**УО «БЕЛОРУССКИЙ ГОСУДАРСТВЕННЫЙ ЭКОНОМИЧЕСКИЙ УНИВЕРСИТЕТ»**

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**English for Students Studying Finance**

**Учебное пособие по дисциплине «Профессионально ориентированный иностранный язык»**

**для студентов заочной формы обучения**

**специальности 1-25 01 04 «Финансы и кредит»**

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для студентов заочной формы обучения специальности 1-25 01 04 «Финансы и кредит» – Минск: БГЭУ, 2019. – 25с.

Настоящее электронное учебное пособие состоит из 6 разделов, каждый из которых включает оригинальные тексты со специально разработанными упражнениями. Пособие направлено на совершенствование умений и навыков чтения и говорения по вопросам профессионально-деловой коммуникации студентов заочной формы обучения специальности 1-25 01 04 «Финансы и кредит».

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# TEXT 1 FINANCIAL SYSTEM

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1.1 Word List

Match the words in column A with the meanings in column B.

|  |  |
| --- | --- |
| A | B |
| 1. aggregate 2. intermediary 3. accounting 4. supply 5. demand 6. facilitate 7. large-scale 8. capital goods 9. costs 10. revenue 11. equipment 12. allocation | 1. спрос 2. предложение 3. способствовать, помогать 4. доход, прибыль 5. затраты, издержки 6. средства производства 7. совокупный, общий 8. крупный, масштабный 9. бухгалтерское дело 10. оборудование 11. распределение 12. посредник |

***1.2 Read the text to get the gist of it.***

**Financial system**

Finance can be defined as the art and science of managing money. The field of finance is broad and dynamic. It directly affects the lives of every person and every organization, financial and non-financial, private or public, large or small, profit -seeking or non-profit. All individuals and organizations earn or raise money and spend or invest money. Finance is concerned with the process, institutions, markets, the instruments involved in the transfer of money among and between individuals, businesses and governments.

Finance can be defined at both the aggregate or macro level and the firm or micro level. Finance at the macro level is the study of financial institutions and financial markets and how they operate within the financial systems. Finance at the micro level is the study of financial planning, asset management, and fund raising for business firms and financial institutions.

Finance has its origin in the fields of economics and accounting. Economists use a supply-and-demand framework to explain how the prices and quantities of goods and services are set in a free-enterprise or market-driven economic system.

Accountants provide the record-keeping mechanism for showing ownership of the financial instruments used to facilitate the flow of financial funds between savers and borrowers. Accountants also record revenues, expenses, and profitability of organizations involved in the production and exchange of goods and services.

Large-scale production and a high degree of specialization of labourcan function only if there exists an effective means of paying for productive resources and final products. Business can obtain the money it needs to buy capital goods such as machinery and equipment only if the institutions and markets have been established for making savings available for such investment. Similarly, the federal government and other governmental units can carry out their wide range of activities only if efficient means exist for raising money, for making payments, and for borrowing.

Financial markets, institutions or intermediaries, and business financial management are basic elements of well-developed financial systems. Financial markets provide the mechanism for carrying out the allocation of financial resources or funds from savers to borrowers. Financial institutions such as banks and insurance companies, along with other financial intermediaries, facilitate the flow of funds from savers to borrowers. Business financial management involves the efficient use of financial capital in the production and exchange of goods and services. The goal of the financial manager in a profit-seeking organization is to maximize the owners’ wealth through effective financial planning and analysis, asset management, and of financial capital. The same financial management functions must be performed by financial managers in not-for-profit organizations, such as governmental units or hospitals, in order to provide the desired level of service at acceptable costs.

***1.3 Answer the following questions.***

1. What is finance?
2. Where does finance have its origin?
3. What are the basic elements of financial system?
4. What do financial institutions facilitate?
5. Can business obtain the money it needs to buy capital goods?
6. What is the goal of the financial manager in a profit-seeking organization?

