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Матеріал посібника містить зразки автентичних англомовних наукових статей для перекладу, україномовних статей для реферування англійською мовою, приклади тестів з граматики, лексики, читання, а також приклад резюме англійською мовою з питань наукового дослідження і фаху.

До посібника включені додатки, що містять перелік навчального матеріалу, передбаченого програмою, титульний аркуш реферату, приклади оформлення бібліографічного опису, алгоритми реферування прочитаного, кліше для реферування текстів наукового характеру англійською мовою, зразок екзаменаційних запитань та відібраний лексичний мінімум з латини, що зустрічається в науковій англомовній літературі. Посібник містить також мовленнєвий матеріал для розвитку усного та писемного мовлення в ситуаціях наукового спілкування.

Призначається для студентів ВНЗ, викладачів, аспірантів, здобувачів та наукових співробітників, які мають складати кандидатський іспит з англійської мови.

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Передмова

Згідно з “Концепцією педагогічної освіти” (1999), сучасний розвиток суспільства потребує подальшого вдосконалення системи підготовки, підвищення кваліфікації та перепідготовки педагогічних працівників. Педагогічна освіта покликана забезпечити формування педагога, здатного розвивати особистість студента, який буде зорієнтований на особистісний та професійний саморозвиток і готовий креативно працювати в різних сферах професійної діяльності.

Мотиваційним підґрунтям діяльності викладача є культ пізнання, що породжує його пізнавальну активність. Дослідницькі знання та вміння потрібні кожному педагогу як інструмент його викладацької діяльності. У цьому контексті великого значення для ведення наукової пізнавальної діяльності набуває оволодіння таким рівнем іншомовної комунікативної компетенції, який забезпечить доступ майбутнього науковця до іншомовної інформації: друкованої, текстової, електронної.

Під час організації навчання англійської мови як компонента системної підготовки студента-теоретика, головну увагу доцільно приділяти тому виду іншомовної мовленнєвої діяльності, який забезпечує максимальне отримання професійно й науково значущої інформації. У сучасному суспільстві за умов постійного зростання обсягу інформації, що надходить не лише в друкованому, а й в електронному вигляді, виникає необхідність швидко читати, або оперативно переглядати велику кількість текстового матеріалу.

Наукові спостереження за навчальним процесом показують, що в сфері читання наукової літератури необхідно розвивати в студентів вміння ознайомлювального, вивчаючого та пошукового читання оригінальної літератури.

Варто зазначити, що в зв'язку з інтеграцією нашої країни у світове співтовариство, розвитком міжнародних відносин, а також появою нових освітніх та наукових проєктів зростає попит суспільства на науковців, здатних вільно висловлюватися англійською мовою у процесі досягнення ними академічних і професійних цілей. Студент-теоретик повинен досягти такого рівня володіння англійською мовою, який дозволить йому здійснювати безпосереднє спілкування із зарубіжними колегами, професорами, науковцями, брати участь у міжнародних наукових конференціях, семінарах, з'їздах, конгресах, виступати з доповідями на міжнародних наукових зібраннях, публікувати власні доробки в іншомовних наукових фахових виданнях.

Враховуючи викладене вище, у межах цього посібника пропонуємо спеціально розроблені нами рекомендації щодо підготовки молодого науковця з англійської мови. Дотримання всіх вимог, висунутих в рекомендаціях, сприятиме розвитку англійської усної та писемної компетенції, необхідної для здійснення наукової пошукової діяльності.

Посібник розрахований на 140-150 годин аудиторних занять.

Розділ I
ПРИКЛАДИ АНГЛОМОВНИХ АВТЕНТИЧНИХ
НАУКОВИХ СТАТЕЙ ДЛЯ ПЕРЕКЛАДУ
(на прикладі економічних спеціальностей)

Article 1

The European Agricultural Industry
KEITH S. HOWE

The key political development of the immediate post-war period in Europe was the East-West division which, to a large extent, saw the isolation of Eastern Europe and the Soviet Union from the mainstream of European socio-economic intercourse. The political division was paralleled in specifically economic terms by the separation of a western hemisphere of market-oriented economies, at this point totally dominated by the United States, from the socialist economies of the East. The economic strength of the USA was made available for the reconstruction of Western Europe through economic assistance, almost half of which was for food aid (Singer et al. 1987: 5), under the European Recovery Programme (Marshall Aid). In marked contrast, the Soviet Union, which had suffered extensively in the war, was still a newly industrialising country, disposing of abundant natural resources but (largely by her own decision) remaining outside the sphere of Western trade flows and American aid. For the most part, the Soviet Union's new-found allies in Eastern Europe remained backward agrarian societies compared with other more industrially advanced regions in the West. These strongly delineated economic disparities, so sharply correlated with political circumstances, provide a natural line of separation for the discussion of post-war developments in European agriculture up to the end of the 1980s, when new possibilities emerged for the future of Europe as a whole.

In the immediate aftermath of war, the recovery of agriculture in Western Europe was essential in terms both of restoring production for domestic consumption and contributing towards improvement in the balance of payments. An array of instruments for policy intervention was already in place, some of which had been introduced before the war to protect farm incomes from the adverse effects of international competition.

*(The European Economy / Ed. by David A. Dyker. –
New York: Longman, 1999. – P. 404-430)*

The Political Roots of European Integration
PETER HOLMES

Before proceeding to an examination of the process of economic integration, it is necessary to look at the political basis of European integration. The Rome Treaty of 1957 establishing the EEC was signed barely a decade after a savage war, following a century of invasion, humiliation and renewed fighting. In the late 1940s, as Europe faced the twin problems of reconstruction and the apparent threat from the East, it seemed quite likely that within twenty years of the end of the Second World War history might repeat itself. Drastic plans were envisaged to put an end to this threat. The Morgenthau Plan, seriously contemplated by the Allies for a while, envisaged the physical removal of all German industrial strength. Common sense, and the feeling that West Germany was needed as an ally against the East, ruled this out. Consequently an alternative had to be found that would both allow German recovery and remove French fears of a new war. A federal union of European states was actively discussed, and the Council of Europe in Strasbourg was seen as a possible core for it. Such ideas foundered largely on British opposition. The UK saw itself as a great imperial power, with Atlantic and Empire links that could not be sacrificed to purely regional interests.

The other West European states conceived of their own interests as being best served by progress towards some form of union. Within Western Europe, as elsewhere in the world, many analysts saw the Second World War as the result of economic conflicts that had got out of control as a result of inadequate international co-operation. The slump of the 1930s, and the ensuing six million unemployed, were seen as having been a direct cause of Hitler's rise to power. The closure of the national markets of the European states to each other's goods through the 'beggar-my-neighbour' protectionist policies of the 1930s had, arguably, been one of the principal causes of Germany's drive for eastwards expansion. With the post-1945 closing off of eastern markets and raw material supplies by the Cold War, Germany's need for secure economic ties with the West now became critical. It was clear that these economic ties could be built only on the basis of secure political links.

*(The European Economy / Ed. by David A. Dyker. –
New York: Longman, 1999. – P. 43-63)*

Measuring the Effects of '1992'
ALASDAIR SMITH AND MICHAEL GASIOREK

In this chapter we focus on the quantification of the microeconomic effects of the European Community's '1992' Single Market Programme (SMP). Before turning to the details we have first to consider the general issues involved in measuring the effects of integration, and briefly to survey the studies that have been done of earlier episodes of European economic integration.

Economic integration, such as die '1992' programme, impacts on the countries involved in various ways, ranging through changes in trade volumes, changes in patterns of production and specialisation, and possibly changes in factor prices, etc. In order to measure the effects of the trade barrier reductions involved we need to have some underlying idea of what we think the key effects might be. In other words, understanding why countries choose to engage in international trade, be it multilaterally or regionally, and understanding how that trade may be affected as trade barriers come down, enables us to identify what it is we wish to measure.

Economists' understanding of the effects of integration between countries has evolved over time in three main phases. These three phases can be characterised in terms of (1) the traditional model; (2) product differentiation and imperfect competition; and (3) trade and growth.

In the first phase international trade was seen to occur because of underlying differences between countries. Those underlying differences imply different relative prices for goods across countries. If the relative price of cars is lower in Germany, and the relative price of olive oil is lower in Spain, then Germany is likely to export cars to Spain, and Spain is likely to export olive oil to Germany. In this example, Germany is thus said to have a comparative advantage in cars, and Spain a comparative advantage in olive oil. Clearly, in this example, if indeed the relative price of cars were lower in Germany, then there would be no reason for Germany ever to import cars from Spain, and similarly (the other way round) for olive oil. Hence Germany would export cars but not import them, and Spain would export olive oil but not import it. However, a quick glance at the trade statistics shows that this picture is not entirely accurate.

*(The European Economy / Ed. by David A. Dyker. –
New York: Longman, 1999. – P. 82-95)*

The European Economy since 1950
ALASDAIR SMITH

The 23-year period from 1950 to 1973 was a remarkable episode in the development of the economies of the Western world. National incomes grew at unprecedented rates, and international trade grew even faster. To an extent this represented a return to the economic pattern of the century before 1914, when rapidly increasing globalisation was accompanied by fast growth of incomes. The world wars and depressions of the intervening period saw very slow growth of trade and slow growth of income, tending to confirm the impression that there is an association between the growth of international economic relations and the growth of income. Since 1973, the growth of both output and trade has slowed down, but the overall picture of economic performance is still quite impressive by historical standards (see Chapter 2 for more detail).

Developments in the world economy have been reflected in Western Europe, where the rapid growth of intra-European trade has been accompanied by rapid economic growth. It is clear that the development of the European integration project has contributed much to the growth of intra-European trade specifically, and thus to the performance of the Western European economies in general. One particularly interesting feature of the development of the Western European economies has been the reduction in inequality that has accompanied economic growth. Ben-David documents how the stages of the European integration programme have been accompanied by significant reductions in the inequalities between the member states of the original European Economic Community, and at least until the mid-1970s there were reductions in the degree of inequality of the interpersonal income distribution also.

The period since the mid-1970s has, however, seen dramatic changes in the labour market fortunes of less-skilled workers in both the United States and Western Europe, in addition to a slow-down of economic growth. The extraordinary changes in relative wages that have taken place in the United States since the mid-1970s are documented, for example, by Freeman who writes: ‘an economic disaster has befallen low-skilled Americans’.

*(The European Economy / Ed. by David A. Dyker. –
New York: Longman, 1999. – P. 96-115)*

Disparities in EU Economic Development
MICHAEL DUNFORD

At present there are wide disparities in competitiveness and economic development within the EU, and these differences are seen as factors standing in the way of greater cohesion. The most common measure of disparities in competitiveness and of spatial inequalities in development is Gross Domestic Product (GDP) per head, measured at Purchasing Power Standards (PPS) to allow for differences in the cost of living in different European Union member states.

The use of GDP can be justified on the grounds that we should be aiming to measure differences in the wealth created in each part of Europe, while the use of a PPS measure can be justified on the grounds that we may also want to measure differences in standards of living. It must be emphasized, however, that official adjustments for differences in the cost of living are made at member state rather than at regional levels, in spite of the fact that there are often quite wide variations in the cost of living within member states. To the extent that costs of living are lower in less developed areas, therefore, official statistical series overstate disparities in living standards.

At the same time it is important to remember that GDP is not a direct measure of living standards. GDP is used because the EU has adopted the view that what matters is not the distribution of income after transfers, but the capacity of different national and regional economies to create wealth. While this reasoning is perfectly valid, there are two good reasons for also using indicators that include transfers. First, in some cases there is a wide gap between wealth produced and wealth appropriated in a member state or region, because of the varying relative importance of externally controlled investments. The most striking case is the Republic of Ireland, whose Gross National Product (GNP) lies 10 per cent beneath its GDP. As the wealth that is created in Ireland and then withdrawn is not available to increase the living standards of its inhabitants, there is a case for using GNP measures alongside GDP. Second, in so far as cohesion is defined in terms of the distribution of wealth between individuals and households, more attention must be paid to the distributional impact of economic change, which includes not just changes in wages and property income but also the redistribution of wealth and income through the fiscal system.

*(The European Economy / Ed. by David A. Dyker. –
New York: Longman, 1999. – P. 158-197)*

The EU and the World Trading System
PETER HOLMES AND JEREMY KEMPTON

The position of the EU economy in the global system of economic relations is curiously ambiguous. On the one hand, the EU has experienced the full force of 'globalisation'. On the other hand, the actual quantitative impact of that phenomenon is less than one might imagine.

Barriers to trade and investment have been dramatically reduced in recent years. Tariffs are now negligible in most industrial countries, and hostility to inward investment has all but disappeared. The most striking feature of Europe's trade statistics remains, nevertheless, how low the share of trade with the rest of the world within total EU trade is. The great bulk of the trade of member states is in fact, within the EU. Of the remainder, the largest share is with other advanced industrial countries. This pattern is illustrated in Table 11.1.

In all this, however, the EU is no different from its fellow Triad members. The EU (when we exclude intra-EU trade), Japan and the USA all have shares of imports and exports at around 10 per cent of total GNP.

Table 11.1. EU merchandise trade, 1996

	Exports			Imports	
	\$ billion	%		\$ billion	%
Total extra-EU trade	798			653	
North America	157	19.7		139	21.3
Asia (excl. Japan)	140	17.5		128	19.6
Western Europe (non-EU)	130	16.3		108	16.5
Central and Eastern Europe	104	13.0		83	12.7
Africa	59	7.4		57	8.7
Middle East	54	6.8		31	4.7
Latin America	53	6.6		36	5.5
Japan	44	5.5		63	9.6
Australia / New Zealand	17	2.1		8	1.2
Memorandum:					
Intra-EU Trade	1313			1313	
Source: Adapted from WTO (1997)					

*(The European Economy / Ed. by David A. Dyker. –
New York: Longman, 1999. – P. 219-236)*

Реферування наукової статті

(Rendering of the article)

(Example)

Read the example of rendering of an abstract and provide your own of one of the article read above

The title of the abstract is “Formation of a mortgage in the agricultural sector of the Ukrainian economy”.

The author of the abstract is Mr Zahursky.

It was published in an Journal “ ” in 2004.

The abstract is devoted to the problems of obtaining a mortgage in the agricultural sector of the Ukrainian economy.

It's been pointed out here that the transformation of the land relationships in Ukraine has been followed by numerous violations of the present laws, slow development and adoption of laws necessary for mortgage development and obvious sabotage of the execution of the decisions of legislative and executive powers.

According to the Land code of Ukraine, a mortgage is the plot owned by a resident or an entity, or it is a share in the right for common property ownership of a plot of land. It means, that the issue of property as an object of mortgage has been solved.

But before the Land Code, the Moratorium enactment for purchase, and sale, of plots of land was enacted. It arose out of the necessity of developing laws which would forbid shady exchanges of the land resources and protect, both socially and economically, the rural population. However, there were some other aspects of the Moratorium which were neither useful or well-intentioned.

The author has attempted to analyse some negative outcomes in terms of the formation of the land market and its relationship to the representatives of the local authorities.

Firstly, the aging and dying off of the elderly rural population who are the shareholders is taking place.

Secondly, the existence of favourable conditions for black market, shady exchanges of land resources on the basis of fictitious agreements.

Thirdly, the absence of genuine land market inhibits the motivation of the populace to protect their property rights.

In conclusion, the author emphasizes that many scholars believe that the rent of land has to become a priority in the formation of an agricultural land market.

Розділ II
ПРИКЛАДИ УКРАЇНОМОВНИХ НАУКОВИХ
СТАТЕЙ ДЛЯ ПИСЬМОВОГО АНОТУВАННЯ
АНГЛІЙСЬКОЮ МОВОЮ
(на прикладі економічних та педагогічних
спеціальностей)

Анотація наукової статті

(Abstract)

Анотація – це стислий і водночас вичерпний виклад змісту наукової статті, що розміщується безпосередньо після заголовку статті і є зрозумілим можливо ширшому колу читачів. Зазвичай анотація не містить будь-яких формул або цифрових даних, має обсяг, що не перевищує 1200-1600 друкованих знаків і є завершеною логічною одиницею, що дає можливість читачу обґрунтовано з'ясувати варто йому читати наукову статтю чи ні.

У порівнянні з науковою статтею анотація друкується меншим і жирним шрифтом і за обсягом інпуту (вхідної інформації), займає проміжне положення між заголовком і вступом.

В анотації містять дані про загальний напрям дослідження, мету і завдання дослідження, наводять більш конкретну характеристику тематики робіт, виконаних автором, пояснюється метод дослідження, коротко описуються отримані теоретичні та експериментальні результати та формулюються загальні висновки, що можливо узагальнити на основі цих результатів.

За своїм змістом і методами дослідження анотації наукових статей поділяються на три основних типи:

- а) анотації наукових статей, що викладають результати оригінальних теоретичних і експериментальних досліджень, виконаних авторами;
- б) анотації узагальнюючих наукових статей, присвячених розповсюдженню отриманих результатів на інші області науки і займають проміжне положення між оригінальним дослідженням і оглядом літератури;
- в) анотація оглядових наукових статей

Стаття 1. Сталий розвиток в умовах глобалізації

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Проблеми майбутнього планети Земля змушують людство до пошуку реальних підходів щодо розв'язання складних завдань. Конференція ООН з навколишнього середовища й розвитку, яка відбулася 1992 року у Ріо-де-Жанейро, затвердила спільний програмний документ “Порядок денний на XXI століття”. У ньому зафіксовано, що лише сталий розвиток суспільства дає можливість узгодити економічні та соціальні чинники розвитку, а також задовольняти потреби сучасності без загрози майбутнім поколінням задовольняти свої потреби.

Високорозвинені країни світу вже сформувавши засади збалансованого розвитку суспільства. Країни з перехідною економікою, до яких належить і Україна, лише розпочинають процес просування до сталого розвитку суспільства. А тому нагальною є потреба з'ясування основних положень та цілей сталого розвитку суспільства, їх розуміння сприятиме формуванню громадської думки, підготовці відповідних документів. Вважається, що саме активна позиція населення, участь громадян в обговоренні та прийнятті рішень (на основі використання доступної їм інформації) є основними елементами сталого та збалансованого розвитку.

Поняття “стійкий” (“сталий”) розвиток з'явилося у 80-х роках у межах діяльності комісії ООН під керівництвом Прем'єр-міністра Норвегії Г.Х. Брутланд, покликаної пов'язати в одне ціле розвиток і екологію. У заключному документі комісії під назвою “Наше спільне майбутнє” стійкий розвиток було визначено, як “тривалий безперервний розвиток, що забезпечує потреби людей, які проживають нині, без шкоди забезпечення потреб майбутніх поколінь”. Це поняття містить у собі дві ключові концепції: концепцію потреб, зокрема невід'ємних потреб найбіднішої частини світу, яким слід надавати пріоритетного характеру та ідею накладання державних обмежень на технологічні та соціальні організації, що забезпечують потенціал довкілля для нинішнього і майбутніх поколінь. Сстійкий розвиток розглядається як тривалий економічний розвиток (як основа задоволення людських потреб), що ґрунтується на певних умовах і нормативах (індикаторах). У вужчому економічному значенні стійкий розвиток означає створення суспільних благ для багатьох поколінь та дотримання визначальних його передумов.

Сам термін “сталий” розвиток використовувався задовго до ХХ століття. Спочатку ним користувалися у сільському господарстві, де протягом 200 років розвитку цієї галузі домагалися того, щоб вирубування лі-

сів не перевищувало темпів їхнього приросту, що і відбиває суть стійкого розвитку лісових масивів.

Нині ж стійкий розвиток означає поряд із економічним широке коло економічних і соціальних питань у їх взаємозв'язку та взаємодії, що на декілька порядків ускладнює його забезпечення. Пошук та наявність реальних можливостей для здійснення стійкого розвитку не в останню чергу пов'язано з історичними та майбутніми ризиками. Суто економічні передумови такого розвитку визначаються трьома основними показниками: реальний капітал в широкому значенні, кількість зайнятих у виробництві та характер їхньої продуктивності, інституціональні можливості. У свою чергу, наявний реальний капітал у широкому значенні включає в себе штучний реальний капітал, створення людини в процесі діяльності, власне людський капітал, тобто освічену робочу силу, а також званий природний реальний капітал. Провідну роль у економічному розвитку відіграють штучний капітал та людський капітал. Створений людський реальний капітал втілюється у товарах тривалого користування, таких як машинне обладнання, інфраструктура. Штучний капітал стає складовою загальноекономічного обороту шляхом амортизаційних відрахувань та реінвестування.

*(Еволюція освітнього простору України:
Матеріали науково-практичної конференції
(м. Біла Церква, 16-17 травня 2003 р.). –
Біла Церква, 2003. – С. 93-99)*

Стаття 2. Еволюція ідей “Вашингтонського консенсусу”

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У противників і критиків ринкових зрушень будь-які перетворення, які пов'язані зі словом “лібералізація”, викликають опір, а саме слово набуває негативного значення. Головною причиною цього в сучасних умовах, на думку критиків, є те, що ринкове господарство не функціонує скільки-небудь ефективно ні у відносинах між Північчю і Півднем, ні у самих країнах, що розвиваються. Власне, це можна почути і серед економістів України. Основними їх аргументами у відстоюванні своєї позиції є: 1) існування протекціонізму в індустріальних країнах стосовно країн, що розвиваються; 2) негативні соціальні наслідки прийнятих програм структурної перебудови та їх вплив у подальшому на “Вашингтонський консенсус”, від якого слід відмовитися; 3) постійні міжнародні фінансові кризи, які пов'язують із лібералізацією міжнародного руху капіталів.

Критики “Вашингтонського консенсусу” спираються на факти “провалів” ринку в країнах, що розвиваються. До найбільших недоліків ринкового господарства відносять, насамперед, неможливість його боротися з бідністю, оскільки це дає деяке зростання, але одночасно поглиблює нерівномірність розподілу доходів між окремими групами населення, збільшуючи розрив між верхівкою, яка збагачується, і незаможною більшістю.

Вагомий вклад у теоретичне узагальнення окремих складових цієї проблеми у країнах трансформаційної економіки внесли зарубіжні дослідники Р. Дарендорф, Д. Норт, Дж. Стігліц, Г.-Г. Браун, Дж. Ледьяр, Я. Корнаї, російські економісти А. Олійник, М. Єршов, В. Пищик, Д. Смыслов, українські вчені А. Чухно, Ю. Пахомов, В. Бодров, В. Лагутін, Ф. Шпич та інші вчені. Разом з тим, на фоні величезної кількості статей, присвячених проблемі реалізації політики “Вашингтонського консенсусу” в постсоціалістичних країнах, відсутня аналітична узагальнююча праця, яка б розкривала особливості її прояву в окремих країнах та взаємозв'язок її з “провалами” політики урядів цих країн у період трансформаційних перетворень.

Не претендуючи на вичерпність теми, автор ставить за мету проаналізувати найважливіші складові політики “Вашингтонського консенсусу” та їх взаємозв'язок з реальною політикою урядів постсоціалістичних країн, взаємозв'язок їх з ринковою економікою і розвиток окремих ідей у подальший період, що сприятиме більш глибокому розумінню причин трансформаційної кризи в Україні та значущості проведення зваженої, з урахуванням національних особливостей, економічної політики уря-

ду. Практична значущість цього дослідження викликана й необхідністю утвердження ринкових механізмів у сучасній Україні, а також удосконалення здійснення ринкових перетворень.

Спробуємо проаналізувати окремі аспекти звинувачень. З точки зору ринкового господарства, ціль якого – вільна торгівля, можна визнати критику протекціонізму розвинутих індустріальних країн обґрунтованою. Проте серед критиків “Вашингтонського консенсусу” спостерігається односторонність вимог до розвинутих країн і зовсім не піднімається питання про відмову від протекціонізму країн, які розвиваються. Тим часом, протекціонізм, який практикують ці країни, можна віднести до неспроможності політики їхніх урядів, яка далека від лібералізму, але тільки не до самого ринкового господарства. На думку Дж. Ледьярда, “неспроможність ринку, тобто неефективна ринкова алокація ресурсів, може мати місце в тому випадку, якщо набір ринків неповний, поведінка суб’єктів не є конкурентною, або відсутня ринкова рівновага”.

Багато із пропонованих рецептів критиків “Вашингтонського консенсусу” дійсно можна віднести до справедливих, які націлені на виправлення неспроможності ринку, такі як використання податків і субсидій, перерозподіл прав власності і прийняття спеціальних правил ціноутворення. Вони є інструментами, спрямованими на створення ринків, що були відсутні в минулому. Але слід пам’ятати, що користь вони можуть дати, якщо сприятимуть забезпеченню поглиблення ринку, а не скороченню його глибини, яке призведе до недієздатності, викликаній монополістичною поведінкою.

*(Збірник наукових праць. – К.:
Інститут світової економіки і
міжнародних відносин НАН України,
2005. – Вип. 46. – С. 112-118)*

Стаття 3. Планування економічної ефективності виробництва картоплі

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Сучасний етап розвитку картоплярства в Україні характеризується значним скороченням обсягів виробництва картоплі в сільськогосподарських підприємствах та майже повною його концентрацією в особистих селянських господарствах населення, де виробництво має дрібнотоварний характер і в цілому спрямоване на самозабезпечення. Крім того, урожайність картоплі залишається на дуже низькому рівні, навіть на Поліссі не перевищує 150 ц/га. Виробництво картоплі лишається низькотоварним, потужності по переробці її в напівфабрикати та продукти харчування технологічно застаріли, зберігання бульб у свіжому вигляді призводить до 15-20 % їх втрат. Рівень продуктивності праці в картоплярстві є найнижчим порівняно з розвинутими країнами Європи. Тому в більшості господарств картопля є збитковою культурою. Проте, досвід роботи як вітчизняних господарств, так і показники ефективності, яких досягають в інших країнах, показують ті потенційні можливості, які закладені в картоплярстві.

Кризовий стан галузі вимагає комплексного підходу до визначення агротехнічних, організаційно-економічних заходів, впровадження яких зумовить суттєве зростання урожайності картоплі, зниження виробничих витрат на її вирощування та підвищення прибутковості галузі.

На основі наукових досліджень, які проводилися в зоні правобережного Лісостепу України, розроблена методика планування урожайності картоплі на основі комплексної дії агротехнічних факторів: норми добрив, маси садивних бульб, схеми садіння в поєднанні з енергозберігаючою технологією її вирощування.

Так, наприклад, у зоні Лісостепу при вирощуванні сорту Світанок київський урожайність 170-190 ц/га можна отримати, використовуючи дрібні садивні бульби (25-50 г), висаджуючи їх за схемою 70x35 см з нормою садіння 15 ц/га при внесенні 50 т гною на 1 га, або ж за схемою 70x50 см з нормою садіння 11 ц/га при внесенні $N_{45}P_{45}K_{45}$ на фоні гною. За використання середніх насінних бульби (50-80 г) схема садіння буде 70x20 см з нормою садіння 46 ц/га без застосування добрив, або ж 70x35 см при нормі садіння 27 ц/га та внесення 50 т гною. Великі садивні бульби (80-120 г) можна висаджувати за схемою садіння 70x35 см з нормою садіння 41 ц/га без внесення добрив, або 70x50 см з нормою садіння 28 ц/га та внесенням 50 т гною.

Як бачимо із наведеного прикладу, досягнення бажаного рівня урожайності картоплі можливе шляхом поєднання декількох комплексів

агротехнічних заходів. Але постає питання про найбільш раціональний варіант їх поєднання з погляду на те, щоб отримати прогнозовану врожайність з мінімальними витратами виробничих ресурсів, тобто досягти найбільшого рівня ефективності виробництва. Пошук відповіді на дане запитання і покладено в основу нашого дослідження.

Метою дослідження є розробка моделі, яка дасть змогу виробникові програмувати рівень економічної ефективності залежно від комплексної дії агротехнічних факторів та наявних виробничих ресурсів, що знаходяться у його розпорядженні.

Для проведення аналізу економічної ефективності виробництва картоплі при різних планових рівнях її урожайності необхідним, на нашу думку, є визначення пріоритетного показника ефективності, який повинен відобразити переваги чи недоліки кожного із варіантів, що досліджувалися. Так, з погляду соціальних інтересів таким показником має бути валовий прибуток, оскільки у ньому закладена майбутня заробітна платня працівників, а з позиції інтересів підприємства (селянського господарства) – чистий прибуток, який буде використаний для подальшого розвитку конкретного підприємства. Ми вважаємо необхідним використання показника рентабельності виробництва, тому що він відображує майбутню прибутковість від вкладених коштів.

Так, з погляду планування виробництва картоплі з валового прибутку, найвищий його рівень забезпечується при високих показниках урожайності картоплі (250-270 ц/га). Але при цьому, як зазначалося вище, рівень виробничих витрат становитиме близько 8 тис. грн/га, що відповідно суттєво зменшує величину коштів, які залишатимуться у розпорядженні підприємства (3-4 тис. грн) та рівень рентабельності виробництва (40-50 %).

(Економіка АПК: Міжнародний науково-виробничий журнал. – 2003. – №3. – С. 91-94)

Стаття 4. Шляхи забезпечення стабільного розвитку сільського господарства в Україні

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Перехід України до ринкової економіки означає, що її економічна та соціальна структура, у тому числі агропромисловий комплекс, повинні бути змінені у напрямі розвитку ринкових відносин. Враховуючи особливості структури економіки нашої держави, є очевидним факт надзвичайної важливості розвитку АПК для перехідних процесів в українській економіці.

Натомість, в Україні досі не знайшла офіційного схвалення стратегічно орієнтована аграрна політика, внаслідок чого немає чіткого уявлення, як і в яких напрямках має розвиватись сільське господарство. Уряд не має ні власної концепції аграрної політики, ні конкретної програми розвитку АПК, яка мала б силу закону.

Крім того, здійснення аграрної політики в останні роки суттєво ускладнювалося тим, що процес реформування супроводився великою сукупністю винятково складних процесів: перетворення земельних та майнових відносин власності, організаційно-правове реформування суб'єктів господарської діяльності в АПК, формування економічного механізму та інші проблеми, які не виникали раніше водночас.

Це призвело до того, що головний показник економічної ефективності виробництва аграрної продукції – прибутковість бурхливо і помітно знижується. На сьогодні лише 19,9% сільськогосподарських підприємств є прибутковими.

