is in practice what gives employees job security.

Whilst employees who have such legally-binding; indefinite contracts are in the enviable position of knowing that they (and their family) have complete financial security for the rest of their lives; it is important to realize that these obligations work both ways. In some countries such as Germany a company may prevent an employee (whose occupational training they have paid for) from leaving to take up a better post elsewhere until compensation is agreed. Even an employee of a company which is known to be about to fold may find himself compelled to stay with the company until the end even if he is offered work with a different firm.

Every company will have a mix of employees on different types of contract. Indefinite contracts can also exist for seasonal work. These so-called discontinuous contracts mean that a hotel; for example; may dismiss its staff in the autumn; but it must take the same people back on again the following spring.

The proportion of the workforce on indefinite contracts has fallen across Europe in response to increased competition and globalization. Companies may dismiss an employee just before he reaches the two-year mark and then re-hire him as a new employee. Many economists argue that greater labour market flexibility is necessary. Economics professors argue that the threat of unemployment is necessary to maintain incentives to high productivity. Meanwhile; John Kenneth Galbraith has argued that some established economics professors simultaneously seek tenure. Jobs which are not backed by an indefinite contract are still poorly-regarded in many European societies; often disparagingly described as «precarious» or «McJobs»; even when the company has good prospects.

In less regulated European economies; such as the United Kingdom; it is much cheaper to sack permanent employees. In Britain; employees are only entitled to a legal minimum of one week's redundancy pay per year worked (one and a half weeks for workers over 40). Instead; private- and public-sector employees who feel they have been unfairly dismissed have the right to take the company to an Employment Tribunal in order to be re-instated or to obtain extra compensation. It is not necessary to go through the normal court system.

In all European Union countries an employee retains his existing contractual rights if his company is taken over under the Acquired Rights Directive (in the UK; known as TUPE) so the years spent working for the old company would count when calculating redundancy payments; etc.

Measuring job security Job security score A job security score is a numerical expression of an individual's unemployment risk based on a statistical analysis of a person's individual demographics; such as location; industry; and occupation; as well as external factors; such as technology; outsourcing; and overseas competition; which is captured in macroeconomic data and trends. Job Security Score also represents the creditworthiness of an individual based on their ability-to-pay by predicting an individual's probability of unemployment risk. It is similar to the Credit Score; which represents the creditworthiness of an individual based on their willingness-to-pay by evaluating an individual's probability of paying debts in a timely manner. The Job Security Score is a patent-pending payment risk scoring technology

that was first developed by Scorelogix; a pioneer in consumer risk analytics.

Job security index is a measure of job conditions. Developed by Scorelogix; Job Security Index is represents how economic factors; internet and computers; international trade and competition; outsourcing; off-shoring; job migration; etc.; are impacting the demand and supply of employment. A higher Job Security Index for a region; such as a ZIP code; county or metropolitan statistical area (MSA); indicates that people in that region have a better opportunity of finding jobs and remaining employed. A lower Job Security Index for a ZIP or county means that job is relatively difficult to find and keep. Typically; cities and counties that have a larger concentration of government jobs or education related jobs have a higher Job Security Index values as these jobs are less impacted by the economy.

**III. Divide the text into three parts according to its content.** Give a title to each of them. Prove your choice. Choose the best variant.

**IV. Render every part of the in 10–12 sentences.**

**V. Make a summary of the texts.** Follow the plan presented in the Unit II (ex. VIII-XIV).

**VI. Find the additional information about the following topics and present it in the form of short reports:**

Civil Rights Act;  
Employment Tribunal;  
Acquired Rights Directive;  
Scorelogix;  
USA Job Security authorities;  
European Union Job Security authorities;  
particular country Job Security authorities.

**VII. Pretend to be a journalist interviewing some of Job Security authorities.** Prepare 4–5 questions concerning the nation's job security situation and the prospective of its development.

### **VIII. Prepare yourself for the discussion.**

1. Find the information about the institutions and organizations responsible for job security in the Russian Federation.
2. Compare the systems of job security provision in our country and abroad (in the form of the table).
3. Express your opinion about advantages and disadvantages of both.
4. Suppose what should be done in order to improve job security in our country.

**IX. Read the text given below.** Guess who might be the author of this text?

### **Gaining Control of Job Security**

Job security is much more than a single job that you are trained to do. Job security is the ability to make yourself so valuable that your current employer won't want to get rid of you; but if they have to you will easily find another job to replace that one. Your employers will recommend you when you ask them to.

Why Job Security is Important? It is very obvious. In a world as we have today you should always be concerned about job security; especially if you own a house and have a family to support.

Some of the things to be concerned about:

1. Company requires downsizing because the ***business is not making enough to pay all their bills***. This is a market based variable so the company does not always have control of this factor.

2. ***Corporate buyouts***. When a company is bought out they often times will evaluate every position and the need for each position. Is your job necessary?

3. ***Vendor buyouts***. If your company sells a product and your vendors start reorganizing and buying each other this can often time trickle down to your company creating the need to restructure itself and evaluate new strategies. Are you part of the new strategies?

4. ***Misc***. There are tons of other reasons that are specific to each company. Be aware of these within the company you work for.

Who can you increase your value? First thing is first; you need to understand your value to the company. What do you bring to the



table that no one else does? Why would your boss opt to keep you over the guy in the cubicle next to you? As you understand your own skillset and what you bring to the company you gain more confidence as you work and you present yourself in a positive way. You become they go to employee.