***1.4 Form word combinations using the words of both columns and translate them into Russian.***

|  |  |
| --- | --- |
| 1. invest 2. macro 3. financial 4. asset 5. fund 6. supply-and-demand 7. record-keeping 8. large-scale 9. productive 10. capital | 1. resources 2. goods 3. money 4. level 5. production 6. markets 7. raising 8. mechanism 9. management 10. framework |

***1.5 Complete the sentences.***

1. Finance can be defined as the art …

2. Finance is concerned with…

3. Finance at the macro level is…

4. Finance at the micro level is…

5. Financial markets, institutions or intermediaries, and business financial management are…

6. Financial institutions such as banks and insurance companies, along with other financial intermediaries, facilitate…

7. Business financial management involves…

8. The goal of the financial manager in a profit-seeking organization is…

***1.6 Decide which of the following statements are correct.***

1. The field of finance affects the lives of every person and every organization, financial and non-financial, private or public, large or small, profit -seeking or non-profit.

2. Finance can be defined at both the aggregate or macro level and the firm or micro level.

3. Finance has its origin in the fields of banking and accounting.

4. Accountants provide the record-keeping mechanism for showing ownership of the financial instruments used to facilitate the flow of capital funds.

5. Accountants also record revenues, expenses, and profitability of organizations.

6. Financial markets, institutions or intermediaries, and business financial management are basic elements of banking systems.

7. The goal of the financial manager in a profit-seeking organization is to maximize the owners’ wealth.

8. Business financial management involves the efficient use of financial capital in the production and exchange of goods and services.

1.7 Define the main idea of each paragraph.

1.8 Give the main points of the text.

# TEXT 2 FINANCIAL MARKETS

****

2.1 Word List

Match the words in column A with the meanings in column B.

|  |  |
| --- | --- |
| A | B |
| 1. loan 2. interest 3. short-term 4. backbone 5. liquid 6. debt 7. securities 8. long-term 9. assets 10. transaction 11. currency 12. stock | 1. долг 2. заем 3. имущество, активы 4. ценные бумаги 5. основа, база 6. долгосрочный 7. процент 8. ликвидный 9. акция, основной капитал 10. сделка, соглашение 11. валюта 12. краткосрочный |

***2.2 Read the text to get the gist of it.***

**Financial markets**

Financial markets provide a forum in which suppliers of funds and demanders of loans and investments can transact business directly. The two key financial markets are the money market and the capital market. Transactions in short-term debt instruments*,* or marketable securities, take place in the money market. Long-term securities (bonds and stocks) are traded in the capital market.

The money market is created by a financial relationship between suppliers and demanders of short-term funds, which have maturities of one year or less. The money market exists because certain individuals, businesses, governments and financial institutions have temporarily idle funds that they wish to put in some type of liquid assets or short-term, interest-earning instalments. At the same time, other individuals, businesses, governments and financial institutions find themselves in need of seasonal or temporary financing. The money market thus brings together these suppliers and demanders of short-term liquid funds.

The capital market is a financial relationship created by a number of institutions and arrangements that allows the suppliers and demanders of long-term funds — funds with maturities of more than one year - to make transactions. The backbone of the capital market is formed by the various securities exchanges that provide a forum for debt and equity transactions. Major securities traded in the capital market include bonds and both common and preferred stock.

All securities, whether in the money or capital markets, are initially issued in the primary market. This is the only market in which the corporate or government issuer is directly involved in the transaction and receives direct benefit from the issue - that is, the company actually receives the proceeds from the sale of securities. Once the security begins to trade among individuals, businesses, government or financial institutions, savers and investors, they become part of the secondary market. The primary market is the one in which «new» securities are sold; the secondary market can be viewed as an «issued» or «preowned» securities market.

During the last two decades the Euromarket- which provides for borrowing and lending currencies outside their country of origin - has grown quite rapidly The Euromarket provides multinational companies with an «external» opportunity to borrow or lend funds with the additional feature of less government regulation.

***2.3 Answer the following questions.***

1. What is a financial market?
2. What are the two key financial markets?
3. In what do they differ?
4. Does the money market bring together the suppliers and demanders of short-term liquid funds?
5. What do major securities traded in the capital market include?

