***I. Read the text “*ECONOMIC SECURITY OF LARGE NATIONS*”:***

Economic security of large nations, like the United States and the Russian Federation, can be firmly maintained, which means their small dependence on the world markets. Nowadays these large nations are provided with such economic fundamentals as natural resources, good agricultural land, and effective manufacturing enterprises relatively well, although in the future gas, oil, mineral resources will be exhausted and these nations will have to export them.

Their self-sufficiency can be ensured by the government of large nations, but it is close to impossible for more dependent nations. Self-sufficiency may also be achieved by various policies in accordance with particular economic characteristics of nation. Although large and rich nations are less self-sufficient today than they were 30 years ago, they are still able to secure their power, but today it is mainly possible through their domestic resources and production for nation’s prosperity.

The USA is an example of a country with a free market economy and strong economic fundamentals. It is also known as an economy of free enterprise. American government (usually called the US administration) does not participate directly in foreign trade, but it often uses protective tariffs to support domestic producers.

However, with its large territory, which includes about six percent of the land surface of the earth, the United States has always been more interested in the development of domestic market. More than 90 percent of the nation’s total trade has recently been done within its territory. Thus, the United States have sought to maintain its economic security through a policy of protection that has restrained trade with other nations in favour of a domestic market, where industry and agriculture have been free to develop and expend to meet domestic demand.

At present, a variety of policies are being followed by different countries in the world economy. However, all these policies are being used in order to provide a certain degree of economic security for a nation.

***Exercise*** 1. Make up a plan of the text.

***Exercise*** 2. Find sentences containing the most important information of the text.

***Exercise*** 3. Find the key words or word-groups in the text.

***Exercise*** 4. Make up a summary of the text.

**II. *Read the text “Banks”.***

BANKS AND OTHER FINANCIAL INSTITUTIONS

The following story is going to explain the role of banks. In the past most societies used different objects as money. Some of these were valuable because they were rare and beautiful, others - because they could be eaten or used. Early forms of money like these were used to buy goods. They were also used to pay for marriages, fines and debts. But although everyday objects were extremely practical kinds of cash in many ways, they had some disadvantages, too. For example, it was difficult to measure their value accurately, divide some of them into a wide range of amounts, keep some of them for a long time, use them to make financial plans for the future. For reasons such as these, some societies began to use another kind of money, that is, precious metals.

People used gold, gold bullion, as money. Those were dangerous times, and people wanted a safe place to keep their gold. So they deposited it with goldsmiths, people who worked with gold for jewellery and so on and also had a guarded vault to keep it safe in. And when people wanted some of their gold to pay for things with, they went and fetched it from the goldsmith.

Two developments turned these goldsmiths into bankers. The first was that people found it a lot easier to give the seller a letter than it was to fetch some gold and then physically hand it over to him. This letter transferred some of the gold they had at the goldsmith's to the seller. This letter we would nowadays call a cheque. And, of course, once these letters or cheques, became acceptable as a way of paying for goods, people felt that the gold they had deposited with the goldsmith, was just as 12 good as gold in their own pockets. And as letters or cheques, were easier to carry around than gold, and a lot less dangerous, people started to say that their money holdings were what they had with them plus their deposits. So a system of deposits was started. The second development was that goldsmiths realized they had a great deal of unused gold lying in their vaults doing nothing. This development was actually of greater importance than the first.

Now let's turn to the first bank loan ever and see what happened. A firm asked a goldsmith for a loan. The goldsmith realized that some of the gold in his vault could be lent to the firm, and of course he asked the firm to pay it back later with a little interest. Of course, at that moment the goldsmith was short of gold, it wasn't actually his gold, but he reckoned it was unlikely that everyone who had deposited gold with him would want it back at the same time, at any rate - not before the firm had repaid him his gold with a little interest. He thought it safe enough.

The goldsmith bankers were an early example of a financial intermediary.

A financial intermediary is an institution that specializes in bringing lenders and borrowers together.

A commercial bank borrows money from the public, crediting them with a deposit. The deposit is a liability of the bank. It is money owed to depositors. In turn the bank lends money to firms, households or governments wishing to borrow.

Banks are not the only financial intermediaries. Insurance companies, pension funds, and building societies also take in money in order to relend it. The crucial feature of banks is that some of their liabilities are used as a means of payment, and are therefore part of the money stock.

Commercial banks are financial intermediaries with a government license to make loans and issue deposits, including deposits against which cheques can be written.

Let's start by looking at the present-day UK banking system. Although the details vary from country to country, the general principle is much the same everywhere.

In the UK, the commercial banking system comprises about 600 registered banks, the National Girobank operating through post offices, and a dozen trustee saving banks. Much the most important single group is the London clearing banks. The clearing banks are so named because they have a central clearing house for handling payments by cheque.

A clearing system is a set of arrangements in which debts between banks are settled by adding up all the transactions in a given period and paying only the net amounts needed to balance inter-bank accounts.

***Exercise 1. Find answers to these questions in the text “Banks and other Finanсial Institutions”.***

1. What objects did many societies use as money in the past?

2. Had they any disadvantages?

3. What developments turned goldsmiths into bankers?

4. How could a firm ask for the first bank loan?

5. Who was an early example of a financial intermediary?

6. What does a financial intermediary mean nowadays?

7. What are types of financial intermediaries?

8. What is a commercial bank?

9. Which institutions does the commercial banking system comprise in the UK?

10. Why are clearing banks so named?

11. What is a clearing system?

***Exercise 2. Make a summary of the text “Banks and other Finanсial Institutions”.***

***Exercise 3. Write the essay on the topic “Financial Institutions in Russia”.***

Задания выполнить в тетради, отсканировать или сфотографировать и отправить на почту [lvgal@yandex.ru](mailto:lvgal@yandex.ru)