

**OFFICE DU BACCALAUREAT****ANGLAIS****Small business, big problem**

It is harder for smaller firms to raise money: the state can help a bit

1 Life has got easier for big firms this year. They now have access to several forms of credit. They
2 have stamped into the bond markets to take advantage of low borrowing costs and push out
3 refinancing dates while they can. Record amounts of corporate bonds have been issued this
4 year. The market for commercial paper is open again, too. Stockmarkets offer another avenue
5 to capital.

6 Smaller firms have far fewer choices. Too puny to be able to tap capital markets, they are at the
7 mercy of the banks. America's large firms get 30% of their financing from the banks; its smaller
8 enterprises rely on them for 90% of their financing needs. In Europe small companies are in a
9 similar bind¹. Bank lending to businesses in the euro zone fell by 1.2% year-on-year in October.
10 True, lower lending volumes reflect weakening demand for bank credit as well as constrained²
11 supply. But hunger for bank credit has declined more among Europe's larger firms, thanks to
12 their access to other sources of finance.

13 And when demand does pick up, there is a real risk that lenders will remain unforthcoming.
14 Many small American firms depend on relationships with small local banks, which are being
15 wiped out at an alarming pace. Six lenders were closed down on December 4th, bringing the
16 total number of failures for the year to 130. Banks are being shut at the fastest rate since 1992,
17 when America's savings-and-loans crisis claimed 179 lenders. The death toll could well be even
18 worse next year. The Federal Deposit Insurance Corporation has its eye on 552 problem banks,
19 many of them stuffed with rotten commercial-property loans.

20 Even if their banks are in decent shape, owners of small businesses face a tougher financing
21 environment for other reasons. Plenty of entrepreneurs got used to borrowing on credit cards to
22 keep their firms going: tighter lending standards and new rules designed to protect consumers
23 threaten to squeeze the flow of finance. Small-business owners also used their properties as
24 collateral³ for borrowing: that route is closed to homeowners who are sunk in negative equity⁴. In
25 Europe fears of further losses and uncertainty over tougher rules on capital will continue to hold
26 lending back. The withdrawal of foreign banks has drained overall credit capacity.

27 All of this matters. Small businesses account for the majority of private-sector employment in
28 America and Europe. Firms with fewer than 500 workers accounted for 64% of the net new jobs
29 created in America between 1993 and the third quarter of 2008. Policymakers are now
30 scrambling to forestall a crunch⁵. In Germany the government held a summit earlier this month
31 to discuss the problem. British officials are considering a public-private fund aimed at smaller
32 firms. On December 8th Barack Obama proposed a raft of tax-breaks for small firms, along with
33 other measures

GLOSSARY: 1. **bind:** difficult or annoying situations

2. **constrained:** forced 3. **collateral:** assets offered to a creditor as security for a loan

4. **equity:** ordinary shares in a company 5. **to forestall a crunch:** *prévoir une crise*

A – READING COMPREHENSION (09 marks)

I./ Choose the right answer according to the meaning in the text. (01 mark : 0.25 X 4)

1. 'stampeded (paragraph 1) into' means:

- a) entered slowly like (paragraph 2) a thief b) rushed into 5 (e.g. a panicking crowd)
- c) flown into like a bird

2. 'puny' (paragraph 2) is the same as:

- a) small or weak b) slow or lazy c) strong or powerful

3. 'to tap' (paragraph 2) is:

- a) to get/obtain b) to hit hard c) to understand

4. 'unforthcoming' (paragraph 3) is the equivalent of:

- a) not rich enough b) not weak at all c) not available when needed

II./ True (T) or false (F) ? Justify your answer, referring to the text. (02 marks : 0.5 X 4)

5. Smaller firms in America are more dependent on banks for their financing. (... ..)

.....
.....

6. In the euro zone, bank lending is progressively increasing. (... ..)

.....
.....

7. It is risky business for small American firms to depend on small local banks. (... ..)

.....
.....

8. In America and Europe, policymakers are doing nothing to settle the problem of small businesses. (... ..)

.....
.....

Epreuve du 1^{er} groupe

III./ Answer the questions below.

(03 marks: 01 X 3)

9. Why do larger firms in Europe need less bank credit?

.....
.....

10. How much did small businesses contribute in private sector employment in America?

.....
.....

11. What will make Europeans continue to hold lending back?

.....
.....

IV./ What do the following numbers represent in the text?

(02 marks: 0.5 X 4)

12. 30%:

13. 1.2%:

14. 130:

15. 64%:

V./ What do the words below refer to, in the text.

(01 mark: 0.5 X 2)

16. them (“ ... rely on them for 90%...” (paragraph 2) :

17. that route (“...for borrowing: that route is closed to...” (paragraph 4) :

.....

B – LINGUISTIC COMPETENCE

(07 marks)

I./ Reformulate the sentences below using the prompts that have been given.

(03 marks: 0.75 X 4)

18. Even if their banks are in decent shape, owners of small businesses face a tougher financing environment for other reasons.

→ In spite of

.....

19. Hunger for bank credit has declined more among Europe’s larger firms, thanks to their access to other sources of finance.

→ Because they

.....

Epreuve du 1^{er} groupe

20. Six lenders were closed down on December 4th, bringing the total number of failures for the year to 130.

→ The closing down

21. The withdrawal of foreign banks has drained overall credit capacity.

→ Overall credit capacity

II./ Ask the suitable questions corresponding to the underlined words or groups of words. (04 marks: 01 X 4)

22. Big firms now have access to several forms of credit.

→?

23. Too puny to be able to tap capital markets, smaller firms are at the mercy of banks.

→?

24. When demand does pick up, there is a real risk that lenders will remain unforthcoming.

→?

25. Firms with fewer than 500 workers accounted for 64% of the net new jobs.

→?

C – WRITING (04 marks)

Choose one of the topics below. (04 marks)

Topic 1: One of the most important services of banks is credit lending. Talk about the positive as well as the negative aspects of this bank service.

Topic 2: You are Ibrahima Niangoto. As a current account-holder at CNCAS, you need a loan for acquiring a land and/or building a house. Write the letter you would send your bank manager for obtaining this loan.

Write to the address below: The Managing Director

C.N.C.A.S.
31-33 Rue Amadou Assane Ndoye
Place de l'Indépendance
Dakar (Sénégal)