5. What is the difference between primary and security markets?

6. How is the backbone of the capital market formed?

7. What is the Euromarket?

***2.4 Form word combinations using the words of both columns and translate them into Russian.***

|  |  |
| --- | --- |
| 1. financial 2. debt 3. marketable 4. idle 5. liquid 6. temporary 7. equity 8. preferred 9. government 10. lending | 1. funds 2. stock 3. assets 4. issuer 5. markets 6. financing 7. securities 8. instruments 9. currencies 10. transactions |

***2.5 Complete the sentences.***

1. Financial markets provide a forum in which…

2. The two key financial markets are…

3. The money market is created by…

4. The capital market is…

5. The backbone of the capital market is formed by…

6. The primary market is…

7. The Euromarket provides…

***2.6 Decide which of the following statements are correct.***

1. The two key financial markets are theprimary market and thecapital market.

2. Transactions inlong-term debt instruments*,* or marketable securities, take place in the money market.

3. The money market is created by a financial relationship between suppliers and demanders of short-term funds, which have maturities of one year or less.

4. The money market thus brings together these suppliers and demanders of short-term liquid funds.

5. The backbone of the capital market is formed by the various securities exchanges that provide a forum for debt and equity transactions.

6. Major securities traded in the capital market include bonds and preferred stock.

7. The capital market is the one in which «new» securities are sold; the secondary market can be viewed as an «issued» or «preowned» securities market.

***2.7 Define the main idea of each paragraph.***

***2.8 Give the main points of the text.***

# TEXT 3 FINANCIAL MANAGEMENT



3.1 Word List

Match the words in column A with the meanings in column B.

|  |  |
| --- | --- |
| A | B |
| 1. profitability 2. expenses 3. revenue 4. emphasis 5. short-term 6. inventory 7. assets 8. impact 9. liquidity 10. detrimental | 1. расходы, издержки 2. прибыльность, рентабельность 3. краткосрочный 4. влияние 5. активы, имущество 6. доход 7. выделение, акцент 8. ликвидность 9. губительный, пагубный 10. товары, инвентарь |

***3.2 Read the text to get the gist of it.***

Financial management

There are five basic financial goals: profitability, stability, liquidity, efficiency, and growth. To survive, every business must meet each of these goals to some extent, though a business must determine for itself the relative emphasis to place on each of the five goals.

Profitability refers to the generation of revenues in excess of the expenses associated with obtaining it. This is the "bottom-line" test of how successful a firm's operators have been as shown at the bottom of the income statements.

Stability refers to a business's overall financial structure. For example, a businessman may wish to invest as little of his own money as possible in his firm and finance his operation mainly with debt. If the debt-equity mix is too out of balance, the firm may go bankrupt should some of the creditors want their money back at an "inconvenient" time. Many of the spectacular financial disasters reported in the newspapers resulted from neglect of the stability goal of sound financial management.

Liquidity refers to a business's ability to meet short-term obligations. For example, a manager may wish to invest as much of his firm's cash in inventory and equipment as possible, but if he overdoes it and cannot pay his employees or creditors on time, he can be forced into bankruptcy.

Efficiency refers to the efficient use of assets. Efficient use of assets has an impact on profitability, stability, liquidity, and the ability of the enterprise to grow.

Growth refers to increasing in size or acquiring more of something. A businesswoman may assess her financial performance by calculating, for example, how much sales or assets have increased this year over last year While there are many widely held concerns about growth in general (for example, the zero population growth movement) business people and investors remain very interested in financial growth.

There are no clear-cut guidelines on how much or how little financial performance is adequate or on how to trade off performance on the financial goal in favour of another. For example, 10 percent sales growth may be terrible for a firm in one industry but excellent for a firm in another. Similarly, a high level of liquidity may be preferable to growth for a firm at one time and detrimental for the same firm at another.

Financial analysis and management is not just number pushing; judgment must be exercised as to what numbers to look at and how to interpret them. Often, a "qualitative factor", something not expressed in numbers, is more important to the solution of a problem than all the numbers involved.