Окремі проблеми зазначеної теми розкриваються у працях українських і зарубіжних вчених-фахівців у галузі міжнародної та регіональної економіки: О.Р. Сафін, І.Г. Кириленко, С.В. Федоров, Н.І. Соловйова, М.Я. Дем'яненко, Ф.В. Іванина, О.В. Єфімова, А.М. Поддєрьогін. Проте, серед численної кількості праць практично відсутні дієві шляхи забезпечення ефективного функціонування аграрних господарств на макрорівні.

Мета цього дослідження полягає у всебічній характеристиці діяльності існуючих агропідприємств, їх фінансової стійкості та показі комплексу надійних заходів, спрямованих на забезпечення стабільного розвитку господарств та на підвищення в майбутньому економічної ефективності їх функціонування в умовах ринкової економіки. На основі отриманих даних зробити узагальнення і висновки щодо покращення іс-

нуючої ситуації в сільському господарстві України. Отримані дані будуть використані в подальшому дослідженні цієї проблеми.

Дослідження фінансової стійкості сільськогосподарських підприємств проводилося на основі скоригованої системи економічних показників на прикладі 13 господарств Київської області (8 підприємств зернового та 5 – скотарського напрямку), зокрема: ТОВ “Мрія” с. Блощинці, агрофірми “Білоцерківська” с. Шкарівка, ТОВ “Злагода” с. Станіславчики, КП ім. Щорса с. Яблунівка, Білоцерківської дослідно-селекційної станції, КП “Земля Томилівська” та інших підприємств, що спеціалізуються по основному виду діяльності.

Оцінка фінансової стійкості зазначених господарств має на меті об’єктивний аналіз величини та структури активів і пасивів, визначення на цій основі рівня фінансової стабільності й незалежності, а також відповідності фінансово-господарської діяльності підприємств цілям їх статутної діяльності.

Для оцінки фінансової стабільності підприємств, що аналізуються, були розраховані, за формулами А. М. Поддєрьогіна, такі показники: коефіцієнт покриття, коефіцієнт автономії та коефіцієнт забезпечення власними обіговими коштами, які відображають здатність своєчасно виконувати розрахункові зобов’язання перед іншими суб’єктами господарювання.

Загальну оцінку платоспроможності дає коефіцієнт покриття, що характеризує співвідношення поточних активів і поточних зобов’язань. Для нормального функціонування сільськогосподарського підприємства цей показник має бути більшим за одиницю. Але О.В. Єфімова зазначає, що обґрунтувати припустиме значення даного показника доволі складно через зміни його величини, залежно від сфери діяльності підприємства, що, в свою чергу, вимагає вищого значення коефіцієнта покриття.

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АПК і природокористування”. –
2004. – № 3. – С. 252-256)*

Стаття 5. Формування іпотеки в агросекторі економіки України

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Трансформація земельних відносин в Україні на ринкових засадах відбувається з великими труднощами, супроводжуючись численними порушеннями чинного законодавства, зволіканнями у розробці та прийнятті низки необхідних для розвитку іпотеки законів, відвертим правовим нігілізмом, прихованим і явним саботажем у виконанні рішень законодавчої та виконавчої влади. За цими процесами слід вбачати не стільки нерозуміння необхідності швидкого здійснення важливих, потрібних інституційних перетворень на селі для створення умов ефективного агрогосподарювання, скільки реакцію середнього прошарку владно-управлінських структур на можливості (перспективи) втрати своєї реальної економічної та політичної влади у сільській місцевості, а відтак, і реалізації своїх економічних інтересів.

Як відомо, Земельним кодексом України предметом іпотеки визначено земельну ділянку, яка перебуває у власності громадянина або юридичної особи, або частку у праві спільної власності на земельну ділянку. Це означає, що питання власності як об'єкта іпотеки вирішено. Проте, перехідними положеннями до Земельного Кодексу України було передбачено введення мораторію на купівлю-продаж земельних ділянок до 2005 року. Це було зумовлено необхідністю розроблення відповідної низки законів («Про землеустрій», «Про державний земельний кадастр», «Про ринок землі», «Про охорону земель», «Про розмежування земель державної і комунальної власності», «Про консервацію земель», «Про іпотеку» (чи «Про Державний земельний (іпотечний) банк») та ряду інших), які б створювали прозоре цивілізоване законодавче поле, яке не допускало б тіньового, спекулятивного обороту земельних ресурсів, соціально та економічно захищало сільське населення.

Але можна вбачати й інші, більш глибокі, приховані та явно не проголошені причини і цілі такого мораторію, які мають владно-корисливе підґрунтя. У свідомому віддаленні формування реального, цивілізованого ринку землі присутній цілий ряд корисливих мотивів, притаманних представникам владно-управлінських структур на селі та в сучасних юридично-правових формах господарювання.

По-перше, проходять невідворотні процеси старіння та відмирання сільського населення похилого віку як власників майнових та земельних паїв. На початок 2003 року біля 600 тис. власників сертифікатів вже померли.

Земельні паї переходять у спадщину нащадкам – абсентеїстам (тобто непроживаючим, як правило, у цій місцевості, населеному пункті). Ці паї

практично вимушено і практично за безцінь “здають” в оренду місцевим агроструктурам, не маючи змоги продати реальну земельну ділянку, яка до того ж і не виділена у натурі, на місцевості.

По-друге, створюються сприятливі умови для “неринково-тіньових” форм обороту земельних ресурсів на основі фіктивних договорів, міни, або дарування за явно невігідними умовами для володарів земельних паїв, враховуючи реальну цінність відчужених таким чином земель.

По-третє, відсутність реального ринку землі, а відтак прозорого інформування населення, зацікавлених осіб не створює достатньої мотивації для захисту своїх земельно-пайових та майнових прав для багатьох верств населення, призводить до свавільного відлучення від процесів приватизації землі законних претендентів на неї (або включення в списки на приватизацію тих, хто не має на це підстав). В умовах реально існуючого ринку землі це призвело б до порушень на початкових етапах паювання земель. Так, на слуханнях у Верховній Раді питань про хід земельної реформи в Україні (10.04.2003 року) було з’ясовано, що до списків про паювання незаконно було не включено близько 150 тис. громадян. Тому не дивно, що за три останніх роки власників паїв стало на 300 тис. більше.

На думку деяких науковців (яка віддзеркалює позицію багатьох нинішніх практиків агрогосподарювання нинішньої їх вищої ланки), оренда землі має стати головним напрямом формування ринку земель сільськогосподарського призначення, а відтак, “необхідно законодавчо запровадити заставу права оренди”.

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Збірник наукових праць
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складу і аспірантів. – К.,
2004. Вип. 16. – С. 273-279)*

Стаття 6. Система контролю процесу й результату методичної освіти майбутніх учителів іноземних мов початкової школи

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Методика викладання іноземних мов у початковій школі є однією з провідних фахових дисциплін у вищому навчальному закладі, оскільки саме в курсі методики студенти вперше отримують можливість продемонструвати рівень сформованості своїх професійно орієнтованих знань, навичок і вмінь (комунікативних, психологічних, педагогічних, методичних тощо), набутих у процесі професійної освіти. Основна мета навчального курсу методики полягає в оволодінні студентами білінгвальною методичною компетенцією вчителя іноземної мови початкової школи, зміст якої складають методичні знання, навички й уміння та бажання навчати іноземної мови саме молодших школярів.

Ми досліджуємо методичну освіту майбутнього вчителя іноземної мови початкової школи як три взаємопов'язаних аспекти: як освітню систему, як освітній процес та як результат цього процесу (И.А.Зимняя, 2000). Обов'язковим і вагомим складником системи методичної освіти вчителя іноземної мови початкової школи є контроль як результату, так і процесу формування у студентів білінгвальної методичної компетенції.

Саме контроль рівня сформованості у студентів методичної компетенції вчителя іноземної мови початкової школи на кожному з етапів формування і є предметом розгляду в нашій статті.

Коротко зупинимось на огляді чинних систем контролю методичної підготовки студентів, які пропонують укладачі згаданих нижче програм із методики викладання іноземних мов у середніх навчальних закладах та у відповідних програмно-методичних матеріалах.

Систему контролю рівня сформованості методичної компетенції студентів та випускників, окреслену в Типовій програмі підготовки вчителя іноземної мови з методики викладання іноземної мови, побудовано за такою схемою: контроль за поточною навчальною діяльністю студента, рубіжне тестування, залік, підсумкове тестування, контрольне проведення розробленого студентом фрагмента шкільного уроку, курсовий екзамен, державний іспит (Типова програма 1998:24). Відповідно система контролю складається з традиційних його видів – поточного, рубіжного (водночас може бути й тематичним) і підсумкового контролю (Методика 2002:271).

Об'єктами поточного контролю є виконання студентом домашніх завдань до практичних занять (опрацювання літератури і розробка методичних завдань), самостійне вивчення студентом трьох тем із курсу

методики, а також відвідування студентом практичних занять. Кожному об'єктові поточного контролю відповідає своя форма контролю: виконання домашніх завдань перевіряється в ході поточних опитувань та за результатами поточного тестування; самостійне вивчення тем – перевіркою реферату, плану-конспекту уроку, сценарію позакласного заходу; також ведеться облік відвідування студентом практичних занять.

Об'єктом рубіжного тестування визначено засвоєння студентом теоретичних питань трьох розділів курсу методики. Формою контролю є рубіжні тести в письмовій формі.

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Серія “Педагогіка та психологія”. –
К.: Вид. центр КНЛУ, 2004. –
Вип.7. – С. 289-303)*

Стаття 7. Підготовка майбутніх менеджерів управлінської діяльності до іншомовного фахового спілкування

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В умовах суспільних, економічних та політичних змін в Україні особливого значення набуває програма практичної підготовки кваліфікованих фахівців-менеджерів управлінської діяльності для всіх галузей народного господарства України.

З розширенням міжнародних зв'язків України виникає нагальна потреба у професійно спрямованому спілкуванні менеджерів управлінської діяльності із зарубіжними колегами в ситуаціях суспільно-економічної діяльності.

Виступаючи соціальним замовленням, це положення знаходить пряме відображення в останніх програмних вимогах до якості володіння іноземною мовою студентами немовного вищого навчального закладу (ВНЗ), що передбачає досягнення ними такого рівня розвитку іншомовних навичок та вмій, який дозволив би здійснювати безпосереднє спілкування із зарубіжними партнерами в професійній діяльності в усній і письмовій формах.

Таким чином, перед вищою освітою постають задачі, пов'язані з підготовкою висококомпетентних та досвідчених спеціалістів, які вільно володіють іноземною мовою.

Фахівець-менеджер управлінської діяльності повинен заповнити відчутну прогалину у сфері документознавчо-інформаційних кадрів у інфраструктурі нашої держави, що відкриває один із резервів для подальшого вдосконалення і розвитку нових економічних відносин та поліпшення рівня керівництва і управління виробництвом. Саме завдяки спеціалістам з цього фаху буде закладено основу концептуального підходу національної політики планування і розвитку інформаційного забезпечення управління, що доведе доцільність і необхідність підготовки спеціалістів інформаційної діяльності у сфері управління.

Інформаційна діяльність у сучасному суспільстві спрямована на організацію збору, зберігання, перетворення і використання та розповсюдження інформації. Від стану підготовки фахівців залежить рівень цивілізованості та культури нації, країни, людства.

Майбутні менеджери управлінської діяльності повинні:

- виконувати функції референта-адміністратора у напрямі кадрового та адміністративного менеджменту, у сфері управління;

- використовувати знання ділової англійської мови, вміння ділового та технічного перекладу у процесі налагодження ділових контактів, організації ділових та службових зустрічей;
- реалізовувати функції керівника адміністративного апарату, референта-консультанта з організації ділових (у тому числі міжнародних) переговорів;
- виконувати функції кадрового менеджера як у сфері управління, адміністрування, так і у сфері безпосередньо ринкових комерційних відносин.
- Процес навчання іноземної мови в немовному ВНЗ має свою специфіку, що впливає на підготовку майбутніх менеджерів управлінської діяльності до спілкування іноземною мовою як позитивно, так і негативно. Позитивними особливостями даної специфіки є:
 - вивчення іноземної мови за професійним спрямуванням;
 - комунікативна спрямованість процесу вивчення іноземної мови.
- До негативних особливостей належать:
 - обмеженість у часі, з одного боку, та великий обсяг навчального матеріалу – з іншого;
 - велика різниця у рівні підготовки студентів у групах для вивчення іноземної мови;
 - численність студентів у групі.

Спілкування – це те головне, на що звертається увага викладача під час навчання менеджерів управлінської діяльності іноземної мови. Недостатній же рівень професійного спілкування іноземною мовою у менеджерів управлінської діяльності призводить до того, що в майбутньому вони відчувають труднощі у встановленні міжособистісних відносин, не вміють достатньо правильно вести спір, відстоювати свою думку, переконувати співбесідника, аргументувати, аналізувати ситуацію, знаходити необхідну інформацію.

*(Теоретичні питання культури, освіти і виховання:
Збірник наукових праць. – К.: Вид. центр КНЛУ,
2005. – Вип. 29 – С. 138-141)*

Розділ III
ВПРАВИ ДЛЯ НАВЧАННЯ ЧИТАННЯ, ЛЕКСИКИ,
ПИСЬМА

Economic growth and economic development

Text 1

Pre-reading tasks

1. Do you already know what GDP is? GNP?
2. Is there any difference between GDP and GNP?
3. What do you think we are going to learn from the text?
4. Read the text and then try to answer these questions (if you failed to do so before it). Remember you do not have to understand every word in the text to answer the questions.

Economic Growth

There is general agreement amongst economists concerned with the problems of less developed countries (LDCs) that a distinction should be made between economic growth and economic development.

Economic growth is defined as an increase in the productive capacity of an economy over time, giving rise to an increase in real National Income (NI). If the rate of growth of income is greater than the rate of growth of population, income *per capita* will also rise.

Economists distinguish between the Gross Domestic Product (GDP) and the Gross National Product (GNP) of an economy. GDP is the total final output of goods and services produced within an economy for any given year, by both residents and non-residents. GNP is equal to GDP plus net factor (or property) incomes from abroad (that is, the difference between returns to the inhabitants of the country from property located overseas minus the returns accruing to foreigners from their property located within the reporting country). For most LDCs, net property income from abroad is likely to be negative and thus GDP will be greater than GNP.

Both domestic product and national product can be expressed in net terms (that is, after allowing for capital depreciation) and either at market prices or factor costs (that is, including and excluding respectively, indirect taxes net of subsidies). Net National Product (NNP) at factor cost is identical to National income.

For many LDCs, economic growth has been rapid and sustained for much of the post-Second World War period. So, middle-income LDCs (60) with a per capita income of more than \$ 370 per annum have made significant progress, although the low-income countries (36) with per capita incomes of less than \$ 370 per annum have been less successful.

Text 2

Pre-reading tasks

1. Do you think economic development the same as economic growth?
2. Do you know what criteria can be used to find out whether or not development is taking place?
3. Read the text and then find the answers to the questions above (if you failed to do so before it).

Economic Development

In early years of the evolution of development economics as a distinct area of study, economic growth and economic development were generally seen as being synonymous. The deficiencies of using GNP per capita as an indicator of economic welfare (and by implication, the level of economic development) were recognised by economists, however, and over time it became increasingly evident that economic growth on its own, although undoubtedly a necessary condition, was certainly not a sufficient condition to ensure increases in economic, let alone, social welfare.

Implicit within the concept of economic development was some notion of progress. Economic development was thus taken to mean growth plus structural and institutional change which involved the move towards certain normative goals or objectives. Clearly, growth without development was a possibility if increases in per capita incomes were not accompanied either by structural changes or by the diffusion of the gains in real income among all sectors of the population.

However, unless it is explicitly assumed that all sectors in the economy grow at an equal rate so as to leave the proportions of the national economy that they represent unchanged, the concept of economic growth as consisting of continuous increases in total or per capita incomes within unchanged structures cannot be defended. Economic growth will almost inevitably lead to changes in the economic structure of the economy and thus to define development as “growth plus change” is not particularly helpful.

With respect to the normative definition of development, it is in the work of Dudley Seers that we find the most influential definition. For Seers, “... *Development is inevitably a normative concept, almost a synonym for improvement. To pretend otherwise is just to hide one's value judgements*» (Seers, 1972, p. 22). Posing the question, “*where are these values to come from?*”, Seers replies: “*Surely the values we need are staring us in the face, as soon as we ask ourselves: what are the necessary conditions for a universally acceptable aim, the realization of the potential of human personality?*” (Seers, 1972, p. 22).

The criteria that Seers suggests should be used to judge whether or not development is taking place relate to poverty, inequality and unemployment.

Other indicators relate to the political, social and educational dimensions of development.

Seers' conception of economic development has been adapted and extended by many authors and it remains the basis of what the most development specialist would argue that economic development should be about. Thus, the economists identify and review different approaches relevant to economic development, namely:

1. adjustments to GNP in order to capture some of the welfare aspects of development and improve international comparability;
2. social indicators which attempt to define non-monetary measures of social progress;
3. social accounting systems which attempt to provide a framework for some of the social indicators;
4. the development of composite indices which attempt to combine various social indicators into a single index of human and social development.

The recognition that economic growth does not automatically solve problems relating to poverty, inequality and unemployment has been an important step forward in the evolution of development studies. But the normative, essentially utopian, definition of development itself creates problems. "Seers-type" definitions of development refer to an ideal world or state of affairs and, as a consequence, are both ahistorical and apolitical – ahistorical because they postulate idealise structures that do not, and never have, existed, and apolitical because development is defined in an abstract sense and is not related to any particular / social / economic structure.

Post-reading tasks

After reading the texts about economic growth and economic development do the following exercises:

Ex. 1

Read the words paying attention to their spelling and pronunciation: *sufficient, index, indices, criteria, deficiency, explicit, implicit, inefficient, utilization*.

Ex. 2

Read the words and complete the spelling of the unfinished words: *suf-icient, indi-es, crit-ria, defi-iency, -xplicit, , utili-ation, per capit-, resid-nt, s-stain, per an-um, oc-ur*

Ex. 3

Underline the correct answer or answers. The underlined in ***apolitical*** is pronounced the same as in:

1) advertise, 2) advertisement, 3) adjust, 4) additional, 5) attract, 6) assets, 7) average, 8) authorized, 9) assistance, 10) arise, 11) annual 12) annum, 13) ahistorical.

Ex. 4

Which syllable has the main stress in these words? Put them into the correct column. How many words have you got in first syllable column? Second syllable column? Third syllable column?

First Syllable	Second Syllable	Third Syllable
income		

Words: economists, economic, economy, economics, capacity, income, subsidies, sufficient, development, dimension, adjustment, concept, index, indices, welfare.

Ex. 5

Look at the underlined letters (letter-combinations) in the pairs of words below. Is their pronunciation the same or different? Put “S” next to the pair if it’s the same and “D” if different.

1. adjustment-apolitical
2. adapted-per annum
3. consequence- contain
4. per capita- person
5. composite- composed

Ex. 6

How do you pronounce the following words: *inequality, solved, developed, composite indices, utilisation, specificity, concept, postulate, confusion, dimension, non-monetary*? Can you read them to your partner? Now exchange the roles. Were all the words pronounced correctly? Listen to the key.

Ex. 7

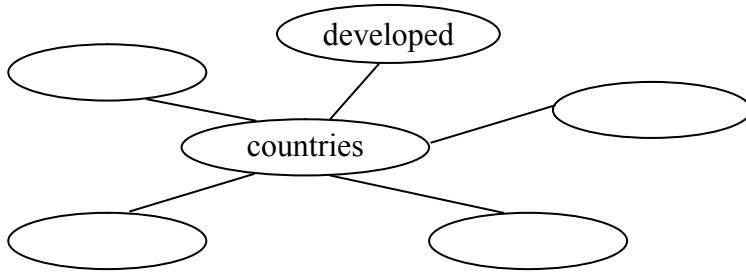
Read the following words and choose those which together with the word “country” form the economic terms:

middle-income, monetary, less developed, lending, foreign, low-income, increased, industrial, post-industrial.

Ex. 8

How many of the abbreviations listed below can you identify? Which can you say aloud? Can you categorize them for better memorizing?

LDCs, NI, GDP, a.m., encl., Mr., GNP, NNP, IMF, p.m., etc., Mrs, P.S., rep, memo



Ex. 14

What do these abbreviations stand for? Explain their meanings in English.

GDP, GNP, NI, LDCs, NNP, OECD, VAT, OPEC.

Ex. 15

What abbreviations in written English are often used for these words or phrases? Write the abbreviation next to its full form.

leading developing countries *gross domestic product*

gross national product *letter of credit*

bill of lading memorandum

representative *national income*

Ex. 16

In what situation would you use the following economic terms and expressions: *GDP and GNP, economic growth, middle-income countries, net property income, per capita, index of prices, economic development.*

Ex. 17

Your friend wants you to explain the difference between economic growth and economic development to him / her. Use these notes to do it:

- a) increase in the productive capacity of an economy,
- b) income per capita will rise,
- c) growth plus structural and institutional change,
- d) normative concept,
- e) problems relating to poverty, inequality and unemployment

Ex. 18

The professor examined the student about the economic growth and economic development. Here are the student's answers. Write down the professor's questions. The first one is done for you.

1. GDP is an increase in the productive capacity of an economy over time, giving rise to an increase in real National Income.

? What is GDP?

2. If the rate of growth of income is greater than the rate of growth of population, income per capita will also rise.

? _____

3. Both domestic product and national product can be expressed in net terms and either at market prices or factor costs.

? _____

4. Economic development was taken to mean growth plus structural and institutional change which involved the move towards certain goals or objectives.

? _____

5. "Development" is inevitably a normative concept, almost a synonym for improvement. (Seers, 1972)

? _____

Ex. 19

A British economics professor is going to have a seminar about economic growth and economic development. You are asked to be an interpreter during the seminar. Translate into Ukrainian the following comments.

1. GNP is equal to GDP plus net factor (or property) incomes from abroad.
2. For many LDCs, economic growth has been rapid and sustained for much of the post-Second World War period.
3. The recognition that economic growth does not automatically solve problems relating to poverty, inequality and unemployment has been an important step forward in the evolution of development studies.
4. Growth without development was a possibility if increases in per capita incomes were not accompanied either by structural changes or by the diffusion of the gains in real income among all sectors of the population.
5. Development now implies, *inter alia*, reducing cultural dependence on one or more of the great powers.

Ex. 20

Work with your partner. You have got a list of abbreviations the lecturer is going to use. Ask him their meanings. Then exchange the roles. Who knows more? Provide the examples with any two of them.

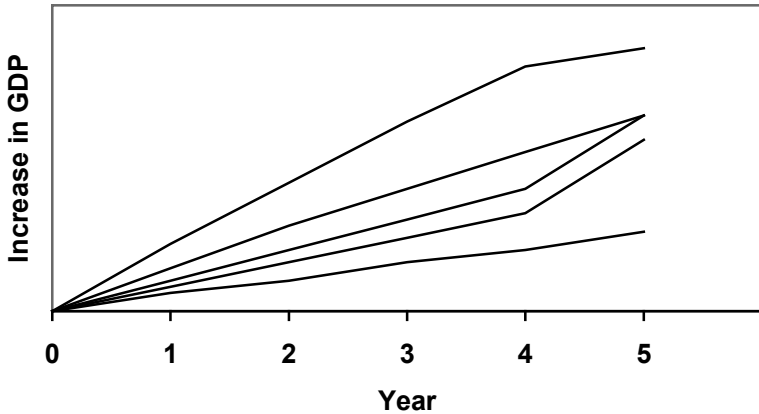
GNP, GDP, LDCs, NI, I-O, OECD.

Ex. 21

The graph below shows percentage increases in the GDP of five countries over a period of five years. Read the text describing the graph and complete the graph labelling the lines of the graph with the names of the five countries.

Text

Of all the countries shown, Japan had the highest increase in GDP, for four of the five years. The UK's GDP grew but had the smallest increase overall. The USA had steady average growth. The newly industrialized Pacific Basin countries – South Korea and Taiwan, saw low growth at the beginning of the period but in the final year, South Korea had the biggest increase, with Taiwan only a little behind.



Ex. 22

You are asked to make an argument on economic growth and economic development. Write a short message as reference material.

Here are some notes to help you. They contain the necessary information, but you will have to expand them into full sentences:

Example: total final output of goods and services

GDP is the total final output of goods and services produced within an economy for any given year, by both residents and non-residents

1. total final output of goods and services
2. GNP is equal to GDP plus...
3. both domestic and national product
4. indicator of economic welfare
5. indicators of economic development

Ex. 23

You have won the scholarship and study Economics at the Exeter University. Your friend from China doesn't understand the economic terms given below in English. Could you explain them to him?

GDP, GNP, economic growth, economic development, LDCs, NI.

Ex. 24

You are doing the quiz in Economics. Read the definitions below. Give the gist of it in one word or phrase. The first one is done for you.

1. Measure of the monetary value of the total flow of goods and services produced in an economy over a specified period of time. 1 *national income*
2. Measure of the degree of responsiveness of one variable to changes in another. 2 _____
3. Total final output of goods and services produced within an economy for any given year. 3 _____
4. Increase in the productive capacity of an economy over time. 4 _____

Ex. 25

You are invited to give a lecture at the economic department dedicated to the economic growth and economic development. Put down six main points you are going to cover. Could you read them to your friend?

Ex. 26

You are preparing for a seminar dedicated to the economic growth and economic development. Here is a table divided into two columns. Fill it in with the vocabulary you need to talk about each economic phenomena. Work with your partner and provide a statement with each of them.

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT

Ex. 27

Tomorrow an Economics teacher from the UK will lecture on economic growth and economic development. Put down five questions you would like to ask him.

Ex. 28

Could you tell the class about the difference between economic growth and economic development?

Ex. 29

Discuss with your partner the importance of Dudley Seers theory related to economic development.

Ex. 30

You study at the Exeter University in Exeter. Tomorrow you have an appointment with your professor to discuss questions related to economic growth and economic development. Draft an outline of your discussion tomorrow.

ТЕСТ

**для визначення рівня засвоєння нових лексичних одиниць
з теми “Economic Growth and Economic Development”**

I. Read the text and fill in the necessary words:

In Economics a distinction should be made between 1 _____ and economic development.

Economic growth is defined as an increase in the 2 _____ of an economy over time, giving rise to an increase in real NI. If the rate of growth of income is greater than the rate of growth of population, income 3 _____ will also rise.

Economists distinguish between 4 _____ and GNP of an economy. GDP is the total final output of goods and services produced within an economy for any given year, by both 5 _____ and non-residents. GNP is equal to GDP plus 6 _____ (or property) incomes from abroad. For most LDCs, net property income from abroad is likely to be negative and thus GDP will be greater than 7 _____.

Net National Product (NNP) at 8 _____ is identical to National income.

For many LDCs, economic growth has been rapid and sustained for much of the post-Second World War period. So, middle-income LDCs (60) with a 9 _____ income of more than \$ 370 10 _____ have made significant progress.

Long ago in economics, economic growth and 11 _____ were seen as being synonymous. The deficiencies of using GNP per capita as an 12 _____ of economic welfare were recognised by economists and over time it became evident that economic growth on its own was certainly not a sufficient condition to ensure increases in economic, let alone, social welfare.

Then economic development was defined as 13 _____ plus structural and institutional change. Clearly, growth without development was a possibility if increases in 14 _____ incomes were not accompanied either by

structural changes or by the diffusion of the gains in real income among all sectors of the population.

The criteria that Seers suggests should be used to judge whether or not economic development is taking place relate to poverty, 15 _____ and 16 _____ Other indicators relate to the political, social and educational 17 _____ of development.

Economists identify and review different approaches relevant to economic development, namely:

1. 18 _____ to GNP in order to capture some of the welfare aspects of development and improve international comparability;
2. social indicators which attempt to define non-monetary measures of social progress;
3. social accounting systems which attempt to provide a framework for some of the social indicators;
4. the development of composite 19 _____ which attempt to combine various social indicators into a single 20 _____ of human and social development.

II. Read the definitions of the technical vocabulary and write them in one word or collocation. The first one is done for you:

definition: measure of the degree of _____ a) *Your answer:* elasticity
responsiveness of one variable to
changes in another

1. An increase in the productive capacity of an economy over time.
2. The total final output of goods and services produced within the economy for any given year
3. Measure of the monetary value of the total flow of goods and services produced in an economy over a specified period of time.
4. GDP plus net factor (or property) incomes from abroad is known as
5. Increasing and expanding industry and employment in a country or a region
6. Statistics that show the strength or weakness of a country's economy. These may include the rate of inflation, the amount of foreign investment, interest rates, employment figures, etc.
7. The study of the processes involved in the production, distribution and consumption of goods, especially in relation to cost.
8. The amount of money that is available in a country's economy for spending on goods and services. It is the Gross national product minus the amount by which resources, machinery, etc lose their value over time.
9. An expert in economics
10. Countries with low income

III. Translate the following comments about economic growth and economic development using the new vocabulary:

1. Якщо темп зростання доходу більший, ніж темп росту населення, то дохід на душу населення також зростатиме.
2. Економічне зростання приведе до збільшення в реальному національному доході.
3. Чому ВВП очевидно буде більшим, ніж ВНП у більшості країн, що розвиваються?
4. Економічне зростання – необхідна умова для економічного розвитку.
5. Наступні критерії визначають економічне зростання: злиденність, нерівність, безробіття.

IV. Your fellow has missed a class in Economics that was dedicated to the Economic Growth and Economic Development. Could you write him a short note about the both phenomena using at least 20 new words and collocations you have learned.

Now check your answers with the keys:

Task I

- 1 – economic growth
- 2 – productive capacity
- 3 – per capita
- 4 – GDP
- 5 – residents
- 6 – net factor
- 7 – GNP
- 8 – factor costs
- 9 – per capita
- 10 – per annum
- 11 – economic development
- 12 – indicator
- 13 – growth
- 14 – per capita
- 15 – inequality
- 16 – unemployment
- 17 – dimension
- 18 – adjustments
- 19 – indices
- 20 – index

Task II

1. Economic Growth
2. GDP
3. National income
4. GNP
5. Economic development
6. Economic indicators
7. Economics
8. Net National Product
9. Economist
10. Low-income countries

Task III

1. If the rate of growth of income is greater than the rate of growth of population, income per capita will also rise.
2. Economic growth will cause an increase in real National Income.
3. Why is GDP likely to be greater than GNP in most LDCs?
4. Economic growth is a necessary condition for economic development.
5. The following criteria determine economic development: poverty, inequality, unemployment.

