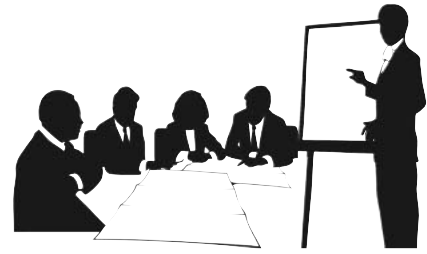


Improve and test your English

LINGUA NOVA



Credit Control

The first credit institutions were medieval banking houses such as the Medici; banks followed as dominant credit-issuing bodies. Other new credit institutions followed, including business corporations, the stock exchange, trust companies, savings banks, many more commercial banks, and credit-rating firms. The development of national banking systems enormously enhanced the role of credit.

Rates of interest charged by banks are influenced by discount rates, or the rates the banks have to pay central banks on loans and discounts. In this way the discount policy is a means of regulating the volume of bank credit. Formerly, when credit control was not common and the international gold standard was in operation, discount rates were influenced chiefly by the movement of gold; an increase in the rate caused an inflow of funds from abroad and a drop in the rate caused a flow of funds out of the country. Between 1931 and 1936 all nations abandoned the gold standard. Today governments often employ numerous direct forms of credit control (such as minimum deposits, maximum repayment periods etc.), and monetary standards themselves are based on the credit of each nation.

The workings of credit control are well illustrated by the operations of the Bank of England, which influences the volume of credit by buying and selling government securities and setting the discount rate, hence making credit more or less expensive.

Credit and the Economy

All banking operations, and the methods for controlling them, are part of the credit

system of a country. The state of business activity, or stage in the business cycle, within a country at any given moment may be gauged from the condition of the credit system: expanding credit generally reflects a period of business prosperity, whereas contracting credit usually reflects a period of declining economic activity or depression. Fluctuations in the credit system may affect the level of prices; that is, as credit expands the money supply increases; lending causes prices to rise. Some economists consider the credit inflation that preceded the 1929 Wall Street Crash to have been the principal cause of the crisis.

The importance of credit has grown dramatically in recent years as fewer and fewer transactions have been conducted in cash. Advances in information technology have encouraged far more widespread use of credit and debit cards, and trade credit between companies has also grown rapidly. The main concern of policymakers is whether governments are able to control credit creation effectively and stop the emergence of credit booms-which precede increases in inflation.

International Credit

Since the end of World War II, the economic needs of war-devastated countries in many parts of the world have intensified the problems of international credit. Loans for the restoration of international trade and rehabilitation of industries were arranged through the International Bank for Reconstruction and Development and the International Monetary Fund, organized by the United Nations Monetary and Financial

Conference at Bretton Woods, New Hampshire, in 1944. Through loan agreements, Lend-Lease, and the Economic Cooperation Act of 1948, or the Marshall Plan, the United States made credit available to several European nations. The extension of credit to developing countries of Africa, Asia, and South America by such institutions as the International Bank for Reconstruction and Development contributed to their economic growth.

Two major new credit problems arose in the 1970s and early 1980s. The roughly tenfold increase in international oil prices starting in 1973 led many nations to seek credit from any big credit institutions willing to grant it. Borrowing to finance overambitious development plans was another factor in leaving a large number of nations with a heavy debt burden, which then became insupportable when interest rates rose and commodity export prices declined.

Do you know what a Letter of Credit is?

It is a document issued by a bank authorizing the bearer to receive money from one of its foreign branches or from another bank abroad. The order is nonnegotiable, and it specifies a maximum sum of money not to be exceeded. Widely used by importers and exporters, the letter of credit is also made available to tourists by their home banks so that they may draw foreign currency while travelling abroad. When the instrument is directed to more than one agent, it is called a circular letter of credit.

Quick Vocabulary Check

Raise or rise?

There are always a lot of doubts about how to use these verbs. Are you sure you can distinguish them? Check for yourself!

Raise or rise?

1. Are raise and rise regular or irregular verbs?
2. Complete these sentences with the correct form of raise and rise.
 - a) I'd like toa point here.

b) Do you think these costs will continue to?

c) We need to our standards.

d) There's no need to your voice.