***3.3 Answer the following questions.***

* 1. What goals must every business meet to survive?
  2. What is the "bottom-line" test of a firm's success?
  3. What does "sound financial management" mean?
  4. What can you say about efficient use of assets?
  5. What role does financial growth play in the life of a business?
  6. To what extent is financial analysis important for the solution of problems?

***3.4 Form word combinations using the words of both columns and translate them into Russian.***

|  |  |
| --- | --- |
| 1. financial 2. bottom-line 3. income 4. debt-equity 5. short-term 6. sales 7. clear-cut 8. business 9. efficient 10. spectacular | 1. use 2. mix 3. goals 4. people 5. disasters 6. test 7. growth 8. obligations 9. statements 10. guidelines |

***3.5 Complete the sentences.***

1. To survive, every business must meet…

2. Profitability refers to…

3. If the debt-equity mix is too out of balance, the firm may…

4. Many of the spectacular financial disasters reported in the newspapers resulted from…

5. Efficient use of assets has an impact on…

6. Financial analysis and management is not just…

***3.6 Decide which of the following statements are correct.***

1. There are five basic financial goals: profitability, stability, liquidity, efficiency, and growth.

2. Stability refers to the generation of revenues in excess of the expenses associated with obtaining it.

3. Many of the spectacular financial disasters reported in the newspapers resulted from neglect of the stability goal of sound financial management.

4. Liquidity refers to a business's ability to meet long-term obligations.

5. Efficient use of assets has an impact on profitability, stability, liquidity, and the ability of the enterprise to grow.

6. Growth refers to increasing in size or acquiring more of something.

7. There are some clear-cut guidelines on how much or how little financial performance is adequate or on how to trade off performance on the financial goal in favour of another.

***3.7 Define the main idea of each paragraph.***

***3.8 Give the main points of the text.***

# TEXT 4 INSURANCE



***4.1 Word List***

***Match the words in column A with the meanings in column B.***

|  |  |
| --- | --- |
| A | B |
| 1. peril 2. hedge 3. entity 4. loss 5. circumstances 6. society 7. mitigate 8. expenses 9. responsibility 10. injury 11. goal 12. disaster | 1. расходы, издержки 2. опасность, риск 3. обстоятельства 4. ответственность 5. общество 6. повреждение, ушиб 7. ограждать, страховать 8. убыток, потеря 9. катастрофа 10. организация 11. цель 12. смягчать, уменьшать |

***4.2 Read the text to get the gist of it.***

**Insurance**

Insurance is a means of protection from financial loss. It is a form of risk management, primarily used to hedge against the risk of a contingent or uncertain loss.

An entity which provides insurance is known as an insurer, insurance company, insurance carrier or underwriter. A person or entity who buys insurance is known as an insured or as a policyholder. The insurance transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate the insured in the event of a covered loss. The loss may or may not be financial, but it must be reducible to financial terms.

The insured receives a contract, called the insurance policy, which details the conditions and circumstances under which the insurer will compensate the insured. The amount of money charged by the insurer to the policyholder for the coverage set forth in the insurance policy is called the premium.

Insurance can have various effects on society through the way that it changes who bears the cost of losses and damage. On one hand it can increase fraud; on the other it can help societies and individuals prepare for catastrophes and mitigate the effects of catastrophes on both households and societies.

Methods of insurance:

1. Co-insurance – risks shared between insurers.

2. Dual insurance – having two or more policies with overlapping coverage of a risk.

3. Self-insurance – situations where risk is not transferred to insurance companies and solely retained by the entities or individuals themselves.

4. Reinsurance – situations when the insurer passes some part of or all risks to another insurer, called the reinsurer.

Types of insurance

Any risk that can be quantified can potentially be insured. Specific kinds of risk that may give rise to claims are known as perils. An insurance policy will set out in detail which perils are covered by the policy and which are not. For example, vehicle insurance would typically cover both the property risk (theft or damage to the vehicle) and the liability risk (legal claims arising from an accident). A home insurance policy in the United States typically includes coverage for damage to the home and the owner's belongings, certain legal claims against the owner, and even a small amount of coverage for medical expenses of guests who are injured on the owner's property.