TECHNICAL VOCABULARY TO “ECONOMIC GROWTH AND ECONOMIC DEVELOPMENT” TO BE LEARNED

Check your progress. How would you say it in Ukrainian?

adjustment	Implicit
capacity	index
criteria	indices
deficiency	LDCs
dimension	net
economic	non-resident
economic development	objective
economic growth	output
economical	per annum
economics	per capita
economize	per person
economy	property
elasticity	resident
equity	revenue
explicit	sustain
facility	sustainability
factor costs	sustainable growth
GDP	unemployment
GNP	welfare
gross income	wholesale

Розділ IV
ПРИКЛАДИ ТЕСТІВ З ГРАМАТИКИ,
ЛЕКСИКИ, ЧИТАННЯ
(для всіх спеціальностей)

ТЕСТ З ГРАМАТИКИ (GRAMMAR TEST)

I. Complete the conversation. Put in a Present Continuous form of the verbs

A: What are *you doing*? *you do*

B: I'm *writing* a letter. We ¹ _____ *write*
to organize a conference. I try

A: ² _____ time for all your other ² you find
work too?

B: Oh yes. Julie ³ _____ me with the ³ help
conference. We ⁴ _____ on fine. ⁴ get
And there isn't much to do. It ⁵ _____ ⁵ not take
too much of my time. Oh, sorry.

⁶ _____ for the typewriter? ⁶ you wait

A: Yes, but there's no hurry.

B: I ⁷ _____ the last bit of the letter. ⁷ type
I've nearly finished.

II. Put in these words: are, aren't, is, isn't, do, don't, does and doesn't

A: Who ¹ _____ Michelle talking to?

B: I can't see Michelle.

A: You ² _____ looking in the right place. She's over there.

B: Oh, that's professor Shappard. He's new here.

A: Ideally? Where ³ _____ he live? ⁴ _____ you know?

B: No, I ⁵ _____.

A: What ⁶ _____ they talking about, I wonder?

B: Well, he ⁷ _____ look very interested. He's got a very bored expression. And he ⁸ _____ saying anything.

III. Use the comparative or superlative of the words in brackets

1. The twenty-second of December is the (short) day of the year.
2. Iron is (useful) of all metals.
3. Elbrus is the (high) peak in the Caucasian mountains.
4. His plan is (practical) of all.
5. This room is (small) than all the rooms in the house.

6. London is the (large) city in England.
7. This exercise is (good) than the last one.
8. My cigarettes are (bad) than yours.
9. Yesterday was the (hot) day we have had this summer.
10. Are you the (old) in your family?

IV. Fill in must / should, may, can, need, to have to, to be able to

1. _____ we hand in our theses tomorrow? No, you _____, you _____ hand them in after Sunday.
2. _____ John really do this today? – No, he _____ not, he _____ do it tomorrow if he likes.
3. You _____ not let this cup fall it _____ break.
4. _____ I help you with your coat on?
5. _____ I return it to the library at once.
6. Alec _____ practice the report specially, but the other students _____ not: they all know it properly.
7. _____ I go there right now? – Yes, you _____.

V. Complete the conversation between two postgraduates called Duncan and Paul. Put in the Present Continuous or Simple of the verbs

Duncan: *Are you waiting* for someone?

you wait

Paul: Yes – for Neil. We *walk* home together most days.

walk

We ¹ _____ in the same street. I live

Duncan: I'm not sure, but I ² _____ he

² think

³ _____ to Dr Davis about something.

³ talk

Paul: Yes, I ⁴ _____ . He told me.

⁴ know

What about you? What ⁵ _____ here?

⁵ you do

Duncan: I ⁶ _____ for the secretary.

⁶ look

I can't find her anywhere.

Paul: She isn't here today. She only ⁷ _____

⁷ work

two days a week.

Duncan: Oh, of course. I ⁸ _____ my

⁸ waste

time then.

VI. Put the verb in brackets in the correct verb form, Past Simple or Past Continuous

While I _____ (come) to the university this morning, I _____ (meet) an old friend.

1. I _____ (not want) to get up this morning. It _____ (rain) and it was cold, and my mood was so bad.
2. I _____ (listen) to the news on the radio when the phone _____ (ring).

3. I said "Hello" to my fellows, but they didn't say anything because they _____ (watch) television.
4. We _____ (go) down in the lift when suddenly it _____ (stop).
5. _____ (they / have) dinner when you _____ (call) to see them?
6. When the doorbell _____ (ring) I _____ (get) up and _____ (answer) it.
7. When I _____ (open) the door, a friend _____ (stand) there.
8. When I (arrive) back at the car park, my car wasn't there! Oh, no! What _____ (you / do)? I _____ (report) it to the police.

VII. Complete the conversations using the Present Perfect or the Past Simple of the verb in brackets

1. I know Dr Robinson. Really? How long _____ (you / know) her? Oh, for quite a long time now. When _____ (you / first / meet) her?
2. _____ (your husband / ever / have) pneumonia? Yes, he _____ (have) it twice. He _____ (have) it ten years ago, and once when he _____ (be) a child.
3. (It's 10 o'clock in the morning) _____ (you / see) Prof. Carter this morning? Yes, I _____ (see) her when I _____ (arrive) in the university, but she _____ (go) out soon afterwards.
4. (It's the middle of the afternoon) / I'm really hungry. I _____ (not / have) any breakfast this morning and I _____ (not / have) time to go out for anything to eat this afternoon.

VIII. Complete the paragraph. Put in a passive verb in the correct tense
Chamber and Organ Hall

The building at the top of the Yaroslav Mudry Hill is Chamber and Organ Hall. It **was built* in 1812 and today * build
 it ¹ _____ as the finest building in the town. 1 regard
 a number of changes ² _____ since it was built, 2 make
 but the front of the building ³ _____. Today 3 not change
 the Hall ⁴ _____ by the local government, 4 own
 and for the last years it ⁵ _____ as a home 5 use
 for Catholic Centre. At the moment a small art gallery
⁶ _____ the Hall. 6 situate

IX. A press conference is being held. Put in the correct form of the verbs

- * Reporter: Can this new drug prolong human life?
Professor: Yes, we believe that human life can be prolonged by the drug.
- 1 Reporter: Are you going to do any more tests on the drug?
Professor: Yes, further tests _____.
- 2 Reporter: What _____ the drug _____?
Professor: It will be called Bio-Meg.
- 3 Reporter: Can people use the drug now?
Professor: No, the drug _____ yet.
- 4 Reporter: Who will produce the drug?
Professor: It _____ by the Bentrix drug company.
- 5 Reporter: Do you think they should sell it to anyone who wants it?
Professor: Yes, I think it _____ freely.
- 6 Reporter: And what quantity could Bentrix produce?
Professor: We believe the drug _____ in large quantities.

X. Complete a short resume about some research with Passive. You may need to change the structure of the sentence

Research paper *is treated* as a genre of academic writing. The methodology ¹ _____ theoretically. Style characteristics of academic writing ² _____. Research paper as a genre of academic writing ³ _____. Peculiarities of psychological and age development of senior students ⁴ _____.

Text programme (procedure) of writing research paper in foreign language ⁵ _____. Skills which are necessary for writing research paper (thinking, info location, research, academic writing skills and skills dealing with extended use of English) ⁶ _____. As a result of the research, a complex of exercises to teach writing research paper in English ⁷ _____ and theoretically ⁸ _____. The effectiveness of the suggested methodology ⁹ _____ and confirmed during the experimental teaching. Methodological recommendations on how to organize and implement teaching writing research paper in English ¹⁰ _____ and applied in practice in four higher educational establishments in Ukraine.

- * treat
- 1 substantiate
- 2 define
- 3 specify
- 4 generalize
- 5 compile
- 6 select
- 7 work out
- 8 substantiate
- 9 verify
- 10 develop

ТЕСТ 3 ЛЕКСИКИ (VOCABULARY TEST)

I. Put the following vocabulary items in the correct box

Air freight, barrels, bill of exchange, certificate of value and origin, containers, customs officer, docks, drums, import duty, import license, insurance broker, insurance premium, letter of credit, port of arrival, port of origin, rail freight, sacks, sales invoice, sea freight, warehouse, crates

1 Documents	2 Means of transport	3 Packaging	4 Payments	5 People	6 Places
Bill of exchange					

II. Complete the sentences by writing an appropriate word in each gap

1. The personnel department has received over forty _____ for the position of Sales manager.
2. The jobs offers a lot of _____ you can choose your working hours and have a company car.
3. She's very _____ she wants to become a senior manager in half a year time.
4. The company _____ lots of equipment from the West multinationals.
5. As he had no personal _____, he had to borrow capital from the bank to set up his business.

III. The following Vocabulary is used while talking about the environmental protection. Provide the words with the opposite meaning

1. Make less strict: _____
2. Up-to-date, modern: _____
3. Quickly damaged: _____
4. Permanent: _____
5. Become unpopular: _____

IV. Match the meanings of the phrases in bold type to the explanations on the right

- | | |
|---|---------------------------------------|
| a) who is calling , please? | 1) busy |
| b) I'll just put you through | 2) wait (on the phone) |
| c) would you like to hold ? | 3) come to |
| d) I can't make the meeting next | 4) make the connection for Monday you |
| e) I'm tied up all day | 5) what's your name? |

V. Complete the following sentences choosing the right word

1. In ecosystems, materials are recycled by _____ and _____ and the concept of _____ is meaningless.

2. Plants should form networks in industrial parks, where each plant efficiently feeds off its neighbour's _____ to eliminate _____ and _____.
3. The important decisions in companies are made by _____.
4. Many environmentalists are worried that eco-industrial parks may _____ companies from cutting pollution at its source.
5. An _____ is liquid waste from factories that damages the _____.

VI. Complete the resume by choosing the appropriate vocabulary from the box

substantiated	deals	demonstrated	specified
studied	developed	confirmed	solved
		presented	verified

The thesis _____ with the issue of teaching technical vocabulary to economics students. The methodology proposed has been theoretically _____ and practically developed. The problems _____ in the research represent a cognitive approach applied to English economic vocabulary learning based on cognitive strategies. The importance of the cognitive approach to learning vocabulary is _____. Strategies appropriate to learning the target vocabulary have been _____, as have their stages. Mnemonics (systems for assisting and improving the memory) relevant to the target vocabulary are _____. A model teaching process is presented.

As a result of the research, a modulated system of exercises to teach English economic vocabulary has been _____ and theoretically substantiated. Its effectiveness was verified and _____ in a process of experimental teaching. Methodological recommendations concerning the teaching of technical vocabulary to students of economics have been _____.

VII. Choose the right word from the list and fill in the gap. Compare your answers with the key

1. When a bank lends you money, it is called a bank....
A present B interest C help D loan
2. If you ... something, it becomes greater in number, level, or amount.
A increase B decrease C lower D observe
3. The 1985 federal budget ... \$7.3 billion for development programmes.
A made B allocated C presented D lost
4. The modern advanced medical equipment ... the risks of heart disease.
A reduce B increase C support D deny
5. We have experienced 20,000 job losses for the last ... year.
A New B financial C academic D passed
6. It was a time of political ... and progress.
A misunderstanding B life C stability D disbelief

7. It was difficult for the inspectors to ... which documents were important and which were not.
A discover B know C see D analyze
8. This event ... when I was on business trip.
A developed B said C occurred D helped
9. We need to discuss our company
A strategy B office C staff D boss
10. ... is usually a biggest problem for students.
A spare time B study C dealing with teachers D finance
11. To survive, this industry needs many
A capital investments B employees
C managers D transport means.
12. The World Bank channels the development aid to poor countries through the Bank's ...
A officials B affiliates C offices D headquarter
13. The World Bank allocates the "soft loans" to poor countries at ... rates.
A interest B concessionary C high D low
14. We're trying to ... the manufacturers to sell their products here but they still have some doubts.
A tell B hint C persuade D suggest
15. We will learn different ... to solve the economic problem in the town.
A tasks B demands C approaches D people
16. When an executive comes into a new job, he wants quickly to make...
A money B offer C coffee D impact
17. The ... rate in China is much higher than that of Ukraine.
A interest B concessionary C fertility D current
18. Our company has failed to reach its sales ...
A manager B department C target D assistant
19. We aim to reduce the ... of our firm by 10%.
A income B workforce C office equipment D output
20. People working in an organization is called ...
A personnel B offices C clients D students
21. You can expect 15% ... on this sum.
A profit B losses C return D money.
22. The World Bank ... the growth of small businesses in many developing countries.
A helps B allows C stimulates D is against
23. The state is having a job is called ...
A activity B employment C unemployment D busy
24. We need to ... the quality of our goods but not increase the price.
A check B analyze C know D maintain.

The keys:

1 – D	9 – A	17 – C
2 – A	10 – D	18 – C
3 – B	11 – A	19 – B
4 – A	12 – B	20 – A
5 – B	13 – B	21 – C
6 – C	14 – C	22 – C
7 – A	15 – C	23 – B
8 – C	16 – D	24 – D

ТЕСТ 3 ЧИТАННЯ (READING COMPREHENSION TEST)

Text I. Read the text and do the following tasks below it
Managing international retailing

Among international retailers, two have set the pace: Ikea, the Swedish furniture chain, and Toys “R” Us, the US toy retailer. They have built worldwide networks – Ikea in 28 countries, Toys “R” Us in 26 – of giant stores which have killed competition from local rivals.

Ikea is opening 12 new stores a year in cities including Frankfurt, Shanghai, Chicago and Wroclaw in Poland. A committee of senior executives at the group’s international headquarters in Denmark oversees investment in new markets and the redesigning or expansion of existing stores.

Responsibility for product development and purchasing lies with Ikea of Sweden, the original company that pioneered the “blond” style of Scandinavian furniture and furnishings which has gained a huge international following.

A third layer of country managers tailors the presentation and marketing of those products in their home territories. Country managers usually assume control for day-to-day activities only when there are more than two stores in their region. They are allowed some flexibility in choosing additional products which they think will meet local tastes.

At Toys “R” Us, by comparison, the fickle nature of children’s choices requires more latitude for local managers. Toy tastes vary significantly between different cultures, says Greg Staley, President of the company’s international division. For example, Asian families like educational toys, while American children are heavily influenced by Saturday morning television programmes. Some toys, such as Barbie dolls and Lego building sets, do well everywhere. But others are less predictable.

Headquarters decides whether to open a new store but local managers take all the day-to-day decisions on what toys to buy and in what quantities; how to market them, and how much to spend on advertising. “We really do give them great latitude in the management of their business”, says Mr. Staley.

Adapted from the Financial Times

I. Mark the sentences T (true) or F (false), according to the information in the text.

1. Both Ikea and Toys “R” Us are strongly competitive in local markets around the world.
2. Ikea and Toys “R” Us have the same management structure for their international network.
3. Ikea’s international headquarters are in Sweden.
4. Children in different countries like different kinds of toys.
5. Toys “R” Us local managers have more decision-making powers than Ikea local managers.
6. Ikea’s country managers have more control when they are in charge of more than two stores in the same region.

II. Find the best explanation for each of these words and phrases as used in the text

1. Have set the pace
 - a) have been slow to expand
 - b) have taken a lot of risks
 - c) have provided a good example for others
 - d) have been in competition with each other

2. Tailors
 - a) takes full responsibilities for
 - b) creates ideas for
 - c) carries out
 - d) adapts or modifies

3. Fickle
 - a) unpredictable
 - b) expensive
 - c) limited
 - d) unchanging

4. Latitude
 - a) restrictions
 - b) assistance
 - c) freedom
 - d) guidance

Text II Read the sales leaflet in which Paperback Ltd introduces its services and do the tasks below it

**WHY THROW AWAY PAPER?
HOW ABOUT GIVING IT TO US?**

We are a company with over 20 years' experience of recycling paper. We will collect all the waste paper from your premises, recycle it and save you the cost of disposing of it yourself.

We provide a flexible service designed to meet the needs of environmentally-friendly companies. See our list of satisfied customers and testimonies to our outstanding service (available upon request).

We can help you by:

- Saving you time and money
- Showing that you care about the environment
- Enhancing your image with your customers
- Offering you a tailor-made service, with collection at your convenience.

Many people buy only from companies which protect the environment. By using our services, you will show that you TRULY CARE about the environment.

Why not try our one-month trial period, under no obligation? You'll get your money back if you are not fully satisfied. Discounts of up to 20% are available for long-term contracts.

For a friendly, low-cost 'green' service, call us now on 01942 248620 or write to: Paperback Ltd.

45 Dagenham Road
Oxford
OX6 3DR

We will arrange for one of our representatives to visit you and discuss our service in detail.

PAPERBACK Ltd the company which puts the environment first

I. What phrases in the text do the following?

- create interest
- 1. describe potential benefits to customers
- 2. provide evidence of the company's reputation, level of service and customer satisfaction
- 3. encourage customers to take action

Розділ V ПРИКЛАД РЕЗЮМЕ З ПИТАНЬ НАУКОВОГО ДОСЛІДЖЕННЯ І ФАХУ

Here are some resumes. Read them and translate. Try to define the structure they cover.

RESUME 1

At present, under conditions of expanding international contacts in various areas of scientific and professional activity, and in the sphere of economics, cooperation and exchange experience with other countries is of great importance in solving the problems of the development of the agriculture farms of Ukraine.

The rapid development of economic relations of Ukraine with the world requires new research to enter the foreign markets, to cooperate in the areas of economics, science and communication. Recent research has placed great emphasis on the improvement of the external business environment.

Because of the importance of this problem, many scholars have dedicated their research to this issue.

My research focuses on the problem of the formation and development of agricultural farms. The problems of forming agricultural farms include changes in the development of farms, effective ways of production on agricultural farms and other factors. In spite of great achievements in addressing these problems, further search for effective ways of developing agricultural farms in Ukraine still attracts scholars attention.

As experience proves, nowadays farmers in our country have many problems, such as: how to produce profitably, where to get money for production, how to sell the products produced at a profit, and how to avoid risks. So, attempting to find answers to the questions raised, and the need to study this problem thoroughly, led to the choice of this theme for my investigation.

The main object of the thesis "Formation and development of agricultural farms" logically suggests the need to solve the following specific tasks:

- 1) to compare the advantages and disadvantages of each form of business organization;
- 2) to explore economies of size and how they help to explain changes in farm size and profitability;
- 3) to show how profit, or net farm income, is computed from an income statement, and what it measures;
- 4) to analyze farm profitability by computing returns on assets and by studying other measures of profitability;
- 5) to understand the structure and components of a cash budget;
- 6) to compare alternative arrangements for transferring the income, ownership and management of a business form one generation to the next;

7) to present methods for increasing the efficiency of machinery use.

Research results have proven the necessity for further investigation of the problems above, aimed at finding the best possible ways of production on the agricultural farms of Ukraine.

RESUME 2

At the present time, under conditions of expanding international contacts in various areas of educational, scientific and professional activity, and in the sphere of economics, solving the problems of the formation and development of Ukrainian agricultural competitiveness, which can result in a process of optimizing ways of paying wages to the rural population, is of great importance.

This phenomenon is reflected in the latest programmers' requirements applied to making a research to agriculture of Ukraine in terms of development the world economy.

The rapid development of economic relations of Ukraine with the world requires new researches to enter the foreign markets, to cooperate in the sphere of economy, agriculture, science and communication. Recent researches have placed great emphasis on improvement of the agriculture relations.

Because of importance of this problem, many scholars have dedicated their researches to the issue.

My research bears on the problem of the present condition of the agriculture in Ukraine. The problems of agriculture has not been solved enough. In spite of great achievements in addressing the problem, the further search and creation of the best conditions for development the agriculture still attracts scholars' attention.

Attempts to find answers to the issue raised and the need to study these problems more thoroughly led to the choice of this theme for my investigation.

The main object of the paper "Material stimuli of agro industrial production staff" suggests the need to undertake the following specific tasks:

- 1) to solve the problem of low pay for agricultural work;
- 2) to analyze the principles underlying the low level of agricultural development in Ukraine;
- 3) to find the best ways to develop agriculture and to optimize the payment of wages;
- 4) to create a model for the optimal pay of work to achieve the best results.

Research results have proved the necessity for further investigation of the problem outlined in my speech – finding the best ways possible to optimize the means of wage payments.

RESUME 3

At the present time, under conditions of rapid world population growth, there follows the necessity of growing high quality food stuff and among the cereal and grain crops, winter wheat is permanent. At the same time, the amount of land under cultivation continues to grow, and, in many cases, it results in extensive agricultural activity. Scientists, selectioners and geneticists try to resolve this problem by increasing the quality of plant seed in order to achieve the best results.

With every passing year, scientists try, as hard as possible to achieve the full biological potential of various strains of winter wheat.

The enlargement of the rapidly growing economic relations between Ukraine and European Union depends, in a large measure, on how it presents itself in the grain market. It is, in fact, not secret that Ukraine is and continues to be one of the more perspective grain producers on the European continent and elsewhere.

For the past few decades research in selection and genetics has achieved extraordinary results, however, there remains a lot of unanswered questions and unexplored areas.

My scientific project is directed at the perfection of seed growing technologies for growing high-quality winter wheat seed with high yield and germination properties.

The primary objective of the work “Perfection of seed breeding technologies of growing of high-quality seed of wheat with high sowing qualities and productive properties” is: to detect the influence of treaters on the growth processes and on the general productivity of the explored sorts; finding optimal terms of sowing for some sorts; to detect influence of tillering on the productive yield.

I think that results of my researches help to answer some questions in breeding and seed breeding of cereal. Results of my work will be useful for grain producers in our country.

RESUME 4

At the present time, under conditions of rapid world population growth, there follows the necessity of growing high quality food stuff and among the cereal and grain crops, winter wheat is permanent. At the same time, the amount of land under cultivation continues to grow, and, in many cases, it results in extensive agricultural activity. Scientists, selectioners and geneticists try to resolve this problem by increasing the quality of plant seed in order to achieve the best results.

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RESUME 5

The modern development of society has been characterized by the rapid growth of the demands and requirements of agricultural output, both in terms of quantity and quality. Moreover, with continued population growth on the planet, more and more the question satisfying the world’s demand for food appears to be a relevant one. That is why the increasing grain production and increasing its quality remains the critical problem of agriculture worldwide and in Ukraine in particular.

New achievements in plant breeding will help to solve the task facing humanity – utilizing the maximum potential of the plant kingdom. However realizing this potential is possible only with the help of a properly organized seed growing system, which monitors the question of rapid variety changing and seed renewal and preserving high-quality and high-yield features of the accrued genotypes under that, passing them from one seed to successive generations of seeds.

Preserving genetic characteristics through the reproduction process is still full of secrets and is a broad field for new research and experimentation. The necessity of studying this question has attracted many researchers because a comprehensive knowledge of this sphere will aid in utilizing manufacturing facilities more productively and will earn a greater return on the applied agro-

technical measures for the growing of one variety or another under modern intensive technologies.

So, the need to investigate this problem thoroughly led to the choice of this topic for my investigation – Improving replication methods of variety genotype in primary and reproduction winter wheat seed breeding under the condition of Ukrainian Forest-step area.

My research focuses on the alteration of the characteristics of the winter wheat seed during the process of reproducing under different sowing conditions. The object of my research is eleven modern varieties of different reproducing recommended for the given Forest-steppe area. The seed is sown under different specifications: 5 million and 2,5 million seeds per hectare. It is carried out test in four valid for one occasion repetition.

The two-factor nature of the research will allow the research spectrum to be extended considerably and provide answers to a larger number of questions.

The theme selected for research logically suggests the need to undertake the following specific tasks:

1. to define the change of seed sowing qualities and seed productive properties of every sort in the process of reproduction;
2. to search an ability for the tillering and to trace influence of reproduction on this index;
3. to explore the distribution of nutrients in the plant between primary and secondary stems;
4. to investigate the preservation of genotypic features of every reproduction by the electrophoresis of spare grain proteins;
5. to determine the difference of change of genotypes at the replication of every sort at the different seed rates;

Successful fulfillment of this investigation will provide for the questions raised and will explain the above-mentioned phenomena and processes that take place in winter soft wheat plants caused by genetic, morphological and biological transformations in organisms. It will also provide the possibility of finding practical application in the realization of primary seed growing and will be included into methodical recommendations.

RESUME 6

At present, under the conditions of extending international contacts in various areas of educational, scientific and professional activity, and in the sphere of economics, solving problems of training qualitatively new specialists able to communicate with their foreign partners in perfect professional English is of great importance.

This phenomenon is reflected in the latest programmes' requirements applied to making a research to a high level to receive a scientific degree which is valid and recognized in the world in terms of Bologna process.

The rapid development of economic relations of Ukraine with the world requires new researches to enter the foreign markets, to cooperate in the sphere of economy culture, science and communication. Recent researches have placed great emphasis on improvement of the external business environment.

Because of importance of this problem, many scholars have dedicated their researches to the issue.

My research bears on the problem of teaching Vocabulary to Economics and Business students. The problems of Vocabulary teaching to students have been taking into account their individual and psychological peculiarities, technical terms, instruction, and other facets. In spite of great achievements in addressing the problem, the further search and creation of the best conditions for teaching Vocabulary still attracts scholars' attention.

As experience proves, Economics and Business students do not learn Vocabulary well enough. So, attempts to find answers to the question raised and the need to study this problem thoroughly led to the choice of this theme for my investigation.

The main object of the paper "Teaching Vocabulary to Economics and Business Students" logically suggests the need to undertake the following specific tasks:

1. to determine the problem of teaching Vocabulary to Economics and Business students;
2. to analyse the principles for selecting the minimum Vocabulary;
3. to find the best ways of semantisation of the target lexical units;
4. to develop the appropriate lexical exercises which will enable to achieve the best results.

Research results have proved the necessity for further investigation of the problem mentioned in my short speech, aimed at finding the best possible ways of Teaching Vocabulary to Economics and Business students.

Discuss with your fellow the following questions about the RESUMES:

1. what is common about the texts
2. what is peculiar about the text
3. can you define the structure of the text
4. write a short outskirts of the RESUME-text
5. which one do you like the best and one

Read the Useful Language about writing RESUME about your research and develop your own one.

Useful Language:

1) at present, under the condition of	на сьогодні в умовах
2) solving problems of training	вирішення проблем навчання
3) to be reflected	відображатися
4) to make a research	здійснювати дослідження
5) to enter the foreign market	виходити на зовнішній ринок
6) to place great emphasis	акцентувати увагу
7) scholar	вчений
8) a research bears on the problem	дослідження зосереджене на проблемі
9) as experience proves	як досвід засвідчує
10) to undertake tasks	виділити завдання
11) to determine the problem	визначити проблему
12) to analyse the principles for selecting	проаналізувати принципи відбору
13) to develop the appropriate exercises	розробити відповідні вправи
14) to approve the necessity	доводити необхідність
15) a problem aimed at	проблема спрямована на

Розділ VI. ПРЕЗЕНТАЦІЯ АНГЛІЙСЬКОЮ МОВОЮ (GIVING PRESENTATION IN ENGLISH)

It might seem an absurd idea that giving a presentation in a foreign language can be fun. But enjoying the experience of talking in front of others comes from the knowledge and confidence that you can do it well. This article aims to help you.

The importance of good presentation skills is rising. Employees are increasingly being asked to present to international audiences the latest sales figures, to unveil the latest product, or to explain changes in strategy – and all in English.

Many factors can influence how well you communicate. These include your preparation, the type of audience, the room in which you talk, your level of English, your voice, the visuals you use, your clothes, and whether you smile. The list may seem depressingly long, but good presenting requires you to handle a few basics well and to avoid certain pitfalls. Before reading on, ask yourself the following questions, and compare your answers with those in the article.

What should I say in the first few minutes?

What should I do with my hands when I'm speaking?

What makes a good visual?

What can I do to handle questions well?

What cultural factors could influence the success of my presentation?

STEP ONE: GOOD PLANNING

Planning is the key to a good presentation. This means considering the three “Ps”: people, place and purpose.

People

Think about your audience. Everything should be geared to its needs and expectations. So, who are they? What do they need to know? Do they want to just listen or to contribute? Do they value punctuality and good time-keeping? Do they prefer a flexible style to rigid structure? Do they see informality as a lack of professionalism? Do they see digression as irrelevant?

Think also about cultural differences. It is said that, typically, German audiences love to hear facts; US audiences expect a show; and Italian audiences love to participate.

Place

If possible, visit the room beforehand. How big is it? Are the acoustics good? How is the seating organized? Where can you stand to show visuals? Do you have the necessary equipment? Can you check that it works?

Purpose

Why are you giving the presentation? This must be absolutely clear — both to you and your audience. Are you looking to inform, educate, persuade, entertain, motivate, get feedback, impress or create a relationship? Do you have a hidden agenda?

STEP TWO: GETTING STARTED

Organization

When choosing content, follow a four-step process:

First, collect ideas.

Next, select the most useful ideas for your objective.

Thirdly, group the points into logical units.

Finally, sequence these units to create a clear thread.

Introductions

Remember, too, that first impressions count. You can win or lose an audience in the first few minutes. So, choose elements from the classic introduction (see box on the right) to help you make a professional start. Remember to make your objective very clear. But you should also plan to hook your audience at the beginning, to create an impact that will engage them and build interest for the whole presentation. Here are three simple techniques to do just that:

Surprise your audience

“Did you know that Cisco does 80 per cent of its training online? Now you know why I’m talking about e-learning today.”

Make an offer

“Imagine a consultant who could sell you a 20 per cent increase in your productivity in 12 months. Well, don’t just imagine it. That’s what I intend to do today.”

Use rhetorical questions

“OK. Why are we here today? Well, the subject is quality. Why quality? Because without it, you can’t succeed.”

The classic introduction

- Greeting
- Thanks to audience
- Name and job position
- Presentation title and/or subject
- Objective
- Structure
- Main points
- Timing
- Say when you would like questions
- Link to first section

STEP THREE: DELIVERING

Psychologist and author Albert Mehrabian once famously analysed communication as being seven per cent verbal (the words we use), 38 per cent voice (tone, volume, etc.) and 55 per cent body language. While one can argue about these percentages, successful presenters clearly manage all three elements well.

Verbal

Language is the packaging for your message. Different forms and structures can enhance your message significantly. Focus on the following areas:

CLARITY

Structure your presentation explicitly and use “signalling” or “signposting” language to guide the audience. For example: “*OK, that brings me to the end of the first section. Now I’d like to move on to the second point.*” Also, remember the somewhat clichéd but still relevant rule of “KISS”: *keep it short and simple*. Use the sort of language your audience will understand.