3. Which explanation is raise and which is rise?

a) to move upward, to become higher, or to increase

b) to lift something, to increase something, or to make stronger

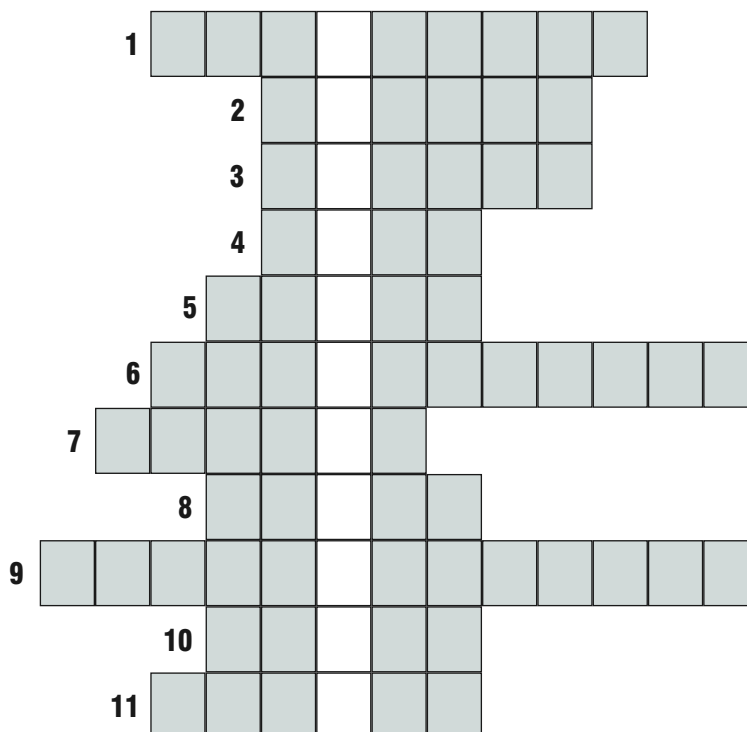
Answers

1. raise is regular and rise is irregular (rise, rose, risen),
2. a) raise b) rise c) raise d) raise, 3. a) rise, b) raise,

Complete the crossword puzzle to find a word for an important person in a meeting.


Vocabulary Crossword

1. CEO stands for Chief
.....Officer.
2. On Wall Street they trade stocks and
3. A book of instructions or procedures.
4. Don't worry about missing the meeting. I'll be there and I can
.....you in when you get back.
5. Yes, I think you are absolutely right; Iwith you completely.
6. If you are in charge of security, you are..... for making sure nothing is stolen.
7. We'dgo now or we'll be late.
8. It's not..... trying to get her to change her mind. It'll never work.
9. The process of generating lots of ideas as a group.
10. Most of the problems we had were brought..... by a lack of communication.
11. A list of things to be discussed in a meeting.




Key:

1. executive, 2. shares, 3. manual, 4. fill, 5. agree, 6. responsible, 7. better, 8. worth, 9. brainstorming, 10. about, 11. agenda




AGENCJA TŁUMACZEŃ
SZKOŁA JĘZYKÓW OBCYCH

LINGUA NOVA®




kursy stacjonarne • tłumaczenia • wyjazdy • publikacje • LCCI • The British Council


Z nami obsłużysz swój bank kompleksowo



- ✓ specjalistyczne kursy językowe w zakresie słownictwa dla bankowości, finansów, marketingu, handlu i innych dziedzin
- ✓ warsztaty merytoryczno-językowe z serii: „Biznes w pigułce” - „Meetings”, „Negotiations”, „Presentations”, „Telephoning”, „Business Writing” dla osób nie mających czasu na regularną naukę
- ✓ profesjonalne tłumaczenia: wszystkie języki i dziedziny, tłumaczenia ustne, pisemne, przysięgłe, wysokie rabaty dla stałych klientów, najkrótsze terminy realizacji
- ✓ kursy przygotowujące do egzaminów: LCCI, TOEIC



Pierwsza w Polsce
wirtualna szkoła języka angielskiego



Biuro:
Al. Niepodległości 227/233 lok. 105
02-087 Warszawa
tel. 825-47-76, fax 825-39-54

www.linguanova.com.pl
e-mail: linguanova@linguanova.com.pl

Szkoła:
ul. Grójecka 27, lok. 8
(róg Grójeckiej i Niemcewicza)
Tel: 658 09 35, 825 80 86