Auto insurance protects the policyholder against financial loss in the event of an incident involving a vehicle they own, such as in a traffic collision. Coverage typically includes: property coverage, for damage to or theft of the car; liability coverage, for the legal responsibility to others for bodily injury or property damage and medical coverage, for the cost of treating injuries and rehabilitation.

Health insurance policies cover the cost of medical treatments. In most developed countries, all citizens receive some health coverage from their governments, paid for by taxation. In most countries, health insurance is often part of an employer's benefits.

Workers' compensation, or employers' liability insurance, is compulsory in some countries. Disability insurance policies provide financial support in the event of the policyholder becoming unable to work because of disabling illness or injury.

Workers' compensation insurance replaces all or part of a worker's wages lost and accompanying medical expenses incurred because of a job-related injury.

Property insurance provides protection against risks to property, such as fire, theft or weather damage. This may include specialized forms of insurance such as fire insurance, flood insurance, earthquake insurance, home insurance, inland marine insurance or boiler insurance.

Credit insurance repays some or all of a loan when the borrower is insolvent.

Mortgage insurance insures the lender against default by the borrower.

Trade credit insurance is business insurance over the accounts receivable of the insured. The policy pays the policy holder for covered accounts receivable if the debtor defaults on payment.

***4.3 Answer the following questions.***

1. What is insurance?

2. Who provides insurance?

3. What is the insurance policy?

4. Can insurance have various effects on society?

5. Are there variant methods of insurance?

6. What is credit insurance?

7. Do health insurance policies cover the cost of medical treatment?

8. What does property insurance provide?

***4.4 Form word combinations using the words of both columns and translate them into Russian.***

|  |  |
| --- | --- |
| 1. uncertain  2. insurance  3. property  4. liability  5.traffic  6. overlapping  7. employer’s  8. vehicle  9. medical  10. financial | risk  loss  damage  terms  benefits  insurance  transaction  collision  treatments  coverage |

***4.5 Complete the sentences.***

1. Insurance is a means of…

2. A person or entity who buys insurance is known as…

3. The insured receives a contract, called…

4. The insurance transaction involves…

5. Insurance can have various effects on society through…

6. Auto insurance protects the policyholder against…

7. Health insurance policies cover…

8. Property insurance provides…

9. Mortgage insurance insures the lender against…

***4.6 Decide which of the following statements are correct.***

1. An entity which provides insurance is known as an insurer, insurance company, insurance carrier or underwriter.

2 The insurance transaction involves the insured assuming a guaranteed and known relatively great loss in the form of payment to the insurer.

3. The insured receives a contract, called the insurance policy.

4. The amount of money charged by the policyholder to the insurer for the coverage set forth in the insurance policy is called the premium.