IMPACT

In today’s ultra-competitive business world, it is essential to be persuasive. There are a number of techniques:

Repeating Repeat key points, using synonyms: “Our solution is *very* cheap, *ultra*-fast and *extremely* reliable.”

Contrasting This technique gives your information a clearer focus: “Last year was only average. This year is exceptional.”

Simplifying Simpler language can communicate more effectively: “No profit? Solution? Invest! Acquire!”

Questioning Rhetorical questions vary your rhythm: “So what is the problem? The problem is cash flow.”

Energizing Add energy by punctuating strongly with filling words: “OK ... / So ... / Right ...”

Engaging Establish rapport with your audience by including an interesting personal anecdote.

PERSONAL STYLE

The words and phrases we use are often a question of personality, as is our style of delivery. It is important to know your strengths and weaknesses and adapt to the needs of your audience. Be aware of whether you make the sound «er» (or “uh”) when you hesitate. This is very distracting. It is better to think in silence. Record yourself – more than one “er” a minute is too many.

Voice

Using your voice effectively may involve changing the way you usually speak. Record yourself speaking and analyse yourself on the scale below.

VOLUME: Too low  Too loud
 SPEED: Too slow  Too fast
 INTONATION: Too boring  Too excited

Good speakers also use sentence stress to highlight the key words, as well as pauses and rhythm to create a natural, dynamic delivery.

MAKING THE MOST OF YOUR VISUALS	
<p>Visuals can dramatically enhance your message by entertaining and educating your audience at the same time. But be careful: visuals can also be distracting. Here are the ten most common mistakes made by presenters:</p>	
<p>DESIGN</p> <ol style="list-style-type: none"> 1. Too much text. Six words per line and six lines in total is a good rule to follow. 2. Illegible and inconsistent text. 3. Too many visuals with “seen before” cartoons and animation effects. 4. Unclear or mismatched colours. 5. Visuals that all look the same. 	<p>DELIVERY</p> <ol style="list-style-type: none"> 1. Reading word for word from a visual. 2. Talking without looking at the audience. 3. Standing in the wrong place so you block the audience’s view. 4. Moving too quickly from one visual to the next. 5. Not knowing how to use the equipment properly
<p>Also, do not write long sentences on to a flip chart – your audience might fall asleep!</p>	

Body language

This is a subject that is often complicated by cross-cultural factors. Your audiences may have very strong expectations of how you look and how you move. Probably the best advice is simply to be yourself. If you are relaxed and confident, your body will follow and communicate that naturally. However, there are some things you can do to enhance your performance:

Move a little. Don’t become too static. When taking a question, move toward the questioner.

Keep strong eye contact. This suggests sincerity.

Maximize your body square. Most of the time, your hands/arms should occupy the square between your shoulders and waist, with hands together or apart.

Use fingers when describing points with numbers: raise your thumb for point one; thumb and index finger for point two and so on. The back of your hand should face the audience.

Remember also that audiences are easily distracted by personal tics. Video yourself giving a presentation, and then watch for mannerisms that could be distracting.

If it can go wrong, it will go wrong!

Always anticipate potential problems. Have a look at things that can go wrong. How would you handle them? Discuss your ideas with a colleague.

- ⇒ Someone walks in late.
- ⇒ A listener falls asleep.
- ⇒ Your laptop, with all those beautifully prepared slides, crashes.
- ⇒ You drop all your back-up transparencies on the floor.
- ⇒ Somebody calls out, “Rubbish!”
- ⇒ Two people get up and leave.
- ⇒ A mobile phone rings.
- ⇒ One person keeps asking you questions.
- ⇒ The audience looks bored.
- ⇒ You realize you don't have enough time for everything.

STEP FOUR: FINISHING WELL

Psychologists tell us that we remember best what is said at the beginning and at the end of a presentation. A strong finish is therefore essential. Make sure that you summarize clearly the main points of your talk; have a simple, short message your audience will remember; and have time for questions.

The question phase of a presentation is the most challenging, as it is the least predictable. Try to anticipate the questions that you might receive, especially the critical ones, and prepare answers. This will enable you to remain confident and to appear authoritative. Also, don't be afraid to use the trick of planting someone in the audience to ask a first “friendly” question.

When taking questions, remember the simple acronym RACE as a step-by-step guide of what to do:

R = Respond

This may be a positive response or a clarification of the meaning of a question. Clarification will mean you don't waste time answering the wrong question.

A = Answer

Keep your answer concise and, if possible, link back explicitly to something you said in your presentation.

C = Check

Always check with the questioner that you have answered the question. In more interactive meetings, you can always ask the questioners for their thoughts and opinions.

E = Encourage

This means invite, or ask for, more questions. Be sure to allow time for people to formulate their questions.

Here are some other useful tips for the question part of your presentation:

- Never say “I don’t know”. Offer to find the answer to a question you do not know the answer to, and get back to the questioner.
- Throw back a hostile question with the question “What do you think?”
- Don’t enter into a debate with one person.

When questions are over, politely thank the audience for their attention. Plan to give them one more final message or observation to take away before you finish, and accept the rapturous applause!

INTERNATIONAL PRESENTATIONS

INTRODUCTION	
Function	Language
Greeting	Good morning, everyone. I think we can get started.
Thanking	Thank you all for coming.
Personal details	My name is... and I'm... (give company/position)
Subject of talk	The topic of today's presentation is...
Objective	My main objective is to...
Structure	I've divided the presentation into ... parts.
Main points	First, I'll talk about... Second, ... Third, ...
Timing	The presentation will take around ... minutes.
Questions	If you have any questions, ... please feel free to interrupt me. ... I'd prefer to take them at the end.
Support	I have some handouts for you at the end.

SIGNALLING WHAT YOU ARE DOING	
Function	Language
Linking to first section	So, to begin, I'd like to look at...
Ending a section	OK, that's all I wanted to say about that.
Opening a new section	If there are no questions, I'll move on to...
Exploring several points	In relation to... / Regarding... / With respect to...
Digressing	If I could just digress for a second, ...
Coming back	OK, let me come back to the main issue.

PERSUADING AND ENGAGING AN AUDIENCE	
Function	Language
Focusing	I'd like to focus on...
Repeating	We need a simple process, with simple documentation.
Being dramatic	This is a total catastrophe.
Contrasting time	Last year we didn't do it. Today, we must!
Simplifying	Buy it, then sell it for more. That's business.
Using interesting facts	Did you know that...?
Creating rapport	I'm sure some of you recognize this problem.
Involving	Does anyone have any questions or comments?

THE CONCLUSION	
Function	Language
Signalling the end	OK, that brings me to the end of the presentation.
Summarizing	Before I finish, I'd like to summarize the key points.
Inviting questions	So, if there are any questions, I'd be very happy to try to answer them.

QUESTIONS	
Function	Language
Being positive	That's a good / interesting / complex / topical question.
Clarifying	Sorry, I'm not sure I understood. You're asking about...?
Avoiding	I'm not sure, but I could certainly check for you. OK?
Checking	Did I answer your question? / What do you think?
Encourage	Are there any more / any final questions?

ENDING	
Function	Language
Final statement	To conclude, I would like to say that...
Closing	Thank you very much for listening. Thank you.

USING VISUALS	
Referring to visuals	
Introducing	OK, now I'd like to show you...
Checking	Can everybody see that?
Explaining	As you can see, this graph shows...
Drawing attention	The most important thing here is...
Moving on	OK, let's look at the next table.
Referring back	If we go back to the first graph...
Referring to figures	If you look at the second column....

DESCRIBING BUSINESS TRENDS	
The grammar of change	
Current change	Sales are increasing.
Past change: time specified	Sales increased last year.
Past change: time not specified	Sales have increased.
Future change	Sales will increase.
Type of change: adverb	Sales increased significantly.
Type of change: adjective	There was a significant increase in sales.

Types of changes	
ADJECTIVE	ADVERB
dramatic	dramatically
rapid	rapidly
sharp	sharply
slight	slightly
slow	slowly
steady	steadily

Prepositions for changes
Sales rose <u>from</u> \$100 million <u>to</u> \$170 million.
Sales rose <u>by</u> \$70 million.
There was a rise <u>in</u> sales <u>of</u> \$70 million.

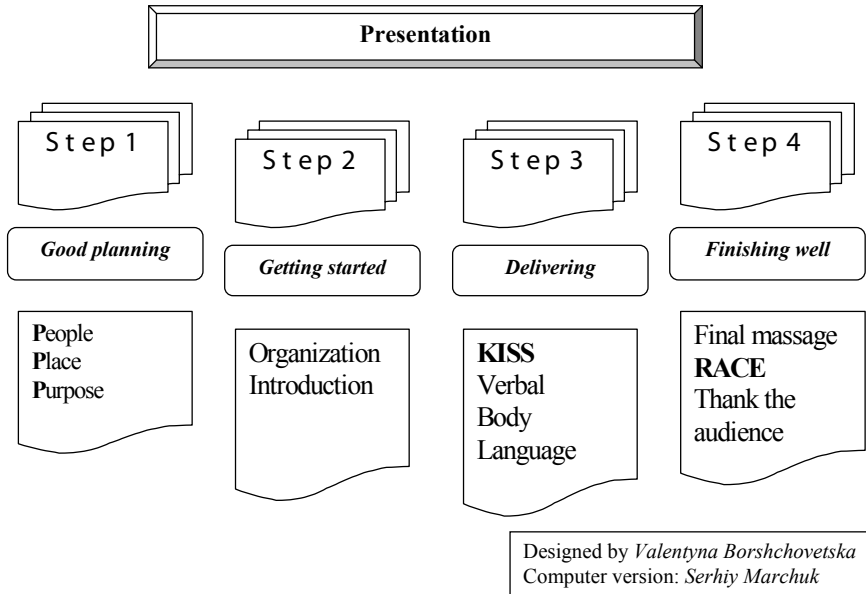
Causes and results	
The cause	This was a result of... This was due to...
The result	This will result in... This will lead to...

Going up	
VERB	NOUN
go up	–
grow	a growth
increase	an increase
improve	an improvement
rise	a rise
soar	–

Going up	
VERB	NOUN
decrease	a decrease
deteriorate	a deterioration
drop	a drop
fall	a fall
get worse	–
go down	–
slump	a slump

Ex. 1

You are going to give presentation about your research you have done at the moment. Learn the chart below you will be assessed and discuss it with your friend.



Ex. 2

Next month you are going to participate in the International Conference. Prepare a presentation in English using Power Point and the useful language you have learned. Do not forget about four steps of giving presentation. Your presentation has to last for about 15 minutes.

ДОДАТКИ

Додаток А

Навчальний матеріал з англійської мови

1. Структура речення в англійській мові порівняно зі структурою речення в українській мові. Розповідне, питальне та заперечне речення. Типи питань.
2. Дієслово. Допоміжні, питальні та смислові дієслова.
3. Спосіб (дійсний, умовний, наказовий). Система часів.
4. Активний і пасивний стан. Особливості використання і перекладу пасивного стану. Узгодження часів.
5. Безособові форми дієслова. Дієприкметник, функції та способи перекладу. Інфінітив, функції та способи перекладу. Герундій, функції та способи перекладу.
6. Модальні дієслова та їх еквіваленти.
7. Умовний спосіб. Емфатичні конструкції.
8. Функції дієслів: to be, to have, to do, will, should, would. Функції дієслів із закінченням -ing, -ed.
9. Іменник. Утворення множини. Присвійний відмінок.
10. Артикль.
11. Займенник (загальні відомості). Особові, присвійні, вказівні займенники. Неозначені займенники some, any і заперечний займенник no. Кількісні займенники many, much, few. Неозначено-особовий займенник one. Три функції one. Підсилювальні та зворотні займенники.
12. Прикметник. Прислівник. Ступені порівняння.
13. Числівник. Кількісні та порядкові числівники. Дріб. Читання формул, хронологічних дат, позначень часу.
14. Граматичні особливості перекладу (артикль, іменник, прикметник, числівник, займенник, дієслово, прислівник, прийменник, сполучник). Конструкції типу the more, the better, there + be.
15. Синтаксичні особливості перекладу (умовне речення, неозначено-особові та безособові речення, безсполучникові підрядні речення, складнопідрядні речення, еліпсис, емпіфаза, інверсія, подвійне керування та ін.).
16. Лексичні особливості перекладу (багатозначність, конверсія, синонімія, неологізм, “фальшиві друзі перекладача”, британський та американський варіанти англійської мови, термін, уживані вирази та службові слова, іншомовні запозичення, абрєвіатури, умовні позначення, власні назви, англійська система мір та ваги тощо).
17. Жанрові особливості перекладу.
18. Найуживаніші суфікси, префікси англійської мови науково-технічної літератури та їх значення. Основні суфікси іменників, прикметників, дієслів, прислівників.

Титульний аркуш реферату (зразок)

**МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
БІЛОЦЕРКІВСЬКИЙ ДЕРЖАВНИЙ АГРАРНИЙ УНІВЕРСИТЕТ**

Назва факультету
Назва кафедри, де складається іспит

РЕФЕРАТ

з прочитаної англійською мовою літератури з фаху
(назва спеціальності, шифр) на тему:
(вказати назву теми)
аспіранта (здобувача)
(прізвище, ім'я та по батькові)

Науковий керівник
наук. ступінь, вчене звання
прізвище, ім'я та по батькові
_____ /підпис/

викладач ... мови
наук. ступінь, вчене звання
прізвище, ім'я та по батькові
_____ /підпис/

Біла Церква
2006

ВИМОГИ ДО НАПИСАННЯ РЕФЕРАТУ

1. Структура реферату

Реферат повинен містити:

- титульний аркуш;
- зміст;
- перелік умовних позначень (за необхідності);
- вступ;
- основну частину;
- висновки;
- список використаних джерел (не менше п'яти);
- додатки (за необхідності);
- англо-український термінологічний словник (100 термінів);
- резюме.

2. Вимоги до змісту реферату

2.1. Титульний аркуш реферату (додаток А)

Титульний аркуш реферату містить найменування відомства (міністерства), до якого належить вищий навчальний заклад (ВНЗ), де здобувач (аспірант) складає кандидатський іспит з іноземної мови, назву ВНЗ, назву реферату; прізвище, ім'я, по батькові автора (здобувача або аспіранта); прізвище, ім'я, по батькові консультанта з іноземної мови; науковий ступінь, вчене звання; місто і рік.

2.2. Зміст

Зміст подають на початку реферату. Він містить найменування та номери початкових сторінок усіх розділів, підрозділів та пунктів (якщо вони є та мають заголовок), зокрема вступу, висновків, додатків, списку використаної літератури та ін.

2.3. Перелік умовних позначень, символів, скорочень і термінів (за необхідності)

Якщо в рефераті використані маловідомі скорочення, нові символи, позначення та ін., то їх перелік може бути поданий у рефераті у вигляді окремого списку, який розміщують перед вступом.

Перелік слід друкувати двома колонками, в яких зліва за абеткою наводять, наприклад, скорочення, справа – їх детальне розшифрування.

Наприклад:

ЖЦТ – життєвий цикл товару;

ІПП – інформаційні продукти і послуги;

СМО – система масового обслуговування.

2.4. Вступ

Розкриває сутність і стан наукової проблеми, висвітленої в опрацьованих Вами джерелах, значущість обґрунтування необхідності цієї проблеми, використання опрацьованої літератури у процесі проведення дослідження.

2.5. Основна частина

Основна частина реферату складається з розділів, підрозділів, пунктів, підпунктів. Кожний розділ починають з нової сторінки. Після кожного розділу з нової сторінки формулюються висновки зі стислим викладенням наведених у розділі наукових і практичних результатів, **наприклад**: Висновки до розділу I.

2.6. Висновки

Викладають найважливіші наукові та практичні результати, одержані під час опрацювання іншомовних джерел з теми Вашого дослідження.

Далі формулюють висновки та рекомендації щодо наукового і практичного використання здобутих результатів у подальшому дослідженні.

2.7. Список використаних іншомовних джерел

Список використаних джерел (додаток Г) слід розміщувати одним із таких способів: у порядку появи посилань у тексті, в алфавітному порядку прізвищ перших авторів або заголовків (рекомендований), у хронологічному порядку.

Приклади оформлення іншомовних джерел наведені у додатку Г.

2.8. Додатки (за необхідності)

Для повноти сприйняття реферату до додатків за необхідності доцільно вносити допоміжний матеріал:

- таблиці;
- розрахунки економічного ефекту;
- інструкції та методики, що можуть бути використані в подальшому дослідженні;
- допоміжні ілюстрації тощо.

Додатки оформляють як продовження реферату на наступних його сторінках. Кожен додаток повинен починатися з нової сторінки. Додаток повинен мати заголовок, надрукований угорі малими літерами з першої великої симетрично відносно тексту сторінки. Посередині рядка над заголовком малими літерами з першої великої друкується слово „Додаток” і велика літера, що позначає додаток.

Додатки слід позначати послідовно великими літерами української абетки, **за винятком літер Г, Є, І, Ї, О, Ч, Ї**.

Наприклад: Додаток А.

3. Правила оформлення реферату

3.1. Загальні вимоги

Реферат друкують за допомогою принтера на одному боці аркуша білого паперу формату А4 (210×297) через 1,5 міжрядкових інтервали до тридцяти рядків на сторінці.

Обсяг основного тексту (без списку використаних джерел та додатків) реферату має становити 0,8-1 друкованого аркуша (20-25 сторінок). Зазначений обсяг реферату розрахований на оформлення на комп'ютері з використанням шрифтів текстового редактора **Word** розміру 14 із подвійним міжрядковим інтервалом.

Текст реферату друкують, залишаючи поля таких розмірів: ліве – 25 мм, праве – 15 мм, верхнє – 20 мм, нижнє – 20 мм.

Щільність тексту реферату – всюди однакова.

Заголовки структурних частин реферату **„ЗМІСТ”, „ПЕРЕЛІК УМОВНИХ СКОРОЧЕНЬ”, „ВСТУП”, „РОЗДІЛ”, „ВИСНОВКИ”, „СПИСОК ВИКОРИСТАНИХ ДЖЕРЕЛ”, „ДОДАТКИ”, „АНГЛО-УКРАЇНСЬКИЙ ТЕРМІНОЛОГІЧНИЙ СЛОВНИК”, „РЕЗЮМЕ”** друкують великими літерами симетрично до набору. Розмір шрифту 14. Заголовки підрозділів друкують маленькими літерами (крім першої великої) з абзацного відступу. Крапку в кінці заголовка не ставлять. Якщо заголовок складається з двох і більше речень, їх розділяють крапкою.

Відстань між заголовком та текстом повинна дорівнювати 3-4-м інтервалам.

Кожну структурну частину реферату слід починати з нової сторінки.

До загального обсягу реферату не входять додатки, список використаних джерел. Однак всі сторінки зазначених елементів реферату підлягають суцільній нумерації.

3.2. Нумерація

Нумерацію сторінок, розділів, підрозділів, рисунків, таблиць, формул подають арабськими цифрами без знака №.

Наприклад: РОЗДІЛ 1; Рис. 1.2.

Першою сторінкою реферату є титульний аркуш, який підлягає загальній нумерації сторінок реферату. На титульному аркуші номер сторінки не ставлять, на наступних – номер проставляють *у правому верхньому куті сторінки без крапки в кінці*.

Номер розділу ставлять після слова РОЗДІЛ, після номера крапку не ставлять, потім з нового рядка друкують заголовок розділу. **Наприклад:**

РОЗДІЛ I. Фактори розміщення продуктивних сил

Підрозділи нумерують у межах кожного розділу. Номер підрозділу складається з номера розділу і порядкового номера підрозділу, між якими ставлять крапку. В кінці номера підрозділу слід ставити крапку. Потім у тому ж рядку наводять заголовок підрозділу.

Наприклад: 1.3. Фактор ринкової кон'юнктури

3.3. Ілюстрації

Ілюстрація, наведена в рефераті, має відповідати тексту, а текст – ілюстрації. Ілюстрації позначають словом „Рис.”, „Мал.” і нумерують послідовно в межах розділу. Номер ілюстрації повинен складатися з номера розділу та порядкового номера ілюстрації, між якими ставиться крапка. **Наприклад:** Рис. 1.2 (другий рисунок першого розділу). Номер ілюстрації, її назву розміщують послідовно під ілюстрацією.

Таблиці розміщують послідовно в межах розділу. У правому верхньому куті над відповідним заголовком таблиці розміщують надпис „Таблиця” курсивом із зазначенням її номера. Номер таблиці повинен складатися з номера розділу та порядкового номера таблиці, між якими ставиться крапка.

Наприклад:

Таблиця 1.2

Порівняльна характеристика середніх показників перед- і післяекспериментальних зрізів для визначення рівня сформованості лексичної компетенції

головка					заголовки граф
					підзаголовки граф
рядки					

Назву таблиці друкують з великої літери, жирним шрифтом, симетрично до тексту.

3.4. Посилання на використані джерела

При написанні реферату здобувач (аспірант) повинен посилатися на опрацьовані ним іншомовні джерела з теми дисертаційного дослідження.

Посилання в тексті реферату на джерела слід зазначати порядковим номером за переліком посилань, виділеним двома квадратними дужками, наприклад: „... у працях [1-3] ...”.

Коли в тексті реферату необхідно зробити посилання на складову частину чи конкретні сторінки відповідного джерела, можна наводити посилання у квадратних дужках, при цьому номер посилання має відповідати його бібліографічному опису за переліком посилань.

Наприклад:

Цитата в тексті: „...незважаючи на пріоритетне значення мовних каналів зв'язку між діловими партнерами, ні в якому разі не можна ігнорувати найбільші канали передавання інформації [4, с.21].”

Відповідний опис у переліку посилань:

4. Tunzelmann N. Growth and the supply side in Europe since the Second World War // The European Economy/ Ed. by David A. Duker. – Harlow: Longman, 1999. – P. 11-42.

Приклади оформлення бібліографічного опису у списку іншомовних джерел, який наводять у рефераті

Характеристика джерела	Приклади оформлення
Монографії: один, два або три автори	Carter R., McCarthy M. Vocabulary and Language Teaching. – London: Longman, 1996. – 242 p.
Збірки наукових праць	The European economy. Ed. by David A. Dyker. – Harlow: Longman, 1999. – 439 p.
Словники	Англо-русский словарь по экономике и финансам / Под редакцией проф., д-ра экон. наук А.В. Аникина. – С-Пб.: Экономическая школа, 1993. – 579 с.
Складові частини: – книги	Nattinger J. Some current trends in Vocabulary teaching // Vocabulary and Language Learning. Eds. Carter R., McCarthy M. – London: Longman, 1996. – P. 62-82.
– збірника	Howe K.S. The European agricultural industry // The European economy. Ed. by David A. Dyker. – Harlow: Longman, 1999. – P. 404-430.
– іноземного журналу	Perez K. Radiation therapy for cancer of the cervix // Oncology. – 1998. – Vol. 15, № 4. – P. 84-98. Schmidt R. Deconstruction consciousness: in search of useful definitions for Applied Linguistics // AJLA. – Review 11. – 2001. – P. 11-18.
Електронні джерела	www.nbu.gov.ua www.uni-giessen.de Давидович М.К. Психологічні передумови навчання перекладацької діяльності [Ел. ресурс] / Спосіб доступу: http://www.nbu.gov.ua/science/14579_254 Електронні бібліотеки: Науковий електронний журнал // http://www.risi.ru/el_bibl

Алгоритми реферування прочитаного

1.	The article The piece of news The abstract	is headlined	“				
2.	The title The headline	of the article of the abstract	is “				
3.	It	was has been	published in a (an)	British American Canadian Australian	newspaper “...” magazine “...” journal “...” supplement “...”	this last	week. month. year.
4.	It's the	monthly quarterly	journal. supplement.				
5.	The author of	the book the article the editorial	is	Mr. / Dr. / Prof. X. not pointed out.			
6.	The article The editorial The book	is written by	Mr. / Dr. / Prof. X. the editor. the editor-in-chief.				
7.	The article The editorial The book	is about is devoted to is dedicated to deals with considers touches upon is concerned with dwell on discusses stresses emphasizes				
8.	It should be	noted stressed pointed out emphasized mentioned	that			
9.	about ...	made me think about ... made me come to ... the conclusion that ...					

Найбільш уживані вислови для реферування тексту наукового характеру англійською мовою

а) вступні вирази:

1. Ця стаття присвячена ...	1. This article centres about (deals with, devotes considerable attention to, is oriented forward to) ...
2. Мені хотілося б підкреслити, що ...	2. I would like to emphasize that ...
3. Немає необхідності перераховувати всі ...	3. There is no need to enumerate all ...
4. Я вважаю за потрібне підкреслити, що ...	4. I find it necessary to emphasize that ...
5. У цьому зв'язку особливу увагу слід приділити ...	5. In this connection particular importance should be attached to ...
6. З урахуванням згаданої вище проблеми ...	6. With regard to the problem mentioned ...
7. Цей приклад чітко демонструє ...	7. This example clearly shows ...
8. Викладені вище принципи повністю відповідають ...	8. The principles stated above fully correspond to ...
9. Резюме можна викласти в двох заваженнях загального характеру	9. The resume can be stated in two general observations
10. Ці спостереження мають важливе значення в ...	10. These observations are of great significance in ...
11. Отже, я можу зробити висновок ...	11. Thus I dare to conclude ...
12. Головне питання, котре поки що не вирішено ...	12. The main question not yet solved is ...
13. Нарешті мені хотілося б сказати, що ...	13. Lastly I'd like to say that ...
14. Очевидно, важливо зробити висновок ...	14. It may be important to conclude ...

б) зв'язувальні та узагальнюючі фрази:

- | | |
|--|--|
| 1. Взагалі ... | 1. In general ... |
| 2. Що стосується ... | 2. With regard to (as to) ... |
| 3. Це доводить, що ... | 3. It proves that ... |
| 4. Немає необхідності говорити | 4. Needless to say ... |
| 5. Певною мірою ... | 5. To some extent ... |
| 6. Більше того ... | 6. What is more ... |
| 7. Наскільки це стосується даної проблеми ... | 7. As far as this problem is concerned ... |
| 8. З точки зору ... | 8. From the point of view of ... |
| 9. Я вважаю, що ... | 9. I consider that ... |
| 10. Слід підкреслити ... | 10. It must be stressed ... |
| 11. Стосовно цієї проблеми ... | 11. Touching upon this problem ... |
| 12. Що стосується цього питання ... | 12. As to this question ... |
| 13. Щоб отримати найбільш глибоке уявлення про ... | 13. To gain a deeper insight into ... |
| 14. Ось чому необхідно ... | 14. That is why it is imperative to ... |
| 15. Важливо відмітити, що ... | 15. It is of importance to note ... |
| 16. По-перше (по-друге, по-третє) | 16. First (secondly, thirdly) ... |
| 17. Нарешті ... | 17. Finally ... |
| 18. Хочу зробити висновок ... | 18. I dare to conclude ... |
| 19. Перш за все ... | 19. Above all ... |
| 20. Так (таким чином) ... | 20. Thus (therefore) ... |
| 21. Крім того (до того ж) ... | 21. Furthermore ... |
| 22. Тому ... | 22. Therefore ... |
| 23. Більш того ... | 23. Moreover (over and above) ... |
| 24. Проте ... | 24. However ... |
| 25. Хоча ... | 25. Though ... |
| 26. Суттєво ... | 26. Essentially ... |
| 27. Тим не менш ... | 27. Nevertheless ... |
| 28. Порівняно з ... | 28. Compared with ... |
| 29. Звідси ... | 29. Hence ... |
| 30. Враховуючи це ... | 30. On this account ... |
| 31. Ось чому ... | 31. That is why ... |
| 32. В цілому ... | 32. On the whole ... |

в) комбінаторні вислови:

1. Ця стаття / уривок проаналізувала макроекономічні дані Європи	1. This chapter / abstract has examined macroeconomics data for Europe
2. Акцент зроблений на ...	2. The emphasis has been placed on ...
3. В результаті аналіз автора загалом відображає останні інтерпретації ...	3. In the outcome, the author's analysis generally rejects the recent interpretations of ...
4. Запропоновані деякі шляхи, які дозволяють переформулювати підходи більш переконливо ...	4. It has been suggested some ways in which the approaches might be reformulated more persuasively
5. Загалом я вважаю, що це пояснює Європейський ріст після-воєнного періоду лише незначною мірою ...	5. In general I find that this explains the patterns of post-war European growth to only a limited degree
6. Хоч я погоджуюсь з акцентом, пріоритетним у цьому підході ... я більш прихильний до теорії, що базується на ...	6. Although I happen to agree with the focus explicit in this approach ... I find greater support for the theory based on ...
7. Уривок статті розвиває попередній погляд на проблему ...	7. The abstract develops the earlier view on the problem of ...
8. Автор намагався проаналізувати зростання ринку, розділяючи погляд окремо на валову продукцію та сектор хімічних товарів	8. The author has attempted to analyse the development of the market by looking separately at the bulk or commodity chemicals sector ...
9. У цій статті автор запропонував підхід, в якому акцент інноваційної діяльності змістився з ... на ...	9. In this article the author has mapped the way in which the focus of innovative activity has shifted from ... to ...
10. Робота, представлена в цій статті, дає підстави вважати, що ...	10. The work surveyed in this article gives good grounds for believing that ...
11. Підсумовуючи, зазначимо, що політика розбіжностей, описана в цій статті, відображає відмінності в поглядах з декількох ключових питань ...	11. To summarise, the policy disagreements described here reflect differences in judgement on several key questions ...

**ДИСКУТИВНІ ПИТАННЯ ДЛЯ ІСПИТУ (Ph.D EXAM
DISCUSSION QUESTIONS)**

Personal Information

1. Where did you graduate from?
2. How do your colleges regard you?
3. What are your strengths?
4. What are your weaknesses?
5. How does your supervisor criticism affect you?
6. What do you usually do in your free time, if any?

Research / Education

1. What were your favourite subjects at the University?
2. Who is your scientific supervisor?
3. What is your scientific supervisor?
4. What Faculty / Department do you do your research?
5. How long have you been working at your research?
6. If you had to start your research again, what would you change?
7. Why did you apply for this Ph.D course?
8. Why do you think you were selected for the Ph.D course?
9. What is the theme of your thesis?
10. When do you expect to finish your research?
11. Have you published any scholarly works / scientific articles on your research? What kind of edition it is?
12. What resources do you use while working at your thesis?
13. Have you conducted any experiments relevant to your research?
14. What results have you received then?
15. Of all your targets *ad hoc* which ones haven't you achieved? Why?
16. Describe your most recent success.
17. Latin Vocabulary is quite often used in the scientific editions. Can you provide some examples?

