

对外经济贸易大学

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ENG323 《金融英语阅读》期末考试试卷 (A)

本试卷适用于：全校三年级各专业学生 (00 级)

学号：_____

姓名：_____

班级：_____

成绩：_____

I. Translate the following terms. (15%)

1. 有价证券
2. 铸币平价
3. 浮动利率
4. 到期日
5. 可兑换纸币
6. 大一统的
7. 银根紧缩
8. Commission
9. treasury bill
10. Creditor
11. Default
12. discount house
13. Debasement
14. Barter
15. fiscal deficit

II. Paraphrase the underlined sentences in English. (15%)

1. Despite the fact that devaluations occurred and speculative capital flows were significant, the Bretton Woods arrangements deterred currency substitution so long as the commitment to fix the exchange rates was accepted.
2. The lack of incentive to engage in currency substitution was witnessed by the fact that the small deviations from mint parity were offset exactly by the costs of transporting the gold between countries.
3. They generally are not appropriate for risk-averse individuals or investors with short planning horizons.

4. Some UK stocks have bid-ask spreads of 10%.

III. Translate the following sentences. (20%)

1. The control which financial institutions wield over very substantial sums of money also attracts the attention of governments, partly because they may see irresistible opportunities to secure cheap finance for favored borrowers, and partly in view of the economic power attached to control of finance.

2. Most people experience difficulty in spotting whether the lines are switching around so that sometimes the series being forecast is the leading series.

3. If the total par value of the stock issued in the combination is large enough, the dashed boundary shifts downward past additional paid-in capital; the total additional paid-in capital of the combined company is eliminated, and combined retained earning is reduced.

4. Nevertheless, Smith's classical tenets of economic liberalism—that minimal state interference in the economy and maximum reliance upon the market result in business productivity and social wealth—still predominate in Anglo-Saxon cultures today.

5. 收集的有关一国或一个项目的财务状况、资金使用、经营能力等方面的信息，比起一个私营的外国企业可能得到的信息，会更为完整和准确。

6. 一些懒人很可能会发现他们已被更有能力的经理所替代了。这种竞争可能会发生在企业之中，但那些经营糟糕的公司更可能被全盘收购，这种形式的接管通常都能带来一支更有活力的管理团队。

IV. Fill in the blanks according to what you have learnt in the textbook. (10%)

PBC maintained, as of end-1996, 2450 subordinate establishments. Under the () () banking system, which lasted until 1978, PBC engaged in both central banking and () banking operations. During the course of the reform and opening up, some specialized banks and financial institutions were established or restored and took () part of macroeconomic management, the State Council made a decision in 1984 for PBC to () as a central bank. Following this decision, a central banking system began to () shape. However, PBC's () toward a full-fledged central bank turned out to be a long process. The

financial sector reform in China () a new phase in the latter half of 1993 when the State Council Decision on Financial Reform defined the PBC's key functions as: to formulate and () monetary policy so as to maintain the () of the currency; and to exercise firm supervision over the financial institutions to ensure the safe and effective functioning of the financial system.

V. Read the following passages and answer the questions. (40%)

1. About one commercial bank out of every four has a trust department that provides specialized fiduciary① services for its customers. To engage in the trust business, a bank must obtain from its chartering agency trust powers that enable it to offer these specialized financial services. The following sections provide an introduction to the trust functions.

With roughly 75 percent of banking-industry participants not engaged in trust operations, trust services obviously play a somewhat limited role in the industry. Since 1981 the percentage contribution of these revenues② to total operating income and total assets has been increasing after declining③ since 1975. as of year end 1983, trust income was \$4.2 billion and amounted to④ 1.74 percent of total operating income and 0.185 percent of total bank assets. Over the eight-year period from 1975 to 1983, trust income grew at a compound annual rate of 12.78 percent compared to 17.42 percent for total operating income and 11.81 percent for total assets.

Trust departments generate revenue by charging fees for the services they provide. In the early days of the trust business, these fees usually were calculated as a percentage of income earned from trust assets. Today, most fee income is based upon principal value or a combination of principal value and income. To illustrate, a fee schedule based upon principal value for personal trust accounts might range from 1 percent to 25 percent annually, depending upon the size of the account. One of the controversial areas in trust management is how to measure fee income.

The top ten trust revenue producers in the banking industry are listed in Table 14.1 (omitted). During 1983, total trust revenues for this group increased by 19 percent from \$979 million to \$1,161 million. The top revenue generator is J.P. Morgan & Co. Inc. with total income of \$218 million. Bank of New York was a distant second with \$145 million in revenue. The 1983 revenue for the top ten banks (\$1161 million) represent 28 percent of the industry's trust income (\$4192 million). With some 4,000 trust departments in the industry, this leaves slightly more than \$3 billion for the remaining 3,999 departments or roughly \$750,000 in revenue per department.

Bank trust department and trust companies perform numerous fiduciary services for individuals and business. The major functional areas are 1) trusts, 2) estates, and 3) agencies. A trust is a fiduciary relationship with respect to property in which the trustee, who has title to the property, must perform equitable⑤ duties for the benefits of another person (the beneficiary). The settlement, guardianship, and conservatorship of estates—assets of deceased persons—also are handled by trust departments. An agency is a contractual agreement in which the agent (trust department) is contracted to act on behalf of another person (the principal). In an agency, title to the property normally does not pass to the agent but remains with the principal (owner). Trusts and

agencies are more important than estates in generating assets for trust departments. The service objectives of trust and agency relationships involve five major operations: 1) recordkeeping, 2) safekeeping 3) personal and financial counseling, 4) investing, and 5) control of assets.