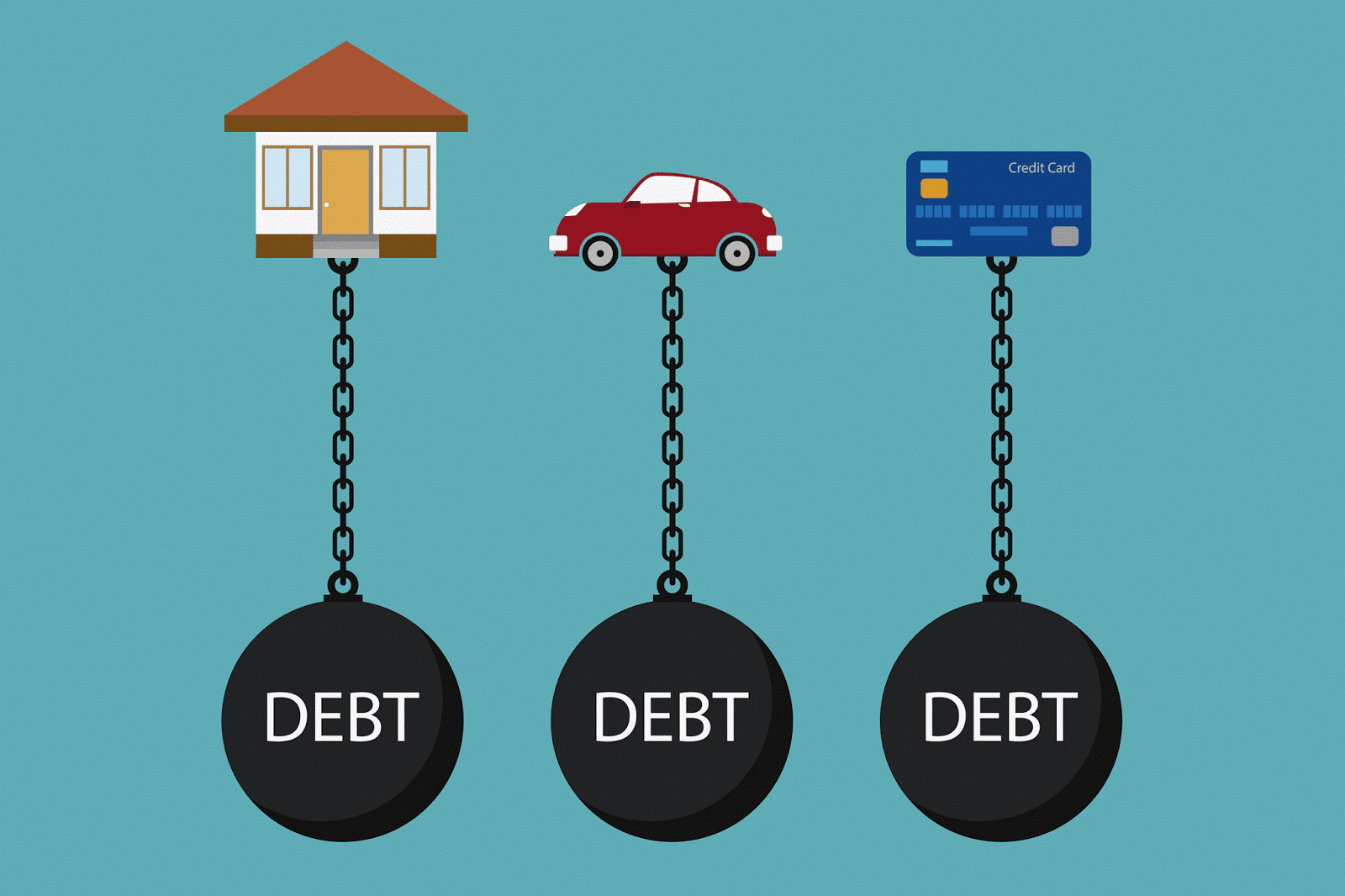
5. Any risk that can be quantified can potentially be insured.

6. An insurance policy will set out in detail which perils are covered by the policy and which are not.

***4.7 Define the main idea of each paragraph.***

***4.8 Give the main points of the text.***

# TEXT 5 TAXATION



5.1 Word List

Match the words in column A with the meanings in column B.

|  |  |
| --- | --- |
| A | B |
| 1. levy 2. excise 3. merits 4. output 5. goods 6. enforce 7. welfare 8. lessen 9. distribution 10. tax burden 11. revenue 12. property | 1. налоговое бремя 2. качества 3. товары 4. распределение 5. уменьшать, сокращать 6. акциз 7. благосостояние 8. сбор, взимание налогов 9. недвижимость, собственность 10. обязывать, заставлять 11. доход 12. выпуск, производительность |

***5.2 Read the text to get the gist of it.***

**Taxation**

Tax is money compulsory levied by the state or local authorities on individuals, property, or businesses. In modem economies taxes are the most important source of government revenues. Taxes can be levied and classified in many ways. In many countries there are three principal types of taxes:

1. *Taxes on income* (personal income taxes and corporate income taxes).