Professional / Scientific Objectives and Motivation

1. What are your short term / long term objectives concerning your research / future job?
2. What kind of job would you prefer to do in the next 5 years (after defending your thesis)?
3. What does the word «success» mean to you at the moment?

**ФРАЗИ І АБРИВІАТУРИ ЛАТИНСЬКОЮ
МОВОЮ ІЗ НАУКОВИХ ПУБЛІКАЦІЙ (Latin phrases and
abbreviations commonly used in scientific publications)**

1. a fortiori – першочергово
2. a posteriori – з останнього
3. a priori – з попереднього
4. cf → confer – в порівнянні з
5. e.g. → exempli gratia – наприклад
6. et al. → – та інші (вказуючи авторів)
7. etc. → etcetera – і т.д.
8. i.e. → id est – іншими словами, тобто
9. inter – між, серед
10. inter alia – серед інш(их)ого
11. intra – в межах одного, всередині
12. ipso facto – очевидно з фактів
13. loc. cit. → loco citato – в згаданих місцях
14. N.B. → nota bene – замітьте, зверніть увагу
15. op.cit. → opere citato – в згаданій роботі
16. p.a. → per annum – за рік
17. per capita – на душу населення
18. post (post-war) – повоєнний
19. pre (pre-war) – довоєнний
20. prima facie – на перший погляд
21. pro forma – заради форми, формально
22. q.v. → quod vide – відноситься до, може стосуватись
23. via – засобом
24. ceteris paribus – і інші рівні
25. vis- → -vis – віч-на-віч
26. ex post (analysis, studies, impact) – результат; виходячи з
27. ex ante (demand) – бажаний, очікуваний
28. quid pro quo – одне замість іншого
29. ad hoc – до сих пір, на даний момент
30. ad valorem – за вартістю
31. per se – у чистому вигляді
32. ut infra – як зазначено нижче
33. ut supra – як зазначено вище
34. ad verbum – буквально
35. ib., ibid., → ibidem – там же
36. vs → versus – протилежне до
37. id → idem – те саме
38. Ca → circa – близько, приблизно

**УЧАСТЬ У КОНФЕРЕНЦІЇ
(Participating in a Conference (Congress))0**

Usually post-graduates are asked to participate in the International Conferences, Congresses, Summer Schools etc. Read the following announcement found in the Internet, learn the information, discuss with your partners in the group and fill in the registration form placed at the end of the text.

**ISAPL 2004
7th Congress of the International Association of
Applied Psycholinguistics
University of Silesia, Cieszyn, Poland
6 – 9 September 2004
CHALLENGING TASKS
FOR
PSYCHOLINGUISTICS
IN THE NEW CENTURY
Second Circular**

Dear Congress Participant,

As the Organizing Committee we take this opportunity to send you the **2nd Circular** of the 7th Congress of ISAPL 2004 to be held in Cieszyn, Poland, containing all the information you will need the event and your whereabouts.

We would like to draw your attention to the **Academic Program** and to present the plenary and round-table session that you will be able to participate in during the Congress.

The new dates for notification of abstract acceptance and the deadline for conference fee payment are also included in this circular.

We have also prepared a **Social Program** for you to choose from. Your choice should clearly be marked in the return conference registration slip.

You are also provided with information concerning the **accommodation** options in a variety of hotels – from three- star to budget accommodation on campus.

We would also like to remind you that you have a variety of **travel routes** that will get you to Cieszyn. When traveling by air, the nearest airports are Katowice and Kraków. The onward journey from those places will be arranged by us. If you arrive in Warsaw there is a good Inter-city train connection, too. Cieszyn is also accessible from Prague in the Czech Republic and Vienna in Austria by train journeys of approximately 7 hrs.

Please fill in the **REGISTRATION FORM** and send it to us either by e-mail or regular post.

Do not hesitate to contact us in case of doubts or problems. We will always try to assist you in your queries.

We are looking forward to welcoming you in Cieszyn!
The Organizing Committee

CONGRESS PROGRAM

*The theme of the Congress is **Challenging tasks for psycholinguistics in the new century** organized into the following sections:*

1. Language and cognition
2. Speech comprehension and production
3. First language acquisition
4. Second language acquisition/foreign language learning
5. Language communication and education
6. Bilingualism and multilingualism
7. Oral versus written communication
8. Verbal and nonverbal ways of communicating
9. Psycholinguistic analysis of literary texts
10. Psycholinguistic aspects of translation
11. Semiotics from a psycholinguistic perspective
12. Psycholinguistics and mass media
13. Language disorders and speech pathology
14. Human communication models and computers
15. Mass communication, the media and psycholinguistics

*The **key-note address** will be delivered by the Honorary Presidents of ISAPL:*

Prof. dr Tatiana Slama-Cazacu, Romania

Prof. dr Renzo Titone, Canada, Italy

Prof. dr Leonor Scliar-Cabral, Brazil

*The **plenary speakers** at the Congress will be:*

Prof. dr Michael Paradis, Canada

Prof. dr Maria da Graca Pinto, Portugal

Prof. dr Ida Kurcz, Poland

Prof. dr Stanisław Puppel, Poland

Prof. dr Janusz Arabski, Poland

*The **round-table sessions** will be organized by:*

Prof. dr Diane Ponterotto

Prof. dr Stefania Stamme

Please do reserve your rooms by contacting **the hotel directly**.

Remember to say you are an **ISAPL Congress participant**, because we have negotiated special rates for Congress participants.

University hostels are located on the campus and you can reserve those by **contacting us directly**.

There will be a **shuttle bus** for the Congress participants who are residing off the Congress venue (the campus).

SOCIAL PROGRAMME

You are welcome to choose from the following social events:

6th September:	Sightseeing tour of Cieszyn and a visit to Brackie Beer Brewery	free
7th September:	A trip to a local holiday resort (Wisla/Szczyrk)and dinner	30 Euros
8th September:	A reception at Lord Mayor's and conference dinner	20 Euros
9th September:	A half day trip to Kraków	30 Euros

All the events are optional and you can pay for them on the spot. However we would like you to mark in your final registration form (this circular) which event or events you are interested in. The costs are only approximate and may vary slightly.

CONTACT ADDRESS

If you want to make a definitive registration, please fill in the form included and send it to the following address (either by post or e-mail):

*ISAPL 2004
Prof. Janusz Arabski
University of Silesia,
Institute of English
Ul. Zytunia 10
41-205 Sosnowiec, Poland*

fax: (48) 32 291 74 17

e-mail address: enoffice@ares.fils.us.edu.pl

Organizing Committee:

*Prof. Janusz Arabski
Dr Andrzej Lyda*

Dr Danuta Gabrys-Barker
 Dr Jolanta Latkowska
 Dr Krystyna Warchal
 Dr Adam Wojtaszek
 Ms Bozena Leszkiewicz

ISAPL 2004

REGISTRATION FORM

**7th Congress of the International Society of Applied Psycholinguistics
 6 – 9 September 2004, Cieszyn (Poland)**

Please complete and return this form with **the confirmation of your payment**
 either by post or e-mail to the contact address **by 31st March 2004**

Title and name

Institution:

Institution address:

.....

Telephone/fax:

E-mail:

Address for correspondence (if different from your institution):

.....

Social events:		YES	NO
6th September:	Cieszyn sightseeing and brewery	<input type="checkbox"/>	<input type="checkbox"/>
7th September:	Wisla/Szczyrk trip	<input type="checkbox"/>	<input type="checkbox"/>
8th September:	Reception and conference dinner	<input type="checkbox"/>	<input type="checkbox"/>
9th September:	Krakow trip	<input type="checkbox"/>	<input type="checkbox"/>

Important: If you have any special food requirements, please indicate which here:

Yes

No

.....
 signature

Date:

ПИСЕМНА ДІЛОВА КОМУНІКАЦІЯ (Business Writing)

Nowadays post-graduates have a chance to participate in different projects and do partly their research abroad. While being abroad they have to know some business writing. Bellow are the examples of the Memo, Business letter, CV and Application Letter. Learn then and provide your own examples.

Memo (Sample)

М Е М О

To: All Deans

From: Petro Yermolenko, the Rector

Date: 25th September

Subject: Visit of German Professor

1. Please note that Peter Schmitz will be coming to our University on Friday, 1st October.
2. There will be a meeting on that day at 11.30 AM in the Boardroom, which you should all attend.
Prof. Schmitz will be presenting the new syllabus in term of Bologna process.
3. If you wish to join us for lunch at a local restaurant, please let me know asap.

Business Letter

(Sample)

		1 {	B r i g h t e r O f f i c e S u p p l i e s L i m i t e d 13 Mill Street Harlow Essex CM20 2JR UK
2 {	Ms A. Meiners Simple Stationers Ltd 15 Mowbray Road London NW6 5EJ UK		
4 {	Your ref: AM/SN Our ref: SY/JB	3 {	23 January 2004
	5 {	A Reply to an Enquiry	
6 {	Dear Ms Meiners,		
7 {	Thank you for your letter of 18 January. Our current catalogue is enclosed as you requested, but I am afraid our price list is unavailable at the moment as it is being reprinted. However, I will send you one as soon as they are available.		
	Thank you for your interest in the company. We look forward to doing business with you in the future.		
8 {	Yours sincerely,		
9 {	<i>Simon Young</i> Simon Young Sales assistant		
10 {	Encl		

1. Sender's address
2. Recipient's address
3. Date
4. References
5. Subject of the Letter
6. Opening Salutation
7. Body of the Letter
8. Closing Salutation
9. Signature Block
10. Enclosure

Curriculum Vitae

<p>Personal Information</p> <p style="text-align: right;">Name Address Telephone Fax E-mail Nationality Date of birth (day, month, year)</p>	
<p>Work Experience</p> <p style="text-align: right;">Dates (from-to) Name and Address of employer Type of business or sector Occupation or position held Main activities and responsibilities</p>	
<p>Education and Training</p> <p style="text-align: right;">Dates (form-to) Name and type of organization providing education and training Principal subjects / occupational skills covered Title of qualification awarded Level in national classification</p>	
<p>Personal Skills and Competences</p> <p style="text-align: right;">Mother tongue Other Languages Reading sills Writing skills Verbal Skills</p>	
<p>Social Skills and Competences</p> <p style="text-align: right;">living and working with other people in multicultural environments in positions where communication is important and situation where team is essential</p>	
<p>Organisational Skills and Competences</p> <p style="text-align: right;">Coordination and administration of people projects and budgets at work in voluntary work (e.g. culture and sports) and at home</p>	

Technical Skills and Competence (with Computers, specific equipment, machinery)	
Artistic Skills and Competence Music Writing	
Other Skills and Competence (not mentioned above)	
Driving License Category Date Number	

Application Letter
(Sample)

Alex Stone
85, Green Park
London NW6 3EE
UK

Frank Berns
Stationary Ltd
Elizabeth Way
London NW6 5EJ
UK

10th December 2005

Application Letter

Dear Mr Berns,

In response to your advertisement in "The Times", I am submitting my application for your consideration.

After learning more about what the job entails, I would like to submit my application for the position of psychologist. I am confident that I can fulfill your requirements.

I have Psychology Diploma. And I have devoted much time and effort to improve my knowledge and develop my abilities. My ten-year experience in one of the New York companies is supplemented by excellent organizational skills and keen attention to details.

I am an energetic, enthusiastic person with a commitment to whatever I take on. With these qualities I feel that I can make a contribution to your company and manage your office life efficiently.

If my qualifications are of interest to you, please telephone me on 8 096 85 86.

I look forward to meeting you and discussing some further details.

Yours sincerely,
(Signature)
Alex Stone

**Вимоги до складання кандидатського іспиту
з іноземної (англійської) мови**

До складання кандидатського іспиту допускаються аспіранти та здобувачі, що мають відповідний рівень підготовки (додаток А), склали заліковий тест (розділ ІІІ) на кафедрі іноземної мови та підготували реферат з проблеми наукового дослідження. Реферат складається з україномовного огляду наукових робіт, прочитаних іноземною мовою, словника 100 термінів цієї галузі науки та повідомлення про наукове дослідження, викладеного іноземною мовою обсягом дві машинописних сторінки (додаток В).

Звітними документами про складання кандидатського іспиту є: реферат і протокол з результатами іспиту.

Загальна оцінка виводиться на підставі результатів іспиту та оцінки за реферат.

Структура кандидатського іспиту з іноземної мови

1. Читання і письмовий переклад зі словником рідною мовою оригінального тексту з фаху¹. Обсяг 2000 друкованих знаків. Час виконання – 45 хвилин.
2. Письмове анотування іноземною мовою (500 друкованих знаків) україномовного тексту загальнонаукового характеру обсягом 4000-4500 друкованих знаків. Час виконання – 40 хвилин. Допускається використання словників.
3. Тест з граматики, лексики, читання (1 год.).
4. Співбесіда іноземною мовою з питань наукового дослідження і фаху.
5. Реферат з проблеми наукового дослідження рідною мовою – 20-25 сторінок (огляд не менше 5 наукових робіт іноземною мовою, у тому числі Інтернет-джерела), словник 100 термінів цієї галузі науки та повідомлення про наукове дослідження (іноземною мовою до 2-х сторінок).

¹ За бажанням аспіранта (здобувача) замість письмового перекладу можна виконати усне реферування тексту англійською мовою (500 друкованих знаків).

**ХРЕСТОМАТІЯ
(R E A D E R)**

**A Further Test of Podkaminer's
Hypothesis: The Case of
Post-liberalisation Bulgaria**

KEITH HOWE & MARGARITA MIHAYLOVA

Bell & Rostowski (1995) undertake an empirical test of Podkaminer's hypothesis that administered food prices in Poland during the period 1965–78 were substantially higher, and the administered prices of both durables and services were substantially lower, than their equilibrium levels (Podkaminer, 1982, 1987). In summary, the queues, waiting lists and other evidence of formalised rationing in Poland during this period were considered by Podkaminer to be evidence of the long and persistent disequilibrium of the Polish market. Queuing for food was the result of the spillover of excess demand from other consumer markets, not because food was too cheap relative to its equilibrium price. Consequently, Podkaminer concluded, a policy of raising Polish food prices in an attempt to restore market equilibrium was inappropriate. Instead, increasing supplies and/or prices of non-food goods and services would have diverted more disposable income towards expenditure on those categories whilst reducing the demand for food to the level of supply. Markets would then have cleared with lower food prices and higher prices for non-food goods and services.

Podkaminer's conclusions contradicted a widely held view, articulated by Nove (1985) amongst others, that administered food prices in the socialist centrally planned economies were much lower than their equilibrium prices. That being so, the particular outcome of Bell & Rostowski's study Podkaminer's hypothesis is confirmed and that much of the microeconomic disequilibrium in the pre-liberalisation Polish economy resulted from the excessively low prices of services' (p. 529)—bears closer examination in the context of other countries.

The case of Bulgaria

There are two main reasons for investigating whether Podkaminer's hypothesis also holds for Bulgaria. First, it is a widely held view that before 1989 administered prices for food in Bulgaria were artificially low. It is therefore of interest to know whether the conventional view can be sustained empirically. Second, if on the evidence of post-liberalisation price behaviour it is found

that the results for Bulgaria are broadly in accord with Bell & Rostowski's conclusions for Poland, this is some evidence for the more general validity of Podkaminer's hypothesis.

Choice of price indices

Since May 1990 the National Statistical Institute (NSI) has collected and published data on price movements, including the construction of a consumer Price index (CPI). The structure of annual household money expenditure for 1990 gives the constant weights used in deriving the consumer price indices for 1991 and 1992, and the structure for 1992 is used correspondingly for 1993 to 1995. The 1992 weights are as follows: food, 48.1%; spirits, 2.3%; tobacco products, 2.7%; housing, 4.3%; energy, 5.9%; furniture, 6.5%; clothes and shoes, 11.7%; hygiene and health, 2.4%; education and leisure, 4.7%; transport and communications, 10.6%; other, 0.6%.

As is commonly the case, questions arise as to the suitability of a given price index for a specific purpose. The NSI also produces an index of retail prices. Although this necessarily reflects the same price changes as the CPI, the weights used for the retail price index (RPI) are derived from data for annual sales turnover. This includes sales to institutions, including hospitals, schools and the armed forces, as well as to households. So, strictly interpreted, the RPI does not reflect total 'voluntary' purchases by independent consumers at prevailing market prices. For present purposes, therefore, use of the CPI is considered the more appropriate. However, the NSI publishes two versions of the CPI, (a) annual consumer price indices (based on December the previous year = 100), and (b) average annual consumer price indices. The annual consumer price indices are calculated from chain multiplication of the monthly consumer price indices. These annual price indices minus 100 are quoted as the official inflation figures in the media. By contrast, the average annual CPI is obtained by first calculating the ratios of the simple 12-month arithmetic mean prices for individual goods and services in year t relative to year $t-1$. This version of the index, used as the basis for calculations in the present context, is shown in Table 1.

The reason for choosing the average CPI over the annual CPI is because of a particular concern here to avoid the introduction of a possible cumulative bias. This may occur in the annual CPI because any measurement errors get compounded in the process of chain multiplication. It is necessary though to chain multiply the indices for direct comparability with Bell & Rostowski, so here the calculation is based on the average annual price index data. The outcome is also presented in Table 1.

Post-liberalisation consumer prices

Bell & Rostowski argue that, if Podkaminer's hypothesis is correct, then after liberalisation the prices of non-food goods and services will have in-

creased relative to food prices. The cumulative price indices in Table 1 show that between 1991 and 1995 the price of services increased most (by a factor of 43.7), then food (38.3), and the prices of non-food commodities increased least (33.8). On the evidence, therefore, Podkaminer's hypothesis only partly holds for Bulgaria. The full implications of these relative price movements are best appreciated from the following interpretation.

TABLE 1

YEAR-ON-YEAR AND CUMULATIVE
PRICE INDICES, BULGARIA, 1990–1995

	1990	1991	1992	1993	1994	1995
CPI	100	438.54	179.4	156	187.1	162.1
	1	4.385	7.867	12.273	22.963	37.223
Food	100	475.8	170.6	155.6	191.2	158.8
	1	4.758	8.117	12.630	24.149	38.349
Non-food	100	392.6	185.9	150.8	190.3	161.6
	1	3.926	7.298	11.006	20.944	33.846
Services	100	514.6	188	176	159.3	161.2
	1	5.146	43.724	9.674	17.027	27.124

Source: National Statistical Institute, Sofia, and authors' calculations.

The overall index of prices also recorded in Table 1 as the total CPI has a cumulative value of 37.2 for 1991–95. Yet, as noted above, the largest weight in the overall CPI is food itself. If the minor contributions of spirits and tobacco are also added in, food, drink and tobacco account for over half of the constituent items in the overall CPI. It follows that because food prices increased more than consumer prices in general, prices of non-food goods and services obviously must have increased by commensurately less. But from the estimates we know that the price increase for services is significantly greater than the increase in the overall price level, so the increase in non-food prices has to be much less. Therefore, comparison of price changes of aggregate groups of commodities and services for the period after price liberalisation in Bulgaria leads to two different and opposing conclusions regarding the applicability of Podkaminer's hypothesis. These are as follows.

First, that the increase in price levels for services is largest of all supports Podkaminer in that the outcome for Bulgaria corresponds very closely with the results for Poland. It is also consistent with Bell & Rostowski's conclusion that services had the most suppressed prices relative to both non-food and food prices. Second, and in contrast, the Bulgarian data suggest that food prices also were suppressed, though by not as much as services, under the administrative system. This is not consistent with the results for Poland and so,

in this respect, Podkaminer's hypothesis is not supported by the Bulgarian evidence.

Explanation for the trends in Bulgarian relative prices requires closer examination of variations in their component parts. For example, Zhetcheva (1994, Table 2) shows that between 1990 and 1993 household spending on food increased from 30.2 to 36.8% of total expenditure, whereas the most marked reductions were for clothing, footwear and personal belongings (13.4 down to 9%), and education and entertainment (5.2 down to 4%). Rents and heating took an increased proportion, up from 8 to 9.7%. In Bulgaria, as in other former centrally planned socialist economies, some services are such that their consumption cannot easily be reduced even if their prices increase. For example, domestic heating cannot easily be regulated by private households, so consumers cannot reduce energy consumption even if they want to when prices increase. In practice, they are forced to spend more on services. In effect, an increase in the price of a public sector service functions as a largely unavoidable tax.

The complication of price controls

The logic of Bell & Rostowski's article, that the prices of the sector which have been most suppressed during the administrative period will increase most of all after price liberalisation, is only strictly true with full price liberalisation. Although there has been substantial price liberalisation in Bulgaria, price controls for different groups of commodities and services were maintained after 1990. Most prices for the main services are completely controlled or even determined by the government (e.g. fixed prices for electricity and heating), or formed by organisations which are state monopolies subject to direct state regulation (e.g. fixed prices of postal services and communication, transport prices observed by the government). However, although subject to regulation, energy prices have nevertheless been adjusted in the direction of international levels. In that sense, administered price movements have shadowed what otherwise would be spontaneous market price adjustments under full liberalisation. For that reason the conclusions from the analysis are still valid despite the retention of price controls for energy and, for that matter, key services.

There is, however, another aspect to price regulation which adds weight to the conclusion that Bulgarian food prices were suppressed. Despite liberalisation, some essential food products have continued to be subject to price controls through the imposition of ceiling profit margins, and ceiling or other price controls at different points in the food chain. Although sanctions for violating food price regulations have been tightened during the past one to two years, controls on foodstuffs are looser than the regulations governing fixed prices of some services. Price control for food is the responsibility of the

Price Commission and other state agencies whose capacity to monitor price formation is somewhat limited.

In summary, if we review the behaviour of price changes for food, non-food goods and services in relation to the extent of effective price control, we might suppose that prices for services will increase most as government brings energy prices in particular more into line with international levels. Government policy for determining fixed prices of electricity, for example, explicitly includes adjusting them in line with the exchange rate and international prices. Foodstuffs, subject to more limited control, show more limited price increases. Nevertheless, a key point is that food price inflation has occurred on a significant scale since economic liberalisation despite the continuation of controls intended to keep prices down. In other words, without an element of control food prices would have been expected to increase even more. Only other non-food commodities are subject to almost no price restrictions (certain medicines are the exception) and, as we have seen from the data, it is non-food prices which increased least over the period examined. Thus, in terms of the aggregated categories in Table 1, the only category of consumer expenditure remaining to absorb the impact of market-directed adjustments in services and food prices is non-food durable goods. The consumption of these items can be delayed or even decreased for a period. Only on commodities such as clothes, footwear and similar goods can consumers contend with spending and consuming less in the short term.

Conclusions

At its most straightforward, Podkaminer's hypothesis explains what will happen as a result of comprehensive price liberalisation in economies previously subjected to widespread price regulation. In economies such as Bulgaria, where price liberalisation is by no means comprehensive, and consumers are not entirely free to adjust their consumption patterns to price changes, the interpretation of price behaviour during a complex process of economic liberalisation needs more careful consideration. Where administered prices are retained but adjusted in the direction of would-be free market equilibrium levels, the simple analysis of relative price adjustments still leads to valid conclusions along the lines suggested by Podkaminer. This is certainly so for the Bulgarian services sector. Most interesting, however, is the fact that even attempts to limit food price inflation by continuing controls have failed to prevent a substantial increase. In principle, consumers are now free to bid for goods, both food and non-food, such that the overall price level for non-food commodities could be expected to increase. In practice, this has not happened. Instead, Bulgarian consumers have chosen to allocate more of their expenditure to food despite the continuation of upper price limits for some individual items, thus dampening demand and hence price increases for non-food durable

goods. In that regard Bulgaria is different from Poland. The evidence supports the contention that Bulgarian food prices were artificially low during central planning.

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Any opinions expressed in this article are the authors' own, and do not reflect an official view. Dr Mihaylova is currently seconded to the Policy Advisory Unit (PAU) from the Institute of Agricultural Economics, Sofia. The PAU is funded by an EC PHARE programme and the Bulgarian Ministry of Agriculture. Dr Mihaylova was British Council Research Fellow at the Agricultural Economics Unit, University of Exeter, in 1994–95. Dr Howe is a consultant economist in PAU.

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Business employment dynamics: new data on gross job gains and losses

**James R. Spletzer, R. Jason Faberman, Akbar Sadeghi, David M. Talan,
and Richard L. Clayton**

One of the most watched economic indicators in the United States is the monthly change in nonfarm payroll employment released by the Bureau of Labor Statistics. Changes in this indicator can affect stock market move-

ments and interest rate decisions considerably. The monthly change in non-farm payroll employment gives the net change in the number of jobs over a particular month—the overall change, given that some establishments have opened, some have expanded, some have contracted, and some have closed. This article presents new BLS data on quarterly gross job gains and losses, documents their magnitude, and examines the historical time series having to do with these statistics from 1992 to 2003.

The new BLS measures of gross job gains and gross job losses afford a more thorough understanding of the employment decisions of the millions of business establishments in the U.S. economy. Examining establishment-level employment changes aids in analyzing both the large gross job flows that underlie the substantially smaller net employment changes and the establishment-level employment dynamics across various stages of the business cycle.

The article begins with definitions of gross job gains and gross job losses. Following this introductory section are a description of the source data used by the Bureau to generate estimates of quarterly gross job gains and gross job losses and an explanation of the methodology employed for longitudinally linking establishment records. The heart of the article is the presentation of the new BLS business employment dynamics data series, together with an analysis of the levels and movements of gross job gains and gross job losses during the past 10 years. Special attention is given to technical issues such as the seasonal adjustment of gross job gains and gross job losses, how the business employment dynamics data compare with other BLS establishment-based employment series, and establishment openings and closings relative to births and deaths. The article concludes with a summary of ongoing work and planned future enhancements to the gross job gains and gross job loss statistics at the Bureau.

<http://stats.bls.gov/opub/mlr/2004/04/art3exc.htm>

«Occupation-Specific Human Capital and Local Labor Markets.»
Jeffrey A. Groen (2005)

Most skills acquired through on-the-job training may be specific to an occupation and therefore transferable to some but not all firms. This paper explores the relationship between the size of the local market for an occupation-specific skill and job-training outcomes. The Stevens (1994) model of training predicts that as market size increases, job turnover increases and training becomes more general. I test these predictions using data on blue-collar workers and variation in market size across U.S. metropolitan areas. The empirical results support the theoretical predictions and the impacts are most relevant at low levels of market size.

<http://stats.bls.gov/ore/abstract/ec/ec050020.htm>

A Secret Risk Free Way to Invest in the Stock Market **October 23, 2005**

By Tim McMahon

One of the biggest problems with investing in the stock market is that there are no guarantees. You can do your homework pick a likely stock and still watch as it falls to oblivion.

Has this ever happened to you? You subscribe to a newsletter because the magnificent advertisement makes it sound like you can't possibly lose by following their advice. But as soon as you put your money in somehow their advice stops working?

Well now there is a solution. And believe it or not it has been around for a few years but most investors have never heard of it. This "secret" stock market investment lets you get all the gains of the market with none of the losses. Sounds almost too good to be true doesn't it? Plus you get all the advantages of options without having to know anything about them.

Well maybe a little. Here is how it works. If you invested 80% of your money in Zero Coupon Bonds and 20% in options you could design a system where at some point in the future the Bonds would be worth the full value of your initial investment. That is because Zero Coupon Bonds are bought at a discount to "Par" value. So if they are selling for \$8 today at some point they will mature and be worth \$10. So this is how you get your "Guaranteed" return.

Even if the options turn out to be 100% worthless at the final date you will still have all your money back. But because of the leverage of options, if the market that the options are based on increases 10%, the options will increase enough to make your entire investment increase 10%.

Now you might be thinking that's fine, but I don't know anything about options or perhaps you just don't want to be bothered. Well now you don't have to be. A couple of years ago Merrill Lynch developed an investment that does all of this for you in a simple single investment. They are called "MITTS" which stands for Market Index Target-Term Securities.

"MITTS" are available for a variety of Stock Market indexes and expiration dates including all of the Major indexes like the Dow and the NASDAQ but even more than that, they are available for many other indexes too, like the Nikkei, the Russell 2000, Biotech, Defense, Energy, EuroFund, etc.

"MITTS" trade like ordinary stocks meaning that there is a quote and your broker can buy them and sell them for you instantly just like a stock. Just like "Zeros" if you sell before maturity it is still possible to lose money but they are guaranteed if held to maturity.

Let's look at a specific example. Suppose you wanted to invest in the Bio-Tech industry. You could buy a BioTech «MITTS» symbol (BMA). On the

day that Merrill Lynch created it, it was worth \$10. On September of 2005 Merrill Lynch had the right (but not the obligation) to redeem it for \$12.60. If they don't redeem it sooner... on 5/4/09 it expires with the guaranteed value of \$10. The BioTech index that they are measuring against was at 436.49 on the day they issued it and if the index goes up the «MITTS» goes up with it.

However, (here's the good part) even if the underlying market index goes down on 5/4/09 you can get all your money back!

Of course, you can lose money in the short run (at least on paper) but knowing that you are guaranteed to at least break even might make it easier to hold on for the long run.

Another interesting way to play the «MITTS» stock market is to buy shares on the open market after they are issued and so your holding period would be shorter. (FML) an S&P500 «MITTS» expires on 3/27/06 so as of this writing it has a few months to go. Because the index is down from where it was when the «MITTS» was created you can buy this «MITTS» for \$9.76 guaranteeing you a minimum \$0.24 gain over the next 5 months \$0.24 of \$9.76 is 2.4% or 5.76% per year, not too bad for a guaranteed return. Plus if the S&P goes above 1262.14 you will be entitled to the market gain as well. Currently the S&P 500 is trading at 1194.57.

The only way you can lose with «MITTS» is if you buy after the initial issue and the stock market has risen significantly since the issue but then it goes down from there. Suppose the above S&P index «MITTS» rose so it was now trading at \$10.76 instead of \$9.76 and over the next few months the index went down. You might end up only getting \$10 at the expiration date. But it still has a floor unlike a normal stock which can go to zero.

The only other ways you could lose would be if the US Government defaulted on the underlying Zero Coupon bonds or if Merrill Lynch went bankrupt.

http://fintrend.com/ftf/Stock_Market/Mitts.asp

Why do Trends Change Suddenly?