Some things you can do to create make yourself a «go to» employee are:

1. **Always be willing to learn.** If you can present yourself as a problem solver and that you have not become the old dog that will not learn new tricks; you immediately increase your value. You must deliver though. People that are willing to learn will often times open up new opportunities for themselves.

2. **Stand out.** If you participate in the meetings and seem involved in the company and that you are a part of the company they will see your value to the company. This can be looked at as a brown noser but the people calling you a brown noser are going to be some of the first employees to go most likely.

3. **Continue your education.** You can always be learning new things that are not even a part of your current position. This may involve enrolling in online certificate training; completing your online bachelors or masters degree; or just even going through online tutorials.

4. **Be trustworthy.** This brings me back to the scout oath of being trustworthy; loyal; helpful; friendly; courteous; kind; blah blah blah. If you can be trusted along with all of the other things mentioned; your employer will trust you with new positions and new opportunities and feel you are a valuable asset to the company.

5. **Be positive.** Always be positive. A positive attitude will rub off as much as a negative attitude does. Create a positive environment and try to enjoy your job and others will talk about you and want to work with you. Employers are always looking for employees that play nice with one another and work well in team environments. When you are positive you present yourself very well.

6. **Show gratitude.** People love hearing thank you. It makes them feel valued and also that what they do matters to you. When you present yourself as a grateful employee you often times will find yourself respecting your position and the time that you work in that position. You will find yourself working more effectively because you

will make better use of your time.

7. **Make suggestions.** Anyone that can help the company improve their process will find themselves rewarded for their contributions. If they are not; then I would reevaluate your job and position. Suggest things that will make your job easier so you can perform better and look better.

8. **Know your value.** You need to know your value. If you don't understand what you bring to the table then it will be hard for you to convince your employer that they should keep you.

9. **Stand up for yourself.** If you don't stand up for yourself; you may not find anyone else standing up for you. When it's time to lay off or downsize it's everyone for themselves. Don't talk negatively about others; but speak positively about yourself.

10. **Give a crap.** My grandpa always said; «**You can't pay someone to give a crap.**» He used other words but you can imagine. It's hard to find someone who truly cares about their position. They are a diamond in the rough. If you can get involved in your position and show that you truly do care about your position; your employer will see. If you do many of the above mentioned things; you will find that you give a crap about your position.

*Understand that not every job is the perfect job and understand that you can always find another job if you have truly tried to increase your value as an employee.*

**X. Describe in your own words the following slogans concerning your personal job security. Do you follow them?**

«Always be willing to learn»\$.

«Stand out».

«Be trustworthy».

«Be positive».

«Show gratitude».

«Make suggestions».

«Know your value».

«Stand up for yourself»;

«Give a crap».

**XI. Make a list of your own slogans concerning job security.**  
**Self-control questions**

1. What does the term of economic security include? Compose your own definition.
2. What are the indications of children's economic security? Add your own indicators.
3. What are the bases of the elderly-aged persons' economic security? Enlarge the bases with your own ideas.
4. What organizations do the departments of economic security include? What organizations; in your opinion; were not included?
5. Give the definition of nation-state economic security. Present your own definition.
6. What is the main threat to national economic security? What other threats can you mention?

*You can check your answers at pp. 7–8*

1. Why the problem of the factors determining economic security of businesses is of great importance now?
2. Enumerate the factors contributing to business crisis. In what way do they lead to the bankruptcy?
3. What is financial risk management responsible for?
4. What is the indicator of business' economic security determined?
5. Name the directions of activities aimed at ensuring business' economic security. Why each of them is included?
6. What is the aim of financial security?

*You can check your answers at pp. 22–25*

1. Where can the risks come from?
2. What do the strategies to manage risk typically include?
3. Describe the prioritization process in ideal risk management. What usually happens in practice?
4. How does risk management concern resource allocation?
5. What features should ideal risk management possess?

***You can check your answers at pp. 31–32***

1. What does the establishing the context include?
2. What are the potential risks?
3. What do the chosen methods of identifying risks depend on?
4. What are the common risk identification methods?
5. Is it easy to assess the potential impact of the risks?
6. What are the techniques of risk management?

***You can check your answers at pp. 28–30***

1. What were the reasons of Argentine economic crisis?
2. What were the consequences of the crises concerning Argentina export and import?
3. What measures did government propose to stabilize the situation?
4. What was the reason of the great inflow of dollars? What was the effect of this inflow?
5. In what way has the exchange rate been stabilized?
6. By what factors was the currency exchange issue complicated?
7. Did Argentina's recovery suffer any setbacks?
8. What indicates the strength of Argentine growth?

***You can check your answers at pp. 44–46***

1. What does the term «drain brain» mean?
2. Describe the situation concerning «brain drain» in European countries.
3. What is «brain gain»?
4. Does Russia suffer the «brain drain»? Why?
5. Who wins and who loses because of «brain drain»?
6. Is there the risk of a brain drain in rich countries?
7. What problems are caused by the brain drain in poorer sending countries?
8. What should be done in order to hold skilled workers at their native places?

*You can check your answers at pp. 62–65*

1. What does economic inequality refer to?
2. What are the origins of economic inequality?
3. In what way does the labor market influence economic inequality?
4. How does the education concern economic inequality?
5. Describe gender and racial reasons for economic inequality?
6. What does the term «wealth Condensation» mean?
  
7. What are the factors mitigating the impact of economic inequality?
8. What are the main effects of economic inequality?
9. What is the attitude of economists to economic inequality?
10. What views on economic Inequality exist in modern society?

*You can check your answers at pp. 66–70*

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