In calculating this tax, you are allowed to take specific types of deductions and exemptions. Some deductions that may be made (within limits) from your income are donations to your alma mater and to various non-profit organizations

The amount of income tax you must pay at a given income level depends on several things. These include whether you are single or married and what the particular tax rates happen to be at the time. The rates are usually revised by the government every few years.

2. *Taxes on wealth* (property taxes; death and gift taxes);

3. *Taxes on activities* (sales and excise taxes; social security taxes).

Because the power to tax is so weighty a matter, economists have developed several broad standards for judging the merits of a tax:

1*. Equity.* Tax burdens should be distributed justly.

* 1. *Efficiency, Stability, and Growth.* A tax should contribute toward improving resource allocation, economic stabilization, and growth in the total output of goods and services.
  2. *Enforceability.* A tax should be adequate for its purpose and acceptable to the public, or else it will be impossible to enforce.

Taxes are considered to have three functions:

1. fiscal or budgetary, to cover government expenditure, to provide the public authorities with the revenue required for meeting the cost of defence, social services, interest payment on the national debt, municipal services, etc.;

2. economic, to give effect to economic policy, to promote stable economic growth, to influence the rate of economic growth of the nation;

3. social, to increase the economic welfare of the community, to lessen inequalities in the distribution of income and wealth.

Businesses and individuals are subject to many forms of taxes. The various forms of business are not taxed equally. The tax situation is simplest for proprietorships and partnerships; corporations or companies are treated differently.

In the United States, federal, state and local governments cover their expenses mainly through taxation, with each level of government depending chiefly on one or two types. In general, local governments have received most of their tax revenues from property taxes, while state governments traditionally have depended on sales and excise taxes. Since World War II, however, state income taxes have grown more important.

The federal government's chief source of revenue has been the income tax, which in recent years has brought in about two-fifths of total federal revenues. Other federal taxes include the corporate profit tax and social insurance (Social Security) taxes.

***5.3 Answer the following questions.***

* + - 1. What is tax?
      2. What are the main functions of taxation?
      3. What are the principal types of taxes?
      4. What are broad standards for judging the merits of a tax?
      5. Are the various forms of business taxed equally?

***5.4 Form word combinations using the words of both columns and translate them into Russian.***

|  |  |
| --- | --- |
| 1. property 2. gift 3. resource 4. economic 5. interest 6. national 7. municipal 8. government 9. social 10. resident | 1. taxes 2. allocation 3. debt 4. payment 5. aliens 6. revenue 7. insurance 8. taxes 9. services 10. stabilization |

***5.5 Complete the sentences.***

1. In modem economies taxes are…

2. The amount of income tax you must pay …

3. The rates are usually revised by …

4. Because the power to tax is so weighty a matter, economists …

5. A tax should contribute toward improving …

6. A tax should be adequate for …

7. In the United States, federal, state and local governments cover their expenses mainly through …

***5.6 Decide which of the following statements are correct.***

1. Tax is money compulsory levied by the state or local authorities on individuals, property, or businesses.

2. In many countries there are two principal types of taxes:

3. The amount of income tax you must pay at a given income level depends on several things.

4. Because the power to tax is so weighty a matter, economists have developed several broad standards for judging the merits of a tax.

5. The various forms of business are not taxed equally.

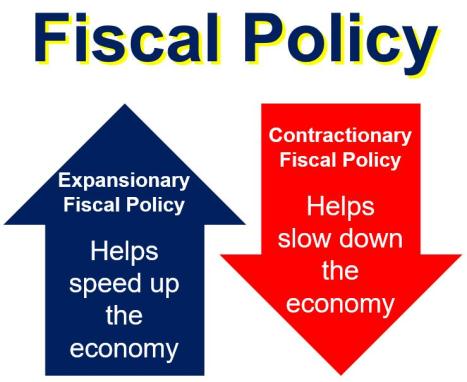
6. The tax situation is complex for proprietorships and partnerships; corporations or companies are treated differently.