A Book Review May 2003

In 1999, we were celebrating our heroes, the stock market had reached unprecedented heights - and many people believed that peace in the Middle East was at hand.

A scant three years later, the economy is weak, corporate executives are being thrown in jail, bloodletting between Israelis and Palestinians is a daily ritual, India is testing missiles, North Korea is threatening the U.S. with nu-

clear destruction, the U.S. is at war with Iraq, European allies are deserting the U.S., a senator is calling for the resignation of the chairman of the Federal Reserve, and Americans are stocking supplies for terrorist attacks. What changed? And why?

Is it possible that all of these events flow from the same cause?

In a new book titled *Socioeconomics- The Science of History and Social Prediction*, Robert Prechter best-selling author of «The Elliott Wave Principal» addresses this question. In addition to discussing how popular culture relates to the Stock Market he also gives profound insights into how Socioeconomics affects everything from Sports to World Peace to popular music.

I first met Robert Prechter almost 20 years ago at a seminar where he was speaking. He gave a brilliant speech on how Socioeconomics and the stock market were deeply interrelated. Now after all these years he has compiled dozens of case studies showing the relationship between world events and world economics. I am sure this book will help investors everywhere to see and understand more of the «big picture». I have always believed that once you understand «the big picture» you you can't help but become a better investor.

<http://fintrend.com/ftf/Articles/TrendChange.asp>

Has It Paid To «Follow» the Fed?

An Excerpt from *Conquer the Crash* by Robert Prechter

Yes, that's a provocative question. Think of all the people who would squirm if they had to answer it.

For example, you'd see lots of squirming on Wall Street and in the media. They told stock market investors to trust the central bank in early 2001, by endlessly repeating the phrase «Don't Fight the Fed!» That was the conventional wisdom then, even though you don't hear it anymore now. The Fed did not stop the stock market from falling. Investors lost money.

The headline asks a question with «No» as the obvious answer. The notion that you «Don't fight the Fed» has been a costly myth.

True investment wisdom usually packs a myth-busting punch, and Robert Prechter's best-selling *Conquer the Crash* explodes dozens of costly financial and economic myths that the media repeats every day. *Conquer the Crash* has plenty to say about the Fed – here's an excerpt.

Excerpted from *Conquer the Crash*, pp 123-124

“Potent Directors”

The primary basis for today's belief in perpetual prosperity and inflation with perhaps an occasional recession is what I call the “potent directors” fal-

lacy. It is nearly impossible to find a treatise on macroeconomics today that does not assert or assume that the Federal Reserve Board has learned to control both our money and our economy. Many believe that it also possesses immense power to manipulate the stock market.

The very idea that it can do these things is false. Last October, before the House and Senate Joint Economic committee, Chairman Alan Greenspan himself called the idea that the Fed could prevent recessions a “puzzling” notion, chalking up such events to exactly what causes them: “human psychology.” In August 1999, he even more specifically described the stock market as being driven by “waves of optimism and pessimism.” He’s right on this point, but no one is listening.

The Chairman also expresses the view that the Fed has the power to temper economic swings for the better. Is that what it does? Politicians and most economists assert that a central bank is necessary for maximum growth. Is that the case?

This is not the place for a treatise on the subject, but a brief dose of reality should serve. Real economic growth in the U.S. was greater in the nineteenth century without a central bank than it has been in the twentieth century with one. Real economic growth in Hong Kong during the latter half of the twentieth century outstripped that of every other country in the entire world, and it had no central bank. Anyone who advocates a causal connection between central banking and economic performance must conclude that a central bank is harmful to economic growth.

For recent examples of the failure of the idea of efficacious economic directors, just look around. Since Japan’s boom ended in 1990, its regulators have been using every presumed macroeconomic “tool” to get the Land of the Sinking Sun rising again, as yet to no avail. The World Bank, the IMF, local central banks and government officials were “wisely managing” Southeast Asia’s boom until it collapsed spectacularly in 1997. Prevent the bust? They expressed profound dismay that it even happened. As I write this paragraph, Argentina’s economy has just crashed despite the machinations of its own presumed “potent directors.” I say “despite,” but the truth is that directors, whether they are Argentina’s, Japan’s or America’s, cannot make things better and have always made things worse. It is a principle that meddling in the free market can only disable it.

People think that the Fed has “managed” the economy brilliantly in the 1980s and 1990s. Most financial professionals believe that the only potential culprit of a deviation from the path to ever greater prosperity would be current-time central bank actions so flagrantly stupid as to be beyond the realm of possibility. But the deep flaws in the Fed’s manipulation of the banking system to induce and facilitate the extension of credit will bear bitter fruit in the next depression. Economists who do not believe that a prolonged expansionary

credit policy has consequences will soon be blasting the Fed for “mistakes” in the present, whereas the errors that matter most reside in the past. Regardless of whether this truth comes to light, the populace will disrespect the Fed and other central banks mightily by the time the depression is over. For many people, the single biggest financial shock and surprise over the next decade will be the revelation that the Fed has never really known what on earth it was doing.

The spectacle of U.S. officials in recent weeks lecturing Japan on how to contain deflation will be revealed as the grossest hubris. Make sure that you avoid the disillusion and financial devastation that will afflict those who harbor a misguided faith in the world’s central bankers and the idea that they can manage our money, our credit or our economy.

This sort of myth-busting fills the pages of *Conquer the Crash*. It explains in detail how you can protect yourself from the disastrous effects of the approaching economic and financial upheaval.

<http://fintrend.com/ftf/Articles/FollowFed.asp>

What is Deflation

Article 1

In common usage deflation is generally considered to be «falling prices». But there is much more to it than that. Often people confuse deflation with disinflation or with Depression (as in «the Great Depression»). These three terms are related but not synonymous.

According to Investorwords.com the definition of Deflation is «a decline in general price levels, often caused by a reduction in the supply of money or credit. Deflation can also be brought about by direct contractions in spending, either in the form of a reduction in government spending, personal spending or investment spending. Deflation has often had the side effect of increasing unemployment in an economy, since the process often leads to a lower level of demand in the economy. The opposite of inflation.»

What Causes Deflation?

Although everything said above is true it doesn’t present the true nature of deflation. It tries to define it by presenting several possible causes. For a true understanding of both Inflation and Deflation we need to understand Supply and Demand. Just like every other commodity there is a supply of and a demand for «Money».

In this article I am not going to address the issues of what true money is, for the sake of this article we will assume money is simply something other people are willing to accept in exchange for goods or services.

Price levels are the direct result of the relationship between the supply and the demand for any given item. But the value of the money used to pay for those items is also subject to the same relationship.

For the sake of simplicity let's assume that we are on an island and there are ten equally desirable goods in our universe and ten \$1.00 bills available to purchase them with. We can safely assume that each item will end up costing \$1.00 each.

If the quantity of money increases to \$20 (without increasing the quantity of goods) the price of the goods will increase to \$2.00 - that is inflation.

If, however, the quantity of money decreases to \$5.00 the price will fall to 50¢ (deflation). This is what the first part of the above definition is referring to. The money supply can also be reduced if someone on our island hoards half of it and refuses to spend it on anything no matter what. This is the second part of the definition (reduction in spending).

So far we have only looked at part of the equation, the supply of money. But what happens if the quantity of goods available increases? What if instead of having ten items we build ten more? We now have twenty items and only \$10.00 so once again each item is worth 50¢.

This form of deflation is the good type. Everyone assumes that deflation is bad because the last major deflation that we had was during the «Great Depression» so deflation and Depression are synonymous in many peoples minds. In actuality if prices go down because the goods can be manufactured more cheaply this ends up increasing everyone's wealth.

This is exactly what happened in the late 1990s, with cheap productivity available from former Communist countries the quantity of goods is increased while the money supply increased at a slower rate.

What about Demand?

What about the demand for goods? If everyone on our island already has one of the items available and no one needs any more, naturally the price will also fall as sellers try to find someone to take them off their hands.

So far we have dealt with the supply of money, the supply of goods and the demand for goods, but what about the demand for money?

Is it possible that the demand for money could increase or decrease? Generally, the demand for money is measured by how much people are willing to pay to borrow it (i.e. interest rates). If inflation is high, interest rates will have to be higher to compensate for the loss of purchasing power. But also if the demand for money rises banks can charge more to loan it. Conversely, if the demand for money falls interest rates will also fall.

So there are four causes for Deflation.

- Decreasing Money Supply
- Increasing Supply of Goods

- Decreasing Demand for Goods
 - Increasing Demand for Money
- Is Deflation Good or Bad?

Actually, deflation itself is neither good nor bad. It depends on the cause of the deflation whether people will suffer or rejoice. As I said, if the cause is increasing supply of goods that would be good. Another example of this is in the late 1800's as the industrial revolution dramatically increased productivity.

However, if deflation is caused by a decreasing supply of money as in the great depression, that would be bad. The stock market crash sucked all the liquidity out of the market place, the economy contracted, people lost their jobs and then banks stopped loaning money because people were defaulting. The problem compounded as more people lost their jobs and demand fell further causing more people to lose their jobs, etc. etc.

So deflation can be caused by several different things and thus can be good or bad depending on the cause.

<http://inflationdata.com/inflation/articles/deflation.asp>

Which is Better High or Low inflation?

Article 2

It would seem obvious that low inflation is good for consumers, because costs are not rising faster than their paychecks. But recently commentators have been saying that «Low inflation introduces uncertainty». This is nonsense.

During the high inflation «Eighties» I remember commentators saying «High Inflation introduces uncertainty». This is not quite true either. The truth is that steady inflation, if it can be relied upon to remain steady, does not introduce uncertainty. Changing (fluctuating) inflation rates is what introduces uncertainty.

Eliminate Uncertainty

But there is no guarantee that if inflation is high it will not go higher... or lower. So there is the uncertainty. The only sure way to eliminate uncertainty is to have no inflation at all and that can only be accomplished by a «Gold Standard».

Under a Gold Standard, the government owns a set number of ounces of Gold and issues currency for that amount of money. The only way to increase the money supply is to increase their holdings of Gold. This forces fiscal responsibility on the Government.

Disinflation

But disinflation (decreasing levels of inflation) also encourages people to reduce high debt loads and become financially responsible. As inflation comes down it becomes less advantageous to carry high debt loads. This is probably the reason for the current «hue and cry» among the popular press. The writers are probably up to their ears in debt and hoping to pay it off with ever cheaper dollars.

Have you ever considered that inflation is a form of consumer «dishonesty»? You agree to borrow «X» number of dollars and pay it back with interest. But you hope that the value of those dollars evaporates so you can pay your debts with worthless paper? In Rom 13:7 the bible says, Pay all that you owe...

Inflation actually encourages debt because you can pay it off with «cheaper dollars». At first glance this appears to benefit the debtor but if you think of Debt as voluntary servitude, it shouldn't be encouraged.

Deflation (prices falling below zero) on the other hand can be downright disastrous for those with high debt, because their debt is in a fixed number of dollars but each dollar is more valuable than when the debt was first incurred.

Who benefits from Deflation?

Obviously creditors benefit. They loaned money and are getting paid back with dollars that have a greater purchasing power. This scenario is distasteful to those with a «Robin Hood» mentality i.e. steal from the rich and give to the poor.

But Deflation (falling prices) also benefits low debt consumers and those on fixed incomes, because they receive a fixed number of dollars but can buy more with each dollar .

The periods in our history with the lowest inflation have also been when our Gross Domestic Product has grown the fastest in terms of «Real Dollars».

(Real Dollars are measured after prices are adjusted for inflation or deflation).

In addition to encouraging fiscal responsibility on the part of consumers, low but stable inflation (or even deflation) is also good for the long term economy, because it allows producers to know their costs. This predictability allows producers to generate reliable profits which will eventually result in a strong healthy economy.

Inflation is bad for the economy because economies built upon debt and encouraging consumers to go further into debt eventually crumble of their own weight. As more and more consumers get over burdened by debt, they declare bankruptcy, introducing uncertainty to the creditors and robbing them of their rightful income.

Somehow it is difficult to feel compassion for the «rich creditors» but everyone with a bank account is a creditor. How would you like it if someone who owed you money failed to pay you back? Or you were never sure if you would be able to take your money out of the bank? What would this uncertainty do? You would probably be less likely to put money in. Banks feel the same way, if the chances of being repaid decrease they are less likely to make loans and that decreases the health of the overall economy.

Rapidly falling or rising inflation is usually a sign of a suffering economy with high unemployment and a lack of spending power (i.e. recession/ depression). But it is the change that is the problem not the altitude (or lack of it).

The Historical Inflation Rates show that even when we have had price deflation (falling prices) the country has been prosperous if the reason for the falling prices is that goods are being produced so economically that prices can fall and producers can still make a profit. This generally occurs after major productivity enhancements like the invention of the assembly line or the completion of the transcontinental railroad.

Disinflationary pressures in the late 1990s and early 2000s were most likely the result of cheap productive capacity in China and other former communist countries coupled with the deflationary forces of the 9/11 attack and the stock market crash.

<http://inflationdata.com/inflation/Articles/HighOrLow.asp>

What is the Difference between Inflation and the Consumer Price Index?

Article 3

Many people are confused by the difference between Inflation and the Consumer Price Index. The Consumer Price Index is as its name implies an index, or “a number used to measure change”.

The Consumer Price Index (CPI-U)

The government chose an arbitrary date to be the base year and set that equal to 100. Currently that date is 1984. (Or more accurately the average of the years 1982-1984) previously the base year was 1967.

Every month the Bureau of Labor Statistics (BLS) surveys prices around the country for a basket of products and publishes the results as a number. Let us assume for the sake of simplicity that the basket consists of one item and that one item cost \$1.00 in 1984. Then the BLS published the index in 1984 at 100. If today that same item costs \$1.85 the index would stand at 185.0 of

course a group of items would work the same way. If you have 100 items each would account for 1% of the total index.

By itself that does not tell us what the current Inflation rate is. We must do some calculations using that index to tell us the Percentage of increase or decrease in the level of prices.

What is Inflation / Deflation?

“Price Inflation” is the percentage increase in the price of the basket of products over a specific period of time.

“Price Deflation” is, of course, the percentage decrease in the price of the basket of products over a specific period of time.

For convenience Price Inflation has been shortened in common usage to simply “Inflation” and similarly Price Deflation has been shortened to “Deflation”.

<http://inflationdata.com/inflation/articles/Difference.asp>

What is the Real Definition of Inflation?

Webster’s 1983 Definition of Inflation

According to Webster’s New Universal Unabridged Dictionary published in 1983 the second definition of «inflation» after «the act of inflating or the condition of being inflated» is:

«An increase in the amount of currency in circulation, resulting in a relatively sharp and sudden fall in its value and rise in prices: it may be caused by an increase in the volume of paper money issued or of gold mined, or a relative increase in expenditures as when the supply of goods fails to meet the demand.

This definition includes some of the basic economics of inflation and would seem to indicate that inflation is not defined as the increase in prices but as the increase in the supply of money that causes the increase in prices i.e. inflation is a cause rather than an effect.

Webster’s 2000 Definition of Inflation

However, The American Heritage® Dictionary of the English Language, Fourth Edition, Copyright © 2000 Published by Houghton Mifflin Company says:

Inflation:

2) A persistent increase in the level of consumer prices or a persistent decline in the purchasing power of money, caused by an increase in available currency and credit beyond the proportion of available goods and services.

In this definition, inflation would appear to be the consequence or result (rising prices) rather than the cause.

Shifty Words

So between 1983 and 2000 the definition appears to have shifted from the cause to the result. Also note that the cause could be either an increase in money supply or a decrease in available goods and services.

Other Definitions

Webster's Revised Unabridged Dictionary, © 1996, 1998 MICRA, Inc., Relegates Price Inflation to number 3. and says:

Undue expansion or increase, from overissue; – said of currency. [U.S.]

WordNet ® 1.6, © 1997 Princeton University, has a witty definition that says:

inflation 1: a general and progressive increase in prices; «in inflation everything gets more valuable except money» [syn: rising prices] [ant: deflation, disinflation]

According to investorwords.com

The overall general upward price movement of goods and services in an economy, usually as measured by the Consumer Price Index and the Producer Price Index; opposite of deflation.

From this page we can see that even Dictionaries don't agree on the definition of inflation and economists continue to argue over its primary cause. Although it is generally agreed that economic inflation may be caused by either an increase in the money supply or a decrease in the quantity of goods.

Therefore it should be equally obvious that falling prices will result from a decrease in the money supply or a rapid increase in the quantity of available goods. Recent years have seen a virtual explosion of inexpensive goods produced in China and other former Communist Countries. So it is no wonder that we in the United States see falling prices rather than the effects of inflating the money supply in our economy.

<http://inflationdata.com/Inflation/Articles/Definitions.asp>

How Do I Calculate the Inflation Rate?

Article 4

The following article explains how to calculate the current inflation rate, if you know the Consumer Price Index. If you don't know it, you can find it here.

If you don't care about the mechanics and just want the answer, use our Inflation Calculator.

The Formula for Calculating Inflation

The formula for calculating the Inflation Rate using the Consumer Price Index is relatively simple. Every month the Bureau of Labor Statistics (BLS)

surveys prices and generates the current Consumer Price Index (CPI). Let us assume for the sake of simplicity that the index consists of one item and that one item cost \$1.00 in 1984. The BLS published the index in 1984 at 100. If today that same item costs \$1.85 the index would stand at 185.0

By looking at the above example, common sense would tell us that the index increased (it went from 100 to 185). The question is how much has it increased? To calculate the change we would take the second number (185) and subtract the first number (100). The result would be 85. So we know that since 1984 prices increased (Inflated) by 85 points.

What good does knowing that it moved 85 do? Not much. We still need a method of comparison.

Since we know the increase in the Consumer Price Index we still need to compare it to something, so we compare it to the price it started at (100). We do that by dividing the increase by the first price or $85/100$. the result is (.85). This number is still not very useful so we convert it into a percent. To do that we multiply by 100 and add a % symbol.

So the result is an 85% increase in prices since 1984. That is interesting but (other than being the date of George Orwell's famous novel) to most people today 1984 is not particularly significant.

calculating a specific Inflation Rate

Normally, we want to know how much prices have increased since last year, or since we bought our house, or perhaps how much prices will increase by the time we retire or our kids go to college.

Fortunately, The method of calculating Inflation is the same, no matter what time period we desire. We just substitute a different value for the first one. So if we want to know how much prices have increased over the last 12 months (the commonly published inflation rate number) we would subtract last year's index from the current index and divide by last year's number and multiply the result by 100 and add a % sign.

The formula for calculating the Inflation Rate looks like this:

$$((B - A)/A)*100$$

So if exactly one year ago the Consumer Price Index was 178 and today the CPI is 185, then the calculations would look like this:

$$((185-178)/178)*100$$

or

$$(7/178)*100$$

or

$$0.0393*100$$

which equals 3.93% inflation over the sample year.

(Not Actual Inflation Rates). For more information you may check the current Consumer Inflation Rate and Historical Inflation Rates in table for-

mat. Or if you believe a picture is worth a thousand words you may prefer the Annual Inflation Rate plotted in Chart format.

What happens if prices Go down?

If prices go down and we experienced Price Deflation then «A» would be larger than «B» and we would end up with a negative number. So if last year the Consumer Price Index (CPI) was 189 and this year the CPI is 185 then the formula would look like this:

$$((185-189)/189)*100$$

or

$$(-4/189)*100$$

or

$$-0.021*100$$

which equals negative 2.11% inflation over the sample year. Of course negative inflation is deflation.

(Not Actual CPI numbers).

<http://inflationdata.com/inflation/Articles/CalculateInflation.asp>

How to find a Good Mortgage

Article 5

It is always a good idea to compare rates from several different companies. But there are several factors to keep in mind. The lowest rate isn't always the best deal.

Other factors to consider are «points» and «closing costs».

Points are simply additional finance charges tacked on to the beginning of a loan. They can be paid up front or spread out over the life of the loan. Although adding them into the loan makes your up front costs lower, it greatly increases your total cost since in effect you are paying interest on interest.

Closing Costs are additional fees and expenses necessary in order to transfer ownership of a property. Some examples of typical closing costs are title insurance, title searches, court filing fees, and survey charges. Sometimes closing costs are called settlement costs. These fees are not the same with every lender so be sure to include them in your comparison.

Another factor in the rate that you will be offered is your credit rating. Someone with a good credit rating provides a much lower risk to the lender so they will be able to offer you a lower rate. Some lenders specialize in one type of borrower over another. In other words some lenders prefer higher risk with higher returns while some prefer lower risk borrowers. So if you ask the wrong type of lender either they will turn you down (in the case of a high risk borrower approaching a low risk lender) or their lowest rate will be higher

than you could get elsewhere, (in the case of a low risk borrower approaching a high risk lender). Of course some lenders are willing to loan to either type of borrower and just offer them different rates.

The following is a list of lenders that you can shop from. We have listed them with their preference for borrowers as best we can tell and have included their choice of «tag line» wording. Obviously they all claim to have the lowest rates you need to judge for yourself to see if they really do. Best to check out several.

<http://fintrend.com/ftf/Articles/Mortgage/FindMortgage.asp>

Home Equity Loan or HELOC: Which is right for you?

Article 6

Despite all of your methodical financial planning, the time may come when you need cash in a hurry. Maybe you want to consolidate your debts. Perhaps you want to refinish your basement. Or suppose you saved up for a state university's tuition, but your kid got into Harvard. These are the times your home equity can ride to the rescue.

Your house is not just your home; it can also be a financial safe harbor when your fiscal storm clouds start gathering. There are two simple ways to access the equity you've built up in your home without refinancing. Although the interest on both may be tax-deductible, there are plenty of differences between them. Grab your binoculars and have a closer look.

Steady as She Goes

Meet the more traditional of our two options: the home equity loan. Often called a second mortgage, it's a smaller and shorter-term version of your regular mortgage loan. The loan amount is paid out as a lump sum, and your repayment is amortized on a fixed interest rate, so that your monthly payments are predictable.

A home equity loan is right for you if:

- (1) You prefer steady-as-clockwork monthly costs.
- (2) You need a long-term payment plan with predictable interest rates.
- (3) You need the entire amount of cash all at once.

Calming the Stormy Seas

A home equity line of credit (HELOC) behaves less like a mortgage loan, and more like a credit card with a high spending limit and low interest rate. Instead of receiving one large check, you may access your line of credit through convenience checks and debit cards, as needed, to meet whatever demands you face. Your monthly payment will be based on how much of your credit line you actually use.

The interest rate is adjustable. Therefore, you can't be sure what your rates are going to be a few years down the road. Add the unpredictable nature of the interest rate to the ebb and flow of funds in and out of your HELOC, and your monthly bill will rarely be the same. It's up to you to use the line of credit responsibly, but in return for your efforts, you can get cash when you need it and only pay interest on what you actually use. The key word here is flexible.

Tapping into your home equity can help smooth the bumpy ride on the sea of life. Tax benefits, low rates, and a direct line into as much as 80 percent of your home's value—these are reasons to set sail with the winds of home equity behind you.

http://fintrend.com/ftf/Articles/Mortgage/home_equity_or_heloc.asp

Is it Better for you to Rent or Own?

Article 6

Should you rent or should you buy your own home? For many years this has been an easy decision, it was everyone's dream to be able to buy a house and with low interest rates more and more people were able to afford it. Plus rapid appreciation in home values made owning almost a «no-brainer». But with interest rates rising and home prices going through the roof (no pun intended) it is becoming more difficult to justify a home purchase. Wit talk of a housing bubble, some home owners are even considering selling and renting for a few years, hoping to repurchase at a lower price.

Of course, there are still emotional reasons to own your own home but... on strictly financial terms... you need to look at the various considerations in a logical manor and compare all the factors. That is where this Rent vs. Own calculator comes in very handy.

With this calculator you can look at all the financial benefits of ownership and compare them with the benefits of renting. Obviously the first two items you want to compare is the cost of rent versus your mortgage payment. But there is more to it than that. Ownership has benefits such as tax breaks which have to be considered.

This «rent vs. own calculator» doesn't just take a general number for your mortgage payment into consideration it uses your specific price, interest rate, property taxes, fees, points, everything. It then allows you to compare that against a specific rent payment, your income tax rate, your estimation of the appreciation rate of your new home compared to what rate you can earn on

the money if you invest it somewhere else besides in a home. The calculator even takes into consideration the expected inflation rate and the Real Estate sales commission.

The rent vs. own calculator then gives you four different ways to view the results.

- 1) Monthly Payment Breakdown
- 2) Projected monthly payments
- 3) Home equity vs. other types of investment
- 4) Use of Cash on Hand

It takes more than comparing your mortgage payment to your rental payment to decide whether it is better to rent or own. This calculator helps you weed through the fees, taxes, and monthly payments to help you make a good financial decision. But in the end you still have to weight the intangible benefits like the feeling of ownership, versus the responsibility of taking care of the lawn and maintenance. Interestingly this rent vs. ownership calculator doesn't take into consideration the cost of maintenance in its calculations. So you might want to keep that in mind.

http://fintrend.com/ftf/calculators/Rent_vs_Own_Calculator.asp

A Primer on Alternative Investments and Managed Futures in Particular

James J. Eccleston

Alternative investments» is a term used to describe numerous investment alternatives to stocks, bonds and real estate investment trusts (REITs). Let's explore the characteristics of these new menu items, especially one in particular, managed futures.

According to the Financial Planning Association (FPA), the alternative investments are: hedge funds, commodities (that is, futures and options), direct ownership of real estate, limited partnerships, private-equity funds (that is, investing in privately-held companies), venture capital or angel investing (that is, investing in local start-up companies or small growth companies), and managed futures. The general characteristics of each of these alternative investments, according to the FPA, are: higher fees, higher investment minimums, minimum net worth and income requirements for investors, and illiquidity (3 to 5 year commitments are not uncommon). The FPA also notes that it can be difficult to find appropriate benchmarks to measure performance and risk, unlike, for example, using the Dow Jones Industrial Average or the S&P 500 to measure stocks. Finally, the FPA observes that most advisers recommend no more than 10% to 15% of one's investment assets be placed in alternative investments.

Let's examine managed futures. One commentator, Cynthia Harrington, CFA, described them this way in 2002:

Less well-known than their hedge fund brethren, managed futures offer investors good returns, better transparency and a higher level of regulatory oversight.

More recently, in an August, 2005 article, entitled, «Searching for Absolute Returns with Managed Futures», Brad Zigler writes that «managed futures long preceded hedge funds as the [alternative investment] of choice for most high-net worth investors.» Mr. Zigler formerly headed marketing, research and education at the Pacific Exchange's option market.

In his article, Mr. Zigler reports that managed futures have offered low performance correlation to the stock market and have experienced «double-digit returns», including a 10.3% return since 2000. That is impressive, but what are the risks of managed futures? Ms. Harrington observed in 2002 that, «A client with a low tolerance for risk may not be willing to stick with a manager who suffered a 20%-plus drop in one month, for instance.» She noted that managed futures may be leveraged 2x, 3x, even up to 6x, through the use of high risk margin, resulting in the ever-present «risk of losing significantly more than the cash invested.»

While Mr. Zigler does not discuss the risks of managed futures in his article, he does discuss costs: «Now comes the bad news: the admission ticket to the world of managed futures costs a pretty penny.» Indeed, managed futures make hedge funds look like a bargain! Like hedge fund managers, commodity trading advisors (CTAs) who manage futures impose maintenance fees. However, the fees that CTAs charge are higher, averaging 2% to 3% per annum according to Mr. Zigler. Then there are the «incentive fees», which hedge funds also charge, typically in the 20% range. Finally, there are the brokerage commissions charged by the futures commission merchant (FCM) or the introducing broker (IB).

Accounting for these high costs, Mr. Zigler concludes that, «[F]or managed futures investors to earn attractive returns, the gross profits (i.e., before fees and expenses) must typically exceed 30% per annum.» That is extremely difficult to do on a consistent basis, nearly all would agree. Nonetheless, Mr. Zigler reports that typically, advisers now recommend that high net worth investors commit 5% to 20% of their investment assets to either managed futures or hedge funds.

That commitment may be excessive. Clearly, managed futures appear to be suitable only for aggressive investors who can afford to lose a significant portion of their investment assets.

<http://financialcounsel.com/Articles/Investment/ARTINV0000231-AlternativeInvestments.asp>

Interest Rate Risk
- or -
Do Prices Always Go Down When Rates Go Up?
Steve Pomerantz

As the secular decline of interest rates that has been taking place for the last twenty years seems to be coming to a halt, this might be a good time to review what will happen to bond prices if interest rates remain steady or even begin to increase.

The fixed income market encompasses a wide array of structures other than U.S. Government issued treasury bonds. In addition, there are agency bonds; corporate bonds, both investment grade and speculative; asset-backed or «collateralized» bonds of many types; mortgages; convertible bonds; and many more. Even many stocks that trade on national exchanges behave more like bonds than stocks, in that they have fixed dividends (coupons) and a defined maturity.

All of these instruments respond to changes in interest rates. But it is not necessarily as simple as that. While interest rates are important, they are not the only consideration when assessing risk. Even though rates and prices usually move inversely to one other, there is plenty of variation in both the direction and actual magnitude of this relationship. In addition to interest rates, some of the major risks which should concern investors are term structure, credit, and prepayment. Let me define these terms.

Term structure risk refers to the slope of the yield curve. Not only are long and short term interest rates different, but they will often move separately. Take 2004 as an example. While short term rates have gone up from 1% to 2% this year so far, longer term rates like the ten year treasury have gone down from $4\frac{1}{2}\%$ to 4%. So even though the Federal Reserve has increased rates, longer term rates have actually come down, causing prices on longer maturity bonds to increase. But before you celebrate, remember that the opposite can happen; an environment of lower short term rates can depress bond prices. This phenomenon, of different maturity rates moving in opposite directions, can produce and is thus called a flattening or, conversely, a steepening of the yield curve.

The next type of risk, credit, impacts every non-U.S. Government issuer of debt. The yield, or borrowing cost, for these issuers is greater than a Treasury counterpart of the same maturity. This difference is called the spread of the issuer, and it represents an insurance premium against the possibility of default by that issuer. In the event of default, all future interest and principle payments on the debt are compromised. In exchange for bearing that risk, the investor receives a yield that is at a premium to treasury debt. This is a good thing, as long as the bond does not go into default. The magnitude of the

spread actually represents the probability that the issuer will go into default. Issuers with a low probability, that are financially sound, will have a lower spread than more risky companies. The difference in spread between investment grade debt, typically around 1% and high-yield ('junk') debt, typically around 5% reflects the dramatic difference in their probability of default, or the relative risk to the investor.