Personal trusts and employee-benefit accounts are the major business lines of trust departments, as of December 31, 1980, these two lines accounted for \$440 billion or 77 percent of total trust assets of \$571 billion. In each of the major business lines, common stocks are the major investment vehicle, as they account for roughly 48 percent of total trust assets. Personal trusts have the highest proportion of assets in common stocks at 56 percent.

The 4,054 trust departments represented in Table 4.2 (omitted) were responsible for managing 1,401,540 accounts in 1980, an average of almost 346 accounts per department. With total trust assets of \$571 billion, the average size account was approximately \$400,000. the banks behind these trust operations controlled \$1,228 billion in total assets or roughly 66 percent of total industry assets. The size of the average bank with trust operations is approximately \$300 million, roughly ten times greater than the average-size bank. These figures help explain why not all banks offer trust services. First, with the average size trust account close to half a million dollars, a relatively large and sophisticated market demand is required to justify a trust operation. And second, a trust department is a highly specialized operation with high fixed cost, which requires a large asset base to support it. Thus, to support an economically viable⑥ trust department, a bank must have a relatively large asset base and/or substantial market demand. Banks that lack these requirements should obtain trust services from a correspondence bank rather than support an unprofitable trust operation. However, in an attempt to be “full service” institutions, some banks may provide trust services at a loss.

1) Paraphrase the 6 underlined words (from ① to ⑥ in English) (6 marks)

2) Decide whether the following statements are true or false. (14 marks)

- a) Most of small-sized banks usually have a trust department.
- b) A trust department is a specialized operation with low fixed costs.
- c) Some bank may provide trust services at a loss.
- d) In order to support a trust department a bank must have a relatively large asset base and/or substantial market demand.
- e) In each of the two major business lines of trust departments during 1980, common stocks are the major investment vehicle.
- f) During 1970s, personal trusts and estates accounts are the major business lines of trust departments.
- g) Trust departments generate revenue by charging fees for the services they provide.

2. As Latin American governments are finding, budget stability is hard to achieve—and harder still to maintain.

In both Brasilia and Buenos Aires, the reform of government finances has been in the news lately. In Argentina the prospects are surprisingly good. On February 7th the lower house of Congress passed two laws—one on tax, the other on public-sector reform—to boost the government's ability to raise revenue and cut spending. The upper house passed the public-sector bill this week; the tax bill should pass soon and the government will be a step closer to its goal of a balanced budget in 1996.

Brazil's outlook is gloomier. The public sector's "operational" budget balance (ie, excluding the effects of inflation on government debt) slid from a surplus of 1.8% of GDP in 1994 to a deficit of over 4% last year. Moreover, laws to strengthen the budget, such as a new social security law and reform of public administration, are going through the legislature at a similar pace.

One conclusion to draw is that Argentina's public finances are in better shape than Brazil's. Another is that Argentina's president, Carlos Menem, has the political clout to push through tough measures. But the tax bill was sorely needed: without it, the 1996 budget would have been wholly unrealistic, because the original budget made heroic assumptions about improving tax compliance.

The public-sector reform law, however, will matter more in the long run. It allows the government to merge, reorganize or shut down redundant state agencies, and to privatize any company still in state hands. Such powers make big future spending cuts possible, and may help to keep the budget balanced when privatization revenues run out and debt payment rise.

The position of Brazil's president, FERMAMDO Henrique Cardoso, could not be more different. The main reason for last year's fiscal mess was that spending, especially on pay, exploded. The central government's wage bill rose by 16% in real terms last year, and now absorbs 45% of all revenues. At the level of the states the situation is even worse. Yet the constitution virtually rules out the dismissal of public employees. Hence the urgent need for Mr. Cardoso to push through amendments.

Gaining and maintaining fiscal stability is important for all governments—but especially in Latin America. The region's history of chronic inflation stems directly from government profligacy. And many of the recent improvements in budget balances were helped by privatizations, many of which bring only one-off windfall. Moreover, dependence on foreign capital makes fiscal prudence even more crucial. As Argentina found last year, foreign money can vanish with remarkable speed.

But fiscal success requires several things. So far, most progress has come from individual policies—such as cutting spending or raising taxes. Mexico's solutions are also being attempted—witness Mr. Menem's new law and Mr Cardoso's proposed constitutional reforms. Profligate provincial governments, too are being reined in.

However, another means of improvement, so far less common in the region, is the reform of budgetary institutions themselves. These are the sets of rules, procedures and practices under which budgets are drafted—approved and implemented. The idea of clear rules surrounding budgetary policy is not new—New Zealand, for instance,

has them. But it is now being touted seriously for Latin America. In a recent study, Ricardo Hausmann and Ernesto Stein of the Inter-American Development Bank show that those Latin American countries with stronger budgetary institutions have had healthier public accounts.

They go on to suggest a lot of ways in which budgetary institutions could be strengthened. A non-political national debt board, for instance, could set overall limits on how much debt the government could take on. Improved transparency and procedural rules on budget drafting could ensure that budget projections are realistic and that there are no hidden expenditures lurking behind the official figures. A formal analysis of the medium-term impact of any spending proposals could ensure that budgets were planned more than a year ahead.

In a region with such a tradition of slack fiscal policy, the idea of strengthening budget institutions sounds attractive. It would mean, for instance, that continued fiscal stability depended less on the clout of individual politicians. For this reason, Latin American countries seriously committed to long-term fiscal stability would be well advised to take these ideas seriously.

Questions to be answered:

1) What are the main reasons for fiscal mess in Brazil? (10%)

2) What does fiscal stability/success require according to the passage? (10%)