7. In the United States, federal governments cover their expenses mainly through taxation.

***5.7 Define the main idea of each paragraph.***

***5.8 Give the main points of the text.***

# TEXT 6

****

***6.1 Word List***

***Match the words in column A with the meanings in column B.***

|  |  |
| --- | --- |
| A | B |
| 1. objective 2. demand 3. reduction 4. aggregate 5. surplus 6. income 7. offset 8. cutbacks 9. expenditures 10. unemployment 11. government 12. decline | 1. спрос 2. доход 3. цель 4. сокращение 5. возмещать, компенсировать 6. снижение 7. издержки, затраты 8. безработица 9. спад, упадок 10. совокупный, общий 11. правительство 12. избыток, остаток |

***6.2 Read the text to get the gist of it.***

**Fiscal policy**

The government can also use its own spending and taxing activities to achieve specific objectives. This is called fiscal policy. By increasing or decreasing its spending or taxing programs, the federal government may reduce or increase demand for goods and services. If the government reduces its own spending, it buys less from businesses, reducing sales and earnings, and people have less money to spend. Similarly, if the government raises taxes, people have less money to spend. Moreover, spending and taxing policies work together to increase or decrease aggregate demand. For example, if the government taxes to a greater extent than it spends, it causes a net reduction in the flow of income to people and businesses. Because this reduces aggregate demand for goods and services, it is a method for fighting inflation.

Fiscal policy uses budget deficits or surpluses to promote economic stability and growth. In the United States, some fiscal policy tools work automatically — without action being taken by the president or Congress. The progressive income tax, for example, is generally considered to promote stability automatically. It tends to reduce the government's collection of revenue when personal and business incomes are declining, and thus helps offset the cutbacks in spending that accompany declining incomes. During business expansions, however, federal tax collection tends to rise fairly quickly and thus reduce inflationary pressures. During postwar business declines, Congress has sometimes legislated emergency spending measures, such as temporary increases in public works expenditures, as additional means of offsetting cutbacks in private spending and preventing unemployment.

Yet there are also problems associated with the use of fiscal policy. Many object to a reduction in government spending because this could mean a reduction in funds used to help provide education, health care and other services. Higher taxes are unpopular with both individuals and businesses. In addition, the use of fiscal policy to cause a sharp reduction in demand is somewhat controversial because it tends not only to reduce inflation but also to increase unemployment.

***6.3 Answer the following questions.***

1. What is fiscal policy?
2. How may the federal government reduce or increase demand for goods and services?
3. What causes a net reduction in the flow of income to people and businesses?
4. What does fiscal policy use to promote economic stability and growth?
5. How does the progressive income tax work?
6. Why do many people object to a reduction in government spending?
7. Why are higher taxes unpopular with both individuals and businesses?
8. What can the use of fiscal policy cause?

***6.4 Form word combinations using the words of both columns and translate them into Russian.***

|  |  |
| --- | --- |
| 1. specific 2. increase 3. taxing 4. raise 5. budget 6. economic 7. income 8. business 9. inflationary 10. tax | 1. demand 2. expansion 3. collection 4. tax 5. deficit 6. programs 7. pressures 8. taxes 9. objectives 10. stability |

***6.5 Complete the sentences.***

1. The government can also use its own…

2. By increasing or decreasing its spending or taxing programs, the federal government may…

3. If the government reduces its own spending, it buys…

4. Spending and taxing policies work together to…

5. If the government taxes to a greater extent than it spends, it causes…

6. The progressive income tax, for example, is generally…

7. During business expansions, however, federal tax collection tends…

***6.6 Decide which of the following statements are correct.***

1. The government can also use its own spending and taxing activities to achieve specific objectives.

2. By increasing or decreasing its spending or taxing programs, the federal government may reduce or increase supply for goods and services.

3. Fiscal policy uses budget deficits or surpluses to promote economic stability and growth.

4. In the United States, some fiscal policy tools work automatically.

5. During business expansions, however, federal tax collection tends to rise fairly quickly and thus increase inflationary pressures.

6. There are also problems associated with the use of fiscal policy.

7. Higher taxes are popular with both individuals and businesses.

***6.7 Define the main idea of each paragraph.***

***6.8 Give the main points of the text.***