The market is always evaluating the probability of default in the same way it evaluates what interest rates should be or what the price of a stock should be, and the spread for every issuer will move accordingly. If interest rates are unchanged, but the markets perception of a company deteriorates, their spread will increase and their bonds will decline in value. It is even possible for general interest rates to decline, but for a spread to widen by more than that decline, causing a corporate bond to decline in value even though interest rates elsewhere seem to be falling. The lower the credit worthiness of a bond, the more spread changes will play a role in the determination of price movement. At lower credit quality, the market's perception of credit-worthiness has a greater impact on price movement than does the movement of interest rates.

Example: The table below lists the value of a \$100 par investment in a hypothetical 5 year bond with a 5% coupon, At the top of each column is the yield for a five-year treasury security and the rows are differentiated by the spread of this particular issuer. The first row is the price of the actual 5 year treasury.

Treasury Yield	4%	5%	6%	
Treasury Price	104.53	100.00	95.68	
Corporate Bond with Spread	1%	100.00	95.68	91.56
	2%	95.68	91.56	87.64

Note that at each yield level the corporate price is lower than the treasury, because of the spread on the bond. And while, the corporate prices still decline as yields go up, the decline can be even greater than expected if the spread increases, or credit-worthiness of the issuer declines.

The last type of risk addressed concerns prepayment. Prepayment influences the price of a bond by affecting its maturity. Mortgage-like securities are most sensitive to this type of risk and display a most interesting property. In general, as yields decline, prices rise. Why is this? Simply put, a bond is an agreement to pay/receive a certain interest rate over the life of a loan. Usually, the terms of the loan, its interest rate and its maturity, are decided at the outset. If rates decline, the lender is in good shape, because the lender has locked in an interest rate that is now higher than the prevailing market rates. This will cause the price of the loan to increase, because it will be paying at

the higher rate for some time to come. From the perspective of the borrower, this is a bad thing, because he is now paying at a rate over what he could, if he took the loan out today.

But a mortgage is not an ordinary loan. The borrower, at his discretion, can refinance and pay off the original loan. The lender loses out on this deal. If rates go up, he is obligated to the original terms of the loan, continues to receive a lower than prevailing rate and cannot change the terms of a fixed-rate loan. The borrower on the other hand wins, because if rates move in his favor, in that they decline, he gets to walk away from the loan and refinance at the lower level. Mortgage rates are higher than treasury rates to provide the lender with a premium to be protected from this asymmetric event. This premium though is only an estimate, or some type of average, of what insurance is needed by the lender, or the investor. As interest rates decline, some mortgage prices may actually decline in value due to the fact that prepayment is shortening the maturity of the loan, albeit that it possesses a higher than market coupon.

Again, an example will be helpful: Consider a mortgage security with a 5% coupon. In this example, we use a typical thirty year fixed rate mortgage security as the example, though the effect we will illustrate is common to most types of mortgage securities. In fact in the world of mortgage securities, this is a rather benign example of what can happen. Again, the top row gives the price for a 5 year treasury with a 5% coupon, a bond with roughly the same amount of risk as the mortgage in question. The second row lists the price of the mortgage today as well as the case where yields go up 1% and down 1%.

Treasury Yield

	4%	5%	6%
Treasury Price	104.53	100.00	95.68
Mortgage Security	104.25	100.00	94.36

Note that when rates decline, the mortgage does not appreciate by as much as the treasury. This is because the effective maturity has declined due to higher anticipated prepayments. Though the coupon of the bond is higher than the prevailing rate, the lender will not be receiving it for as long as he expected. Conversely, when rates rise, the mortgage is paying a lower coupon than prevailing rates. Due to lower prepayments, the bond will be around longer than originally expected and the lender must accept the lower yield for a longer time, hence the depreciation is more than for the treasury. This phenomenon, where declines are more than expected, and gains are less than expected are characteristic of the mortgage market and can be more severe than illustrated here. In fixed-income terminology this is called negative convexity. The benefit of this though, is that mortgages carry a higher yield than

comparable maturity treasury securities as a way to insure against this condition.

Two other types of bonds are worth mentioning. The class of bonds named «callable» or «putables» will tend to behave like mortgages, in that their maturities, though stated upfront, may change as interest rates move. Again this movement will have an asymmetric effect, sometimes to the issuer's advantage requiring a yield premium, and sometimes to the lenders advantage, causing a yield discount. Investors should also be aware of a family of bonds called «convertibles» whose price depends not just on interest rates but on specific stock prices as well. These bonds will have additional risks, such as a dependence on equity prices.

Of course, there are bonds that possess any combination or even all of the risks addressed above. And finally, a note about bonds called «structured products.» These are bonds whose interest and principal payments can be linked to absolutely anything: stock indices, foreign exchange rates, the slope of the yield curve, oil prices or even the number of hurricanes that occur in a given region in a given year. Indeed there is very little that is fixed in the world of fixed income!

<http://financialcounsel.com/Articles/Investment/ARTINV0000197-InterestRateRisk.asp>

Bull Market or Impending Crash?

Tim McMahon

Since March I have been telling you that I expected the market to reach this resistance point, where will it go from here? With the NASDAQ up 53% over the last 12 months, you may wonder why ElliottWave Guru, Robert Prechter is re-releasing a book called Conquer the Crash. Is he crazy or what? Does he know something we don't know?

It doesn't seem like it now but when he first released this book in March 2002, stocks had actually been climbing for six months and the headlines were just as bullish as they are today. It is hard to imagine that – Then as now, cover stories were saying “The new Bull is Back”. This is the time when investors will make fortunes, etc., etc.

It turned out that the market fooled the experts but not Robert Prechter, and prices suddenly reversed and made new lows in October 2002. Yet today's faith in a “new bull” is very similar. Could the market make another even lower low?

This month I mentioned that the NYSE is nearing the resistance zone of 6000 - 6500. It is possible that the run up since March was actually a Bear

market rally. The price action in this range will give us a better indicator. At this point I am not 100% convinced that Prechter is right but I am not 100% certain he is wrong either. I personally give him about a 20% chance of being right. But it has been dangerous to your financial health to ignore him in the past.

Don't Be a Victim

Don't let YOUR portfolio be the victim if history repeats itself. You owe it to yourself to protect your portfolio. You need to at least check out his arguments to find out if there is any truth in them.

<http://fintrend.com/ftf/Articles/ConquerCrash.asp>

An Analysis of Premium Financing

Peter Katt, CFP, LIC

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Financing permanent life insurance premiums via third-party lenders is a marketing idea that promises relieving clients of having to pay their life insurance premiums. But whether premium financing makes sense for some of your clients will require some careful analysis.

Typically, targeted clients are buying life insurance associated with their estate planning, and therefore have substantial assets and are probably in their sixties or older. The life insurance policies are almost always owned by irrevocable trusts or similar entities. The marketers of life insurance or clients negotiate financing arrangements with lending institutions.

According to some of the major marketers, there are two primary reasons to consider premium financing. First, financing can allow assets to remain invested that might otherwise need to be liquidated to pay premiums, or allow funds that would otherwise go to premium payments to be used for other investments with greater potential. Second, financing can avoid making gifts to trusts. Financing both the premiums and interest charges isn't a realistic option because the compounding costs of carrying the loan interest will likely cause the program to go into deficit before life expectancy. The only realistic option is to finance the premium payments while paying the interest charges annually.

In researching this issue, I spoke with a person who handles premium financing for a national sales network that works with many different life insurance companies. He informed me that although premium financing is frequently discussed, it hardly ever is actually used. I don't know if his perspective is unique or typical. If it is typical, there may be a lot more marketing

effort about premium financing than actual business. As my following analysis points out, premium financing may have some merit for clients with limited cash flow and significant value tied up in assets that are either difficult to market or where liquidation would come at a high tax cost. For others, premium financing is probably not a good solution.

Generally, these factors are relevant to premium financing.

The life insurance policy's cash values and death benefits are collateral for the loans. If there isn't sufficient collateral within the trust, the grantor must guarantee the loan with collateral outside the trust. (It is an interesting question whether this has Section 2042 issues that would cause the life insurance policy to be included in the grantor's estate.) The grantor makes gifts to the trust of the annual interest. The trust pays interest to the lender. No income tax deduction is allowed. LIBOR (London Interbank Offered Rate) plus 200 basis points is the common marker for the interest rate charged. The average LIBOR rate plus 200 basis points from September 1989 March to 2003 was 7.44 percent. If the policy is surrendered, the loan principal is repaid from the cash surrender value. If this isn't enough, the grantor will have to gift that amount to the trust. Upon death, the loan principal is repaid from the death proceeds. Participating Whole Life Simulation

I ran two premium financing simulations. Both are second-to-die policies insuring 62-year-old spouses with preferred underwriting. One simulation is for a full-load participating whole life policy with an initial \$5 million death benefit, which goes up as dividends are earned. The annual premium is \$136,350. The policy illustration's dividend interest rate is seven percent. A historically accurate spread between the loan interest rate and the policy's dividend interest rate is needed for my simulations. During the period from 1989 to 2003, the insurance company's dividend interest rate averaged 8.92 percent, while the LIBOR plus 200 basis points averaged 7.44 percent—that is, the LIBOR rate plus 200 basis points averaged 83 percent of the dividend interest rate average. Therefore, using a dividend-interest-rate of 7 percent for my simulation I used a LIBOR rate plus 200 basis points of 5.83 percent. While this isn't a perfect methodology, it does produce a reasonable relationship between the insurance policy's investment component and the loan rate.

Table 1 compares using premium financing versus the grantor simply making gifts to the trust for the full premiums. I am comparing the yield achieved for each option, measured at the second death when the proceeds are received by the trust. The premium financing option has as its cost the loan interest paid, with the death benefits reduced by the amount of the loan principal. The premium paying option has the premiums as the cost with the full death benefits.

Table 1

Premium Financing Versus Premium Payments for Participating Whole Life Policy

Ages	Premium Financing				Premium Payments			
	Loan Cost	Loan Principal	Net Death Benefit	Yield	Premium	Death Benefit	Yield	% Both Died
66	39,746	681,750	4,349,251	210.0%	136,350	5,031,001	76.0%	0.0%
71	79,492	1,363,500	3,837,562	50.0%	136,350	5,201,062	24.0%	0.01%
76	119,238	2,045,250	3,664,304	21.0%	136,350	5,689,554	12.0%	1.0%
81	158,984	2,727,000	4,228,195	11.0%	136,350	6,955,195	8.3%	5.0%
86	198,730	3,408,750	5,381,315	7.3%	136,350	8,790,065	6.7%	14.0%
91	238,476	4,090,500	6,943,543	5.4%	136,350	11,034,043	5.8%	33.0%
93	254,375	4,363,200	7,672,371	4.8%	136,350	12,035,571	5.6%	42.0%
96	278,222	4,772,250	8,954,977	4.3%	136,350	13,727,227	5.3%	57.0%
99	302,070	5,181,300	10,589,720	3.9%	136,350	15,771,020	5.1%	70.0%
Actual net death benefits and yields will be different depending on whole life dividends and loan interest rates. However, the relative yield difference between premium financing and premium payments should be about the same.								

Actual net death benefits and yields will be different depending on whole life dividends and loan interest rates. However, the relative yield difference between premium financing and premium payments should be about the same.

Although the proponents of premium financing assert better investment results when premiums are avoided, or a better gift tax result, I am treating these as neutral. Sometimes investment results aren't positive, and minimizing the amount of gifts to a trust doesn't always produce a better estate planning result, but this isn't the column to discuss these issues. Table 1 shows information in five-year increments, plus ages 93, which is joint life expectancy. I am also showing the probabilities that both insureds will have passed and the proceeds paid out.

Both the participating whole life policy's dividend interest rates and LI-BOR interest rates are market priced in that they will be affected by overall interest rates. The relative average spread between them should remain relatively stable; hence the yield difference between premium financing and paying premiums should also remain about the same. Therefore, Table 1 has high predictive value.

While premium financing starts out as a better value, it falls behind the paying premium option when there is about a 70 percent probability that at least one insured will be alive and the policy in force. By around joint life

expectancy, paying premiums instead of premium financing is a better value by some 20 percent. Although premium financing starts out with lower out-of-pocket costs within about 15 years, they exceed paying the premiums and in the late years become much higher than the premium.

NLPG Simulation

The other simulation I ran uses a no lapse premium guarantee (NLPG) policy using the same \$136,350 annual premiums as the first simulation (Table 1), but with level death benefits of \$13,315,661. (See my July 2003 Journal of Financial Planning column for a discussion about NLPGs.) I used the same LIBOR plus 200-basis-points interest rate for premium financing of 5.83 percent as I did for the first simulation. This doesn't produce as accurate a comparison as it did for participating whole life because the NLPG policy has static pricing due to the fact that the premiums and death benefits are guaranteed and thus aren't affected by changing interest rates. But the LIBOR plus 200 basis points loan interest rates are. Therefore, the yield results for premium financing will either be better or worse than shown in Table 2. Consequently, the yield difference between premium financing and paying premiums is not very predictable.

Table 2

Premium Financing Versus Premium Payments for NLPG Policy

Ages	Premium Financing				Premium Payments			
	Loan Cost	Loan Principal	Net Death Benefit	Yield	Premium	Death Benefit	Yield	% Both Died
66	39,746	681,750	12,633,911	288.0%	136,350	13,315,661	123.0%	0.0%
71	79,492	1,363,500	11,952,161	76.0%	136,350	13,315,661	40.0%	0.01%
76	119,238	2,045,250	11,270,411	36.0%	136,350	13,315,661	21.0%	1.0%
81	158,984	2,727,000	10,588,661	21.0%	136,350	13,315,661	14.0%	5.0%
86	198,730	3,408,750	9,906,911	13.0%	136,350	13,315,661	9.4%	14.0%
91	238,476	4,090,500	9,225,161	7.5%	136,350	13,315,661	6.8%	33.0%
93	254,375	4,363,200	8,952,491	5.9%	136,350	13,315,661	6.1%	42.0%
96	278,222	4,772,250	8,543,411	3.9%	136,350	13,315,661	5.1%	57.0%
99	302,070	5,181,300	8,134,361	2.3%	136,350	13,315,661	4.4%	70.0%
Actual premium financing yields will be different depending on changing loan interest rates. Premium payments yield will remain the same.								

Based on a LIBOR plus 200 basis points of 5.83 percent for the loan interest rate, premium financing is a slightly weaker choice around joint life expectancy of ages 93, but better before then. But should the loan interest rate averages 100 basis points higher (6.83 percent), for example, the premium fi-

nancing yield falls to 4.8 percent at ages 93 compared with 6.1 percent for paying premiums. Whether using premium financing or paying premiums is the better choice will depend on loan interest rates that will change. This makes the decision when using an NLPG policy uncertain. As noted for the participating whole life simulation, the loan costs exceed the premium payments in about 15 years and are much higher when the insureds are in their nineties.

Miscellaneous Issues

Non-NLPG universal life should probably be avoided. Many policy series have a dismal history of providing excellent current pricing after being in force for a while, compared with the best participating whole life policies. This is true whether premium financing is used or not, but is especially true for premium financing because of the risk the loan interest rate will soar while the policy's interest crediting rate lags behind the market. Variable life should not be used because the extreme volatility of equity funds could put the policy in substantial deficit with respect to cash value collateral and very large unexpected premiums due. NLPG policies may have very low to zero cash values that will cause lenders to require significant grantor collateral. Such long-term asset encumbrance should be considered when making premium payment decisions. Premium financing will have net death benefits, after subtracting the loan principal, that is much lower than if premiums are just paid. This can be a difference of 30 percent to 40 percent around life expectancy, meaning initial death benefits may be excessive for the actual need or the coverage may fall short of what is desired. And because estate asset values and the need for life insurance usually go up, premium financing is going in the wrong direction.

Premium financing is an active marketing concept, but it's unclear to me if actual sales are matching this marketing enthusiasm. My analysis suggests its appeal will mostly be for those who leap before carefully assessing situations.

<http://financialcounsel.com/Articles/Insurance/ARTINS0000002-PremiumFinancing.asp>

Tax Strategies, 2003 The Rules of Engagement are Changing

Robert L. Moshman

The IRS is doing fewer and fewer audits of tax returns.(1) Two tax professors recently argued that as many as 43,000 estate tax returns are already irrelevant, such as returns filed where there is no estate tax due to the marital deduction.(2) And the estate tax is already on borrowed time. In fact, efforts

to make the repeal of the estate tax permanent have the President's support.
(3)

Connecting the dots, it might be reasonable to assume that the IRS would not want to devote much of its limited manpower to a pile of "irrelevant" estate tax returns reporting zero taxes owed for a tax that will soon be history. So is the IRS backing off? Has the IRS been tamed by taxpayer protections and crippled by its limited resources?

Not a chance. The IRS hasn't conceded any issue; the field of battle has simply shifted. To counter the many taxpayer protections that it finds troublesome, the IRS has brought back a horror that taxpayers thought had finally been laid to rest, the dreaded random tax audit. The Service is also contemplating the use of collection agencies — apparently hoping that if collection efforts are farmed out to contractors who can work with fewer restrictions, the taxpayers will be more likely to pay up.(4)

Proposed Regulations

On four separate occasions during 2002, the IRS proposed regulations which reflect recent laws to protect taxpayers.(5) These releases included the following developments:(6)

- Individuals will be able to sue the United States for a wrongful tax levy that results from reckless, intentional, or negligent disregard of the IRS Code by IRS personnel.
- A prevailing party may be awarded reasonable administrative costs in an administrative proceeding brought in connection with the collection of any tax.
- Proposed Reg. §301.6331-4 prevents a tax levy while a taxpayer's proposal of a compromise or an installment agreement is pending with the IRS, for 30 days after a rejection of such a proposal, while an installment agreement is in effect, or 30 days after termination of an installment agreement by the IRS. No levy could be made during legal appeals of a rejection or termination decision. A levy could only apply if (1) the taxpayer waives the restriction on levy in writing; (2) the IRS determines that the proposed installment agreement was submitted solely to delay collection; or (3) the IRS determines that the collection of the tax is in jeopardy.
- Proposed criteria for compromising tax liabilities: (1) doubt as to liability; (2) doubt as to collectibility; (3) economic hardship of the taxpayer; or (4) compelling public policy or equity considerations. The proposed regs define terms such as "economic hardship."
- One proposal would impose a \$150 fee for processing offers to compromise tax liabilities. This fee would not apply to offers based on doubt as to liability, offers made by certain low income taxpayers, offers accepted to promote effective tax administration, and offers accepted based on doubt as to collectibility

Hanging Tough

In fact, the IRS has been steadfast and even aggressive on many fronts over the past year. Thus, you have the IRS raining on the parade of FLP victories by successfully amending its complaint in Strangi getting a second chance. The IRS also took a hard stand in Sheppard where the FLP was funded before the decedent's heirs signed the partnership agreement.(7) Here are several recent examples of the IRS in action.

The Lottery: Husband died soon after winning \$35.3 million in the Texas lottery. Since annual of payments of \$1,768,000 would be paid in the future, the estate wanted to pay the estate tax in installments over ten years due to the estate's limited liquid assets. The Tax Court found that the IRS denial of this request was not an abuse of discretion. The estate could easily have borrowed against the future lottery payments that were anticipated.(8)

Adjustment Clause: A partnership sales agreement contained an adjustment clause that governed how much of the partnership would be sold. But the IRS found this to be an invalid "savings clause" that was merely intended to discourage the IRS from challenging the transaction.(9)

Spousal Consistency: Despite "innocent spouse" protections, the IRS invoked the "duty of consistency" doctrine for spouses. A taxpayer may not take inconsistent positions and a husband and wife, having a privity relationship, may not take inconsistent positions from each other.(10)

Case History: O'Neal

Here is a case that epitomizes the determination of the IRS. Seven years before she died, Elizabeth O'Neal (and her husband) gave shares of a closely held corporation to their children. Although the IRS was time barred from imposing gift or generation skipping transfer taxes on Mrs. O'Neal's estate, it assessed a deficiency of \$9.4 million against the donees of the stock. An Alabama Probate Court ordered the estate to reimburse the donees.

The 11th Circuit Court of Appeals ruled that the donees' claim against the estate was to be valued as of the date of death without regard to post-death events. Upon remand, it was determined that a \$5.3 million claim against the estate could be enforceable, so the estate was entitled to an estate tax deduction of \$5.3 million.

Attorney Fees: The IRS was found to have been substantially unjustified in pursuing the action from the time it was remanded. Attorney fees of \$250 per hour were permitted in this case because there were complex and novel issues involved and those were the prevailing rates in the community for the level of assistance required.(11)

The Battle Continues

The IRS may find the estate tax battleground disappearing beneath its feet, but it is clear the IRS will continue fighting every issue in every case. It is safe to say the IRS must never be taken for granted.

Recent Decisions

COLAs Confirmed: In Revenue Procedure 2002-70, the IRS has confirmed the cost-of-living adjustments projected by experts and publishers last fall but with one correction regarding gifts to noncitizen spouses. Here is the correct noncitizen spouse figure along with other key COLA figures for 2003 affecting trusts and estates:

- Gifts to Noncitizen Spouses-§§2503, 2523(i)(2): The amount of gifts to a noncitizen spouse which are not included in the donor's annual amount of taxable gifts rises from \$110,000 in 2002 to \$112,000 in 2003 (not \$120,000 as estimated by a leading publisher).
- Installment Payments, Estate Tax Interest-§6166: The dollar amount used for calculating interest under §6601(j) regarding the two-percent portion of the estate tax payable in installments rises from \$1,100,000 to \$1,120,000.
- Annual gift tax exemption -§2503(b): Remains at \$11,000.
- Generation-Skipping Tax Exemption-§2631: Up from \$1,100,000 to \$1,120,000.
- Special Use Valuation-§2032A: Up from \$820,000 in 2002 to \$840,000.
- Attorneys Fees-§7430: Awards remain capped at \$150 per hour.
- Expatriation Presumptions: Tax avoidance is presumed for expatriates with average annual net income tax liability for the five-year period before the loss of citizenship of \$122,000 in 2003 (up from \$120,000 in 2002); or net worth exceeded \$608,000 (up from \$599,000 in 2002).

Disclaimer Did Not Trigger Taxable Gift

Donor created a trust in 1955. Upon a designated termination date, the corpus would be distributed to Donor's surviving descendants, per stirpes. Donor's great-granddaughter, B, has received lifetime discretionary payments from the trust. But can B now disclaim her rights as a potential distributee of the trust corpus? Can a remainder interest be disclaimed as a separate interest by someone who is receiving lifetime benefits from the same trust?

Yes, says the IRS in a private letter ruling. A disclaimer of pre-1977 trusts is governed by Reg. §25.2511-1(c)(2). The disclaimer was valid because B executed it within nine months of attaining majority age, did not control the direction of the disclaimed interest, met all state laws, and did not accept benefits of the property interest disclaimed. Letter Ruling 200238039.

The Sale of the Seventh Trust

After Husband's death, the residue of his estate was gathered into a QTIP trust for Wife during her lifetime with the remainder to seven descendants. To avoid disagreements, the QTIP was divided into seven separate trusts. Wife then sold her income interest in the seventh trust to the designated remainder beneficiary. This sale resulted in gift tax consequences for which the trustees

agreed to pay. But would the sale also trigger gift tax consequences in the other six trusts? After all, they had been part of one single QTIP trust.

No, responded the IRS in a private letter ruling. The other six trusts continue and no gift tax is triggered. After the seventh trust is terminated, the wife's income interest in the remaining six trusts was not valued at zero under IRC §2702. Income from the sale of the seventh trust was treated as long-term capital gain. Letter Ruling 200230017.

Lawsuit Valued for Estate Tax Purposes

A stroke victim's trusted friends took \$1.6 million of her property and had a law firm draft a will. When the stroke victim died, her beneficiaries discovered the misappropriation and sued the stroke victim's lawyers. The probate court ordered the firm to return \$247,500 in fees it had received from the estate. The firm then settled all claims (including the \$247,500) for a total of \$750,000. But what was the value of the stroke victim's interest in the malpractice claim?

The Court found that the valuation should not include the \$247,500 since those were fees incurred by the estate after the decedent's death. The court then reduced the remaining \$502,500 by legal costs anticipated in a malpractice action and calculated the present value of the decedent's interest at \$130,962. *Estate of Glover v. Comm'r.*, TC Memo. 2002-186, 84 TCM 120 (Aug., 2002). TC Memo. 2002-186, 84 TCM 120 (Aug., 2002).

Change in Title of Stock Is Not Taxable Gift

A divorce decree allocated a portion of closely held shares to Wife. Six years later, the wife brought a lawsuit to require the shares to be titled in her name rather than her ex-husband's. Despite the timing, the re-titling of the stock was part of the divorce decree and was deemed to be for adequate consideration. The wife had received all of the economic benefits of the stock. There were valid business reasons for not re-titling the stock sooner, i.e., maintaining investor confidence. Therefore the re-titling did not result in a gift tax. Letter Ruling 200221021.

Stock Transfers Were Not Taxable Gifts

Intra-family transfers of the bare legal title in family-owned, closely held corporations (car dealerships) did not trigger gift tax. The IRS argued that transfers between Husband, Wife, and three children were subject to gift tax. The Tax Court disagreed because no beneficial interest had been transferred. Husband supplied all the funding, ran daily operations, prepared all corporate documents and was the exclusive agent with third parties. Having complete control, Husband remained the sole beneficial owner of the corporations. *Cordes v. Comm'r.*, TC Memo. 2002-124, 83 TCM 1673 (2002).

TECHNICAL REFERENCES

1. In 1995 the IRS audited 1.7 million returns. This number dropped to 1.1 million in 1999 and then dramatically dropped nearly 50% to 618,000 audits the following year. This decline was only partially attributed to the lack of staff, which is a complaint of long standing. The real reason was the impact of the Taxpayer Bill of Rights 2 (P.L. 104-168) and the IRS Restructuring and Reform Act of 1998 (P.L. 105-206). This legislation requires the cessation of tax collection efforts when an offer of settlement is made.
2. Why file an estate tax return that is irrelevant? Two tax law professors, Jay Soled of Rutgers and Richard Schmalbeck of Duke, say that preparing a 44-page estate tax return can cost as much as \$15,000, yet 43,000 of the estate tax returns filed each year serve no purpose. "Congress can eliminate the source of this annoyance easily and at little cost," they say. Schmalbeck and Soled, *Many Unhappy Returns: Estate Tax Returns of Married Decedents*, 21 Va. Tax Rev. 373 (2002); Schmalbeck and Soled, *Unnecessary Estate Tax Returns: Removing the Residue of the Widow's Tax*, 94 Tax Notes 235 (Jan.14, 2002).
3. The House supported a permanent repeal resolution by a vote of 242 to 158 on September 19, 2002 but the vote fell six votes short in the Senate on June 12, 2002.
4. Several states have already shifted tax collection efforts to the private sector. At the Federal level, the suggestion is being opposed by unionized IRS staff and criticized as a means of bypassing the taxpayer protections that have been enacted in recent years. The approach taken by the IRS would not involve the entire Federal backlog of over \$200 billion of uncollected taxes. Only \$50 billion of outstanding taxes would be assigned to collection agents. The IRS is also increasing its own collection efforts. In 2002 it conducted 712,000 audits (up from 618,000). Congress increased the IRS budget from \$8.3 billion to \$8.9 billion.
5. The Taxpayer Bill of Rights 2 (P.L. 104-168) and the IRS Restructuring and Reform Act of 1998 (P.L. 105-206).
6. Proposed Regulation, NPRM REG-107366-00 (published in the Federal Register on March 5,
7. Estate of Strangi, CA-5, 2002-2; Estate of Shepherd, 115 TC 376, affirmed (CA-11, 2002-1); Moshman, *How NOT to FLP*, The Estate Analyst (July, 2002); Moshman, *An Achilles' Heel for FLPs*, The Estate Analyst (Oct., 2001);
8. Estate of Doster v. Comm'r., 83 TCM 1044, TC Memo. 2002-2 (Jan., 2002).
9. Technical Advice Memorandum 200245053 (July, 2002).
10. Technical Advice Memorandum 200244002.

11. The O'Neal estate was entitled to an estate tax deduction based on the restitution claims made by the descendants who had transferee liability. Estate of O'Neal v. United States, US Dist. Ct., 2002-2 (Dec., 2002); Estate of O'Neal v. United States, N.D. Ala., CV-97-J-2189-S. (July, 2002); Estate of O'Neal v. United States, 258 F.3d 1265 (11th Cir. 2001), affirming in part, vacating in part, and remanding; Estate of O'Neal v. U.S., 81 F. Supp. 2d 1205 (N.D. Ala. 1999).

<http://financialcounsel.com/Articles/EstatePlanning/ARTEST0000043-TaxStrategies2003.asp>

5 Sure Fire Ways for your Marketing to Fail

Dianne Perrett

While there are many marketing debates around what constitutes marketing success, there is very little debate around why marketing fails. Lets take a brief look at five things that are guaranteed to cripple your marketing efforts, and budget.

- 1) Don't Define what you want Marketing to Achieve.

This is the number one pitfall of nearly all marketing campaigns. You are guaranteed to fail if you don't decide up front what you want the campaign to do for you. You'll get side-tracked, pulled off course by the creative team and/or achieve something completely unintended (positive or negative). Without formulating your critical success factors for the marketing initiative you will never be able to measure success/failure or degrees thereof - everything will be outside your control as you constantly grapple for straws.

- 2) Try to Please Everyone.

By trying to be all things to all people you are fairly likely to appeal to no-one. This is the one area of marketing where less is definitely more. Focus small and own that market, rather than trying to attract every one and having your campaigns so broad and generic that they lose their message and appeal in the process.

- 3) Communicate too Little or too Much.

There is definitely constant conflict over how much to say and when. In a nutshell, short copy is great if you have a lot of products and/or services you need communicated in one message. Long copy is best if you have one product/service and you want to communicate your unique brand offering in a way that takes the reader through a sales process. Even in long copy though, you need to determine no more than three key benefits of your product/service and reinforce these over and over again so that the message comes through clearly. By saying too little you won't have grabbed, by sending too many messages you'll confuse. The key is to say little and reinforce often.

- 4) Not Understanding the Target Market.

Market research is one of those highly specialized areas that often confuse the practical marketer, but this area is ignored at your peril. Investing time and resources in getting into the minds of your selected target market will be repaid ten-fold. The research does not have to be complicated or outsourced. In house data mining, Customer Relationship Management (CRM) data analysis, discussions with your sales force or focus groups with some of your customers are all cost effective options that will provide valuable insight. If you haven't done something to better understand your customers in the last 3 months then it's time to block off an afternoon to invest in your future.

5) No time to think - just do!

This is one area that is becoming a chronic sickness in all marketing efforts. Marketing personnel are spending less time with their feet up on the desk thinking (if they ever did it to start with) and more and more time running around doing, un-doing and re-doing. We need to find a way to do less but do it better. By working on fewer campaigns but investing focused time and energy towards their effectiveness, we will achieve more and do so with less stress and more fun!

If you can avoid just one of these five pitfalls this year, you will have done well.

http://www.articlecity.com/articles/marketing/article_3105.shtml

A Checklist of The 8 “Must-Have” Marketing Tools for Service Professionals

Connie Scholl

There are countless tools available today to help you promote your services and generate more clients. However, before you experiment with the latest and greatest, you'll want to make sure that you've equipped your marketing toolbox with the following eight “must-haves”:

1. A “Spot-On” Self-Introduction: This is that clear, concise sentence (typically ten words or less) that quickly sums up what you do and who you do it for in a compelling way.
2. A “Business Boasting” Business Card: Your business card should not only include your name, business name, mailing address, telephone number, email, fax and website, but also your marketing message or tagline.
3. A “Client-Generating” Website: If you're in business today, you need a website. Period. Make sure you're squeezing every bit of mileage out of this 24/7 marketing tool with excellent copy and a solid client-generating strategy.
4. A “Brand-Building” Photograph: From business cards to your media kit (and everything in between), this instant brand-building tool will help

you establish further credibility, and become more easily recognized in your market.

5. A “Do-It-All” Database Management System: The fortune is in the follow-up. Make sure you’ve got an automated and well-organized, follow-up system in place to manage your communications with all of your prospects, clients, colleagues and networking contacts.
6. An “Easy-to-Buy” Service Menu: Make it easy for people to purchase from you by bundling services into easy-to-buy packages that fit their needs and solve their problems.
7. A “Tell-All” Tagline: Oftentimes, your tagline the ONLY thing people will remember about you or your business. Make sure yours is not only “catchy,” but that it also clearly communicates what your business does.
8. A “Raving Fan” Plan: A “Raving Fan” is someone who’s experienced your work, has benefitted from your service, and will happily tell others about you and your business. Every small business needs a “Raving Fan” plan to help attract and retain this type of client, who will ultimately end up doing 85% of your marketing for you.

http://www.articlecity.com/articles/marketing/article_3104.shtml

The Anatomy Of Profit Building

Tim Whiston

Every day new Internet entrepreneurs are faced with sales letters that promise to show them how to make millions of dollars. That sure sounds nice, but how can you expect to strike it rich if you’re not even sure of how to make your first buck online?

Following is a realistic and achievable outline for reaching a profit with your web business.

Determine Your Initial Expenses -

Obviously, one of the first things you need to do is structure your monthly spending. It is important that you know exactly how much money is going out, so you can determine how much return you need to reach a profit.

I recommend only investing in the necessities until you start generating some type of an income. Web hosting, mailing list management, a good tracking utility, and a basic advertising budget are examples of essential expenses.

Once you account for all your monthly expenses, you will know exactly how much income you need to realize a profit. But as the saying goes, you must learn to crawl before you learn to walk.

Become Self-Funding -

I encourage you to think large in terms of what you wish to achieve with your Internet marketing ventures. There is absolutely no reason why you

can't make a nice full time living from this business if you plan diligently and work hard.

But let's take this one step at a time. The first thing you need to do is generate enough money each month to cover your operating costs.

This way, you aren't spending money out of your own pocket to keep your venture afloat. Naturally, you'll have to go out-of-pocket in the beginning, but you should set a goal of making your business self-funding (meaning it pays for itself) as quickly as possible.

With a well structured game plan, and a strong work ethic, there is no reason you can't become fully self-funded within 3 to 6 months. Individual results will vary, but this is certainly a realistic time frame if you stay focused.

The Rest is Gravy.... Sort of -

Once you achieve a recurring income that exceeds your operational expenses, you are officially in profit. But let's not schedule the victory parade just yet.

There is one more thing to consider when evaluating your earnings. How much of your time is required to generate whatever amount of money you take in each month?

Your time is precious, and should not be undersold. If you're spending 10 hours each day to pull in an extra \$50 per month, I'd say there is room for improvement.

The last thing I want to do is squash the life out of you here. A small profit is still better than what 99% of the people in this industry ever achieve, so once you reach the point where you are getting back more than you are putting in, please pat yourself squarely on the back.

At the same time, you should not be prepared to settle for what I like to call "prison wages". Demand an amount of compensation that reflects the value of your time, and work hard to make this demand a reality.

http://www.articlecity.com/articles/marketing/article_3098.shtml

5 Tips To Affiliate Marketing Success

Asa Williams

Affiliate Marketing is something that all small business web sites do to some extent either as publishers or advertisers. Although some webmasters use affiliate programs simply to supplement their income to pay hosting fees, others earn dramatic profits by following these simple rules for better affiliate sales.

Autoresponders are incredibly valuable tools that allow you to send a timed series of email messages to those that sign up for them. Most often those

autoresponders are sent through a third party provider. Some of the top providers are Sendfree.com and aweber.com

Purchase Offline Classified Ads: You can purchase space in Thrifty Nickel Ads rather cheaply. Try to find a niche that isn't overrun such as work-at-home or business opportunities. You can place your ad online, but I've found that if I can save nearly 50% if I purchase the ad space in person, or if you mail in your payment. Call them first and ask them how much the ad will cost if you mail in your payment.

Visit some of the top classified sites on the Internet. Simply do a search on Google, Yahoo or MSN, if you aren't familiar with any. Visit the work-at-home, and business sections. Write down their email addresses and simply request more information. But before you do, write your email signature as a small ad. Never attempt to sell them anything in the body of your email, this might be considered spam. Just simply ask for more information and create an enticing tag line as your email signature.

Filling a web site with content reflecting a narrowly focused product or service niche is a well known method of gaining web traffic in your area of specialty. An excellent resource that can help you determine relevant and focused areas to fill your site with is called NicheBot. They offer innovative tools to research and pinpoint market niches for your web site based on the WordTracker Database and Google.

<http://www.nichebot.com>

Writing articles about your market niche is essential to gain reputation as an expert in your field. But the biggest benefit comes not just from writing those articles, but from having those articles published by other web site owners and ezine publishers. Your article gains you both reputation and links from other web sites from the resource box appended to the end of each article.

Choosing the right affiliate program is vital for your success. We don't want to end up with lemons, right? It is not advisable to invest time and effort into something that will not yield the best return for the energy expended.

How sellable is the product? You could always ask for statistics from the affiliate program. Don't forget that. You could demand to see the sales chart for the past few months, so that you'd know that there are people who are actually willing to purchase the product. We can safely say that an affiliate programs offering high commission rates for very sellable products is an excellent opportunity.

Most affiliate programs will provide their affiliates with tools to market with. Simply put, the more tools provided, the more chances of you making the sale.

This is because you can then save time by simply editing the provided materials to your own 'voice' instead of creating an ad from scratch. You can

focus instead on the marketing. Similarly, having more tools also equate to more opportunities to get the sales message through effectively.

A factor you must pay attention to is how much you will be paid, in relation to your promotional efforts. A higher commission percentage can be a huge motivation to place higher focus on a particular product in your total portfolio.

Alternatively seek out products with a higher end pricing or those that offer residual income. You would want to profit exponentially from any effort placed.

This is one tool I have used with great success, and I highly recommend for the beginner to expert affiliate marketer.

<http://www.asa.name/affiliatemarketing/go>

So find a program you believe in and follow through with it. Learn all you can about it and its products. Stick with it and continue to find new ways to market it. It may take a little while, but before you know it you'll be making sales. And with each sale your confidence will rise!

And then maybe you can start to look for another program or two to promote...

http://www.articlecity.com/articles/marketing/article_3091.shtml

Search Engine Marketing Trends

Itai Levitan

Search engine marketing is on constant evolution

The world of search engine marketing is in constant evolution. With increase in the number of search engines and evolution in the techniques and technologies used, search engine marketing is becoming a tool industries cannot afford to do without. Trends all over the world show that the pressure for search engine marketing services is starting to come from below – for the individual clients and organizations themselves. Indeed, search engine marketing is quickly evolving as the buzz word in a new, technology-driven advertising and marketing space. As a result, companies that are serious about their online marketing are incorporating search marketing into their branding and direct response marketing efforts.

Meet the search engines

Google, Yahoo, MSN are the search engine big boys, with Google being the strongest. AOL, Ask Jeeves and Altavista lead the SEM scenes, while a number of other geographically-specific and market-specific search engines are also successful. In a study conducted in July 2005, Nielson/Netratings reported that the search engine marketing share was highest for Google at 48%. Yahoo and MSN had the market shares of 22% and 12% respectively.

MSN and Google were also the top destinations for most online purchases, reported a study conducted by comScore Networks (June 2005). The study highlighted that in, MSN searchers were 48% more likely to buy online than the average Internet user. Google users were 42% more likely to buy online than the average Internet user. It also came to notice that while Google searches looked for more sophisticated search terms, simple broad term searches occurred for AOL, Yahoo and MSN. Demographically, more men searched on Google at 55.1% while AOL was female dominated at 52%.

Search engine marketing - another bubble?

One thing is becoming clearer today: Search engine advertising is not another Internet bubble, even if certain shares may be trading higher than they should. It is not only happening in the Silicon Valley either. It is driven by users and the fact that people, everywhere, need to go somewhere to search and find information. Take China for example - who's heard of Baidu.com? Not too many people. It's a Chinese search engine that has been around for 5 years and is the World's 6th most-visited Internet site, thanks to China's fast growing internet market, currently with more just over 100 million Web surfers. Baidu is approaching an IPO and according to eNet.com.cn, a Chinese news site, will list on the NASDAQ on August 4, planning to 3.7 million shares of stock at between US\$19 and \$21 per share. And what about Google? It recently reported quarterly revenues of \$1.4 billion. Google's revenues excluding its payments for other websites in its advertising network jumped to \$890m, an increase of 110 per cent from a year before and above the expected \$842 Million. "Business is very good here at Google," said Google CEO, Eric Schmidt.

Search engine marketing forecast

US Online Marketing Forecast: 2005 To 2010 by Forrester Research (May 2005) revealed that the arena for search engine marketing is all set to rise and will show growth of 33% in 2005. Forecasts reveal that the figures will reach \$11.6 billion by 2010. Display advertising, which includes traditional banners and sponsorships, will grow at the average rate of 11 percent over the next five years to \$8 billion by 2010. Total spend on US online advertising and marketing will reach \$14.7 billion in 2005, a 23 percent increase over 2004. Trends also showed that while SEM is set to become more effective than traditional marketing channels, barriers include a lack of online advertising standards and hands on experience that prevent marketers from embracing them fully.

Search engine marketing in Europe

Search engine marketing (SEM) trends in Europe reveal a positive picture too. A study conducted by Forrester Research, entitled "Europe's Search Engine Marketing Forecast, 2004-2010", predicts that by 2010, European marketers will spend almost 3 Billion Euro on search marketing. This will be a rise from EU856 million in 2004. Research also shows that SEM is set

to increase by 65% in 2005 with EU1.4bn being spent on sponsored links and search engine optimization (SEO). This growth spurt may however cool down to a simmer by 2007 as rich media ads begin to dominate the Internet marketing landscape. The UK continues to be the largest online ad market in Europe with SEM forecast to grow to over EU1bn in 2010, up from EU763m at the end of 2005. France is the biggest growth market with 19% of search marketing spend by the end of 2005 and 31% by 2010. Germany follows second with a spend of EU165m in 2004. However spending in Germany will slow down and reach EU399m in 2010 from EU165m in 2004. Growth will be lead by marketers in the travel, finance, auto, and retail sectors.

Search engine traffic is only a means to an end

Besides all these big numbers and back to the customers, it is important to note that for advertisers, search engine traffic is, typically, only a means and not an end. Lots of targeted traffic from active users in real time is great only if users perform the target action/s of the website (e.g. fill out the contact form, download the demo, register to the newsletter, complete the purchase online, make a comment with the forum, etc.). The few companies that are already engaging in search engine marketing at a professional level know this well and are putting in significant efforts in integrating conversion rate improvement mechanisms and work processes into their web marketing efforts. Surprisingly or not, there are too many times where marketing managers do not know if one channel generated a higher return on investment (ROI) than the other. Furthermore, they usually don't know how to measure their channel-specific cost per action (CPA) or cost per customer acquisition. The leading companies in the web marketing space have already learned that it is more efficient and ROI-effective to identify how to raise an existing conversion rate from, say, 2% to 4%, rather than paying to buy 100% more incoming traffic.

http://www.articlecity.com/articles/marketing/article_1309.shtml

Companies are increasingly using business performance management software to slice and dice their profitability and improve decision-making.

Article 7

Revenue minus costs equals profit. The equation is concise, simple - and misleading, as most everyone who's analyzed profitability in detail can attest. Most companies have a pretty good idea of how much they spend on raw materials for each widget they produce. But those that dig no deeper into profitability than subtracting these direct costs from gross revenue are asking for trouble. They are likely basing decisions about R&D investments, sales com-

pensation policies, marketing and customer service budgets, and even divestitures and acquisitions on a flawed view of their own performance.

To analyze how much a given product or customer is contributing to the bottom line, executives must first agree on a definition of profitability. “That may seem really straightforward - until somebody challenges that definition and points out that while it works for the sales organization, it’s not actually working for the company as a whole,” says Robert Kugel, vice president and research director, financial performance management, with Ventana Research in San Mateo, Calif. “The way in which the sales organization measures customer profitability or product profitability may ignore all kinds of buckets of costs that are being driven by those sales.”

The list of variable, indirect cost drivers that must be included in any serious profitability analysis includes distribution, customer support, warranties, marketing and collections. Revenue calculations can be complex, too. Correct sales figures must take into account fraud losses, credit losses, product returns and any other revenue recognition considerations that may be unique to a particular industry. The good news is that as organizations store more and more customer and product data in operational software systems, it becomes accessible for the types of analyses that strengthen strategic decision-making.

Increasingly, companies are using their business performance management (BPM) software to evaluate profitability by product or service line, brand, customer segment, and sales or service channel. “For any given situation, you’re looking at the same thing, but from four or five different dimensions,” says Gareth Herschel, Atlanta-based research director with Gartner Inc., a company that provides IT industry analysis. “If I walk into a retail store and buy a certain product, the profitability of that transaction is reflected in terms of my profitability as a customer. It is reflected in the profitability of that particular product, and it’s reflected in the profitability of that particular channel. Effectively, you’re looking at the same data and just combining it in different ways, depending on the type of analyses you’re doing.”

<http://www.businessfinancemag.com/magazine/archives/article.html?articleID=14502&pg=1>

Interest’s on the Upswing

Article 8

According to the Business Finance/ Acorn Systems survey, the vast majority of finance, marketing and business managers agree with Bank. Eighty-two percent of respondents reported that calculating and allocating the cost to serve customers is at least somewhat important to their organization. Eighty-

seven percent indicated that using customer profitability data to make effective business decisions is at least somewhat important to their company.

Rick Lowrey is executive vice president of Herndon, Va.-based Deltek, an organization that provides software for project-based businesses. He has seen a rapid rise in interest in detailed profitability analyses among the service companies that are his customers. “Over the last few years, there’s been even more focus on how to equate individual project profitability – down to the task level – with the greater profitability of a division, of a line of business, as well as the entire company,” he says. “In today’s environment, there’s much more real-time planning and navigating, and certainly with corporate governance being overlaid on that, it’s almost a necessity.”

Gary Cokins, strategist with business intelligence vendor SAS Institute in Detroit, attributes the increasing interest in customer and product profitability to the convergence of five factors. First, companies are realizing that they spend more to acquire a new customer than they would to retain a customer whose business they’ve already won. Second, as products become more commoditized, post-sale customer support becomes an important method of differentiation among competitors, so organizations are spending a larger proportion of their marketing dollars on activities that aren’t tied directly to a specific sale. Third, as CRM technology improves, companies are tailoring marketing campaigns to specific customers, so they need to know which customers to focus their efforts on. Fourth, as products become more customized and the volume of services rises, overhead costs make up an increasingly large proportion of corporate spending. And finally, as the Internet shifts power from sellers to customers, the pressures on businesses intensify.

Because of these forces, organizations must put more effort than ever before into figuring out which products, sold to which customers through which channels, make them the most money. “Which types of customers should we be spending more to retain? Which types of customers should we not? Which types of customers should we be going after? If you can’t answer those questions, I think you’re going to have a difficult time increasing shareholder wealth as fast as you want to,” Cokins says.

Herschel sees a “me too” mentality at work boosting profitability’s popularity. “As a thought leader within a particular industry begins to do better and deeper analysis, then that becomes very threatening for the other companies in the industry,” he says. “Suddenly somebody else knows more about what is probably a shared customer than they do. The risk is, ‘I think I’m doing very well because I’m attracting all the customers who are high spenders in my industry, but it turns out that they’re also the most demanding customers. One of our competitors’ revenues may be relatively flat but its profits are growing rapidly, while our revenues might be growing rapidly even though

our profitability is falling.’ As we see that threat begin to take hold in a particular industry, we’ll see more of a rush to adopt this kind of technology.”

Dan Evans, assistant vice president of Commercial Federal Bank in Omaha, Neb., agrees. “As more and more companies in various industries look closer and sharpen their pencils as far as the profitability goes, you almost have to go down this route,” he says. Commercial Federal has used software from ALG to analyze customer and product profitability for several years, and it has become much more competitive as a result. Not only do operations and salespeople use the results of these analyses to improve service for and monitor the satisfaction of their most profitable customers, but the organization also has based significant business decisions – including the divestiture of its wholesale mortgage product line – on the data. Evans believes he and his team have become “heroes” within the company. “The operations area and the sales area enjoy the information,” he says. “It’s new information they never had before.”

<http://www.businessfinancemag.com/magazine/archives/article.html?articleID=14502&pg=4>

Making the First Move

Article 9

Finance managers who want to play the hero should broach the subject of profitability analysis with the marketing and operations functions by approaching with an olive branch rather than a switch. In other words, Cokins says, instead of focusing on those groups’ need to justify their budgets, the finance champion of a profitability initiative should position herself as simply supporting the information needs of the company’s other departments.

A quick look at a small group of customers can demonstrate to operations, sales and marketing, and senior management why the company really needs customer and product profitability evaluations. For example, if the organization bases decisions on the assumption that customer profitability is directly correlated with revenue, finance should develop a detailed profitability analysis of two customers that produce exactly the same revenue, Herschel advises. “You can begin by saying, ‘Let’s compare every type of interaction they have with us,’ “ he says. “ ‘What is the difference between these two customers in terms of the number of times they call a call center, the number of times that they ask to speak to someone in a retail environment, the amount of money we spend to promote products or services to this customer? Let’s look at the risk associated with this customer in terms of fraud or in terms of credit risk.’

“If, as you do that analysis a few times, you keep finding that fundamentally all of your customers do behave exactly the same, then you can go back to your strategy as it was, more secure in the knowledge that it is the valid strategy to follow,” Herschel adds. But “what you’ll probably find is that actually there are some significant differences between your customers. And then you can start to understand what the major things are that impact the profitability of your customers.” A retail store, for instance, might discover that the metric that corresponds most closely with customer profitability is not revenue per customer but rather the proportion of the customer’s purchases that are subsequently returned.

To better sell the profitability initiative, finance should emphasize how such an analysis could improve corporate decision-making. “If I understand that that customer segment’s losing me money, I may want to look at the product mix for those customers to see if a product mix is what caused them to be profitable or unprofitable,” says Putterman. “If it’s not a product mix, it might be your transaction flow; you may have had one transaction that was highly unprofitable and a hundred that were profitable. How is your action going to be different for that customer versus another customer where every transaction is unprofitable? They’re not even close to the same thing. One you have to fix. The other one, you just have to avoid that one unprofitable thing next time.”

<http://www.businessfinancemag.com/magazine/archives/article.html?articleID=14502&pg=5>

Buying Into Spend Management

Article 10

Finance departments are tightening their control of corporate spending through technologies that give them great insight into what they’re getting for their money.

When Al Castino took over as CFO of San Rafael, Calif.-based software vendor Autodesk a couple of years ago, he knew that business as usual wasn’t going to make the grade. In August 2002, the company’s operating margins had sunk to 3 percent and its stock price stood at less than \$12 per share. “We were remarkably unproductive in a lot of areas,” he recalls. “We had way too much infrastructure and cost structure.” The organization, which had 2004 revenues of \$952 million, was “vulnerable to private buyout firms, a hostile takeover and intense criticism from investors,” Castino recalls. “We were running the company as if we were a \$10 billion firm with no conscience about spending. We had gotten completely off track.”

The new CFO quickly reeled in spending. He ransacked initiatives that had led the company astray, consolidated layers of management, crumpled cost structures and shored up the organization's leadership. This comprehensive initiative began to pay dividends almost immediately. Today Autodesk's operating margins are 21 percent, and the company's stock price has zoomed above \$65 per share. "Autodesk is stronger, healthier and poised for greater success," Castino says.

Controlling spending is one of the biggest challenges any business faces. As an organization grows, its expenses expand and its cost structures may fall out of alignment. "Most companies do not have a basic understanding of where they are spending money," says Brian Desmond, vice president of supply chain management and strategic resource management for PeopleSoft in Pleasanton, Calif. "You can't improve what isn't measured." The transition from conventional procurement - in which departments and individuals buy on their own - to a centralized e-procurement system can improve the organization's management of procurement in a number of ways.

"Spend management is attracting a lot of attention," states Christa Dignan, research director at Aberdeen Group, a Boston-based market research and consulting firm. "Organizations want to know more than just where they are spending money. They're looking to manage buying and spending processes more strategically and oversee suppliers more effectively." As e-business software has become more sophisticated, it has enabled executives to look at spending patterns holistically, which helps them manage their organization far more efficiently.

Procurement executives are essential to the success of a spend-management program, but the CFO and other finance leaders also play a central role - particularly in developing metrics and benchmarks.

When such a program is successful, its results are worth the effort. Desmond estimates that a \$3 billion company which reduces spending by just 1 percent can increase its net income by \$18 million and its earnings per share by about 3 cents. "Companies that have executed on spend management as a top corporate initiative have seen dramatic returns," he says.

Designing a New Cost Structure

Spending has always been a double-edged sword for companies. Spend too freely, and the organization will wind up watching margins and profits erode. Cut costs too severely, and the same company will undercut its future performance and growth. Striking a balance is essential; procurement decision-makers need a view across the organization of spending by supplier, product category and business function.

At Autodesk, Castino analyzed the corporate structure and identified numerous procurement inefficiencies. One glaring problem he found was that the company had become excessively "divisionalized" over a period of years.

Not only did different divisions buy the same products and services at different prices, but they also duplicated accounting, finance and other staff members needed to manage procurement, he says.

To cut costs, Autodesk reorganized and consolidated its operations worldwide, creating a shared-service center for each of its three geographic regions: the Americas, Asia, and Europe and the Middle East. The move slashed finance and accounting staffing by as much as 75 percent, accelerated transaction processing, and trimmed paperwork and administrative spending.

At the same time, Castino discovered that Autodesk wasn't doing a good job of negotiating worldwide contracts for travel, computer hardware, networking and telecommunications. By consolidating vendors and using its shared-service centers to negotiate better pricing, the company cut millions of dollars in costs. Similar initiatives in research and development, marketing, and sales further trimmed expenses. "We were able to pluck a lot of low-hanging fruit," Castino says.

Degnan explains that companies which establish standardized, centralized procurement systems and procedures reap rewards in both hard- and soft-dollar savings. The Aberdeen Group has found that, on average, best-in-class companies realize hard-dollar savings of 14 percent in their spending budgets, 12 percent in their procurement-processing costs, and 25 percent in their supply chain costs.

Nevertheless, obstacles to achieving these results are significant. Degnan points out that expenditures such as certain service purchases cannot fit neatly into an online catalog. What's more, the consolidation of disparate buying processes and the creation of a single point of sourcing are easier said than done. "Without a process to track the spending, it's next to impossible to know where the dollars are going," she observes. If a spend-management initiative fails, budgets may topple and pricing may disintegrate.

Further, the complexity of spending within a typical organization is on the rise. While the procurement of IT equipment is relatively easy to manage, other types of spending, such as compensation for contingent workers, can prove daunting. Ultimately, business processes and software systems must support the specific requirements of a company's procurement program as well as the organizational behavior associated with them.

Drilling Into Savings

To develop a solid spend-management strategy, executives must examine myriad processes throughout the organization. Helmerich & Payne International Drilling Co. (H&P), a Tulsa, Okla., company that owns and operates 128 drilling rigs worldwide, has taken spend management beyond the flat earth of procurement.

The rigs operate on a 24(sum)7 basis, which means they must have access to replacement parts at all times. In the past, rig managers purchased goods by

calling a local supplier. Some buyers obtained multiple quotes; others didn't. Prices varied wildly from one location to another. The size of H&P's rig fleet has grown by 49 percent since 2000, and its U.S. procurement costs now exceed \$50 million a year, so more efficient purchasing has become a top priority.

That's why the company undertook an initiative to design and install an efficient supply chain and financial management system, for which it forecast a savings opportunity of 5 percent right out of the gate, according to Scott Milliren, vice president of international marketing and business development. "It's money that goes straight to the bottom line," he adds.

The project aimed to reduce spending by automating and standardizing processes, aggregating purchasing and establishing strategic relationships with select suppliers. Monitoring compliance with procurement policies - thereby reducing maverick spending - and creating synergies that could lead to reduced costs were additional objectives.

Last year, H&P implemented a Microsoft Axapta enterprise resource planning (ERP) system. Then it transitioned to a procurement system that provides a corporate supply catalog via a Web portal. Instead of a three-quotes-and-buy process, H&P's new policy is to negotiate fixed pricing with the approved vendors in its catalog. The company's processes are also evolving from offering no procurement tracking to providing full visibility throughout the organization. The software is helping H&P reduce its total vendor count from 4,000 to about 2,500.

Several departments have been using the system on a pilot basis; it will roll out companywide in April 2005. Milliren reports that the \$4.5 million investment in the ERP software and the complete supply chain redesign will result in first-year savings of more than \$5 million.

H&P is already saving money on everything from drilling equipment to electrical supplies. One example: The organization discovered that managers were buying 10 different types of cotton gloves when they needed only two types. Simply consolidating glove vendors has led to savings of about 15 percent. In addition, H&P expects to realize soft-dollar gains as it reduces administrative and paperwork overhead. Milliren says, "Comprehensive spend management has allowed us to take a giant leap forward. The ROI is enormous."

Sophisticated spend management would not be possible without software that gives managers insight into the complexities of purchases across the organization. The right application helps a company identify opportunities and integrate data among numerous departments and spending categories.

Michael Schmitt, executive vice president and chief marketing officer of spendmanagement software vendor Ariba Inc. in Sunnyvale, Calif., says the best applications cover a lot of ground. They handle traditional cost manage-

ment, but they also point out operational best practices, push regulatory compliance (including Sarbanes-Oxley), incorporate nontraditional categories of spending, accommodate procurement outsourcing, and facilitate the oversight of supplier management.

Picture-Perfect Results

Putting together all the pieces isn't easy. Loews Cineplex Entertainment, a New York City-based operator of 1,400 movie screens across the United States, has focused its spend-management effort on leveraging volume pricing and transforming procurement into a strategic process. Eliminating paperwork and stream-lining buying processes are key to Loews' operational efficiency, says Tom Hogan, vice president of procurement and strategic supply.

The company formerly used mostly nonautomated systems and processes for purchasing. Its Lotus Notes forms; communication with employees via e-mail, faxes and phone conversations; and paper order forms and requisitions made procurement difficult to manage. When Loews conducted a detailed analysis of its spending in 2003, it discovered that workers were scattering purchases throughout a wide universe of suppliers.

The lack of vendor consolidation prevented the company from achieving savings through volume buying, so as Loews prioritized the improvements in its supply chain, developing a list of preferred suppliers received top billing. Loews implemented PeopleSoft eProcurement and began to consolidate buying across 138 theaters. Its goal was to ensure that more than 75 percent of office-supply purchases went through preferred suppliers. The company set up an online catalog that included photographs and detailed product descriptions for more than 25,000 items, and it negotiated pricing far below what theaters had previously paid for many of the products.

Loews introduced the system in October 2003 and rolled it out across the company during the first half of 2004. The end result? Loews has trimmed transactional costs by 33 percent and cut the time it takes to fulfill a purchase order from five days to one day. The company is also saving between 4 percent and 5 percent on the \$20 million it spends annually on goods now in its online catalog.

The theater chain plans to further expand the initiative over the next couple of years. "E-procurement has allowed us to gain a more comprehensive view of purchasing. Spend management is a great way to drive dollars to the bottom line and view the business in a more strategic way," Hogan explains.

Aberdeen Group's Degnan couldn't agree more. She thinks spend management represents the next frontier in overseeing the general ledger. It can help finance play a more strategic role in shaping the organization and bring greater understanding and order to the chaotic world of spending. "It's an

opportunity for finance to dig under the surface and identify areas ripe for savings. The strategic gains are often significant.”

5 Steps to Spending Control

According to Aberdeen Group research director Christa Degnan, an effective spend management initiative encompasses five basic steps:

1. Analyze spending. The organization must understand how various divisions, departments and employees purchase items.

2. Develop a plan. Executives in finance, procurement and other areas should map out a strategy for their spend management initiative.

3. Create a sourcing strategy. Establish contractual relationships with suppliers so that the organization can control its purchasing needs. “If you’re spending a lot of money on a certain product or service, then it might be wise to exchange preferred-supplier status and more business for volume pricing,” Degnan says.

4. Ensure that employees are buying on contract. Setting up spend management strategies and processes doesn’t result in any gains if employees do not buy items from preferred vendors. It is important to monitor and strictly regulate how buying takes place.

5. Monitor suppliers’ contract compliance and performance. Not only can this help a company achieve performance goals, but it can also help the organization revise the spend management initiative over time.

<http://www.businessfinancemag.com/magazine/archives/article.html?articleID=14363&pg=1>

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