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**ENGLISH LANGUAGE PRACTICE
for economic specialities**

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**АНГЛИЙСКИЙ ЯЗЫК
ДЛЯ СТУДЕНТОВ ЭКОНОМИЧЕСКИХ СПЕЦИАЛЬНОСТЕЙ**

(учебно-методическое пособие)

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Учебное пособие по совершенствованию навыков чтения и устной/письменной речи. Данное пособие содержит задания и упражнения, направленные на отработку и закрепления таких аспектов английского языка, как чтение, лексика, грамматика, что способствует подготовке к устному/письменному рубежному и итоговому контролю. Пособие предназначено для студентов курса по программе «Business English», обучающихся по специальности «Бизнес управление» и «Экономика и Управление».

Unit 1. Economic systems. Command, market and mixed economies.

Section 1. Reading and discussion

Text 1. Planned economies

There are a number of ways in which a government can organize its economy and the type of system chosen is critical in shaping environment in which businesses operate.

An economic system is quite simply the way in which a country uses its available resources (land, workers, natural resources, machinery etc.) to satisfy the demands of its inhabitants for goods and services. The more goods and services that can be produced from these limited resources, the higher the standard of living enjoyed by the country's citizens.

There are three main economic systems:

Planned economies are sometimes called "command economies" because the state commands the use of resources (such as labour and factories) that are used to produce goods and services as it owns factories, land and natural resources. Planned economies are economies with a large amount of central planning and direction, when the government takes all the decisions, the government decides production and consumption. Planning of this kind is obviously very difficult, very complicated to do, and the result is that there is no society, which is completely a command economy. The actual system employed varies from state to state, but command or planned economies have a number of common features.

Firstly, the state decides precisely what the nation is to produce. It usually plans five years ahead. It is the intention of the planners that there should be enough goods and services for all.

Secondly, industries are asked to comply -with these plans and each industry and factory is set a production target to meet. If each factory and farm meets its target, then the state will meet its targets as set out in the five-year plans. You could think of the factory and farm targets to be objectives which, if met, allow the nation's overall aim to be reached.

A planned economy is simple to understand but not simple to operate. It does, however, have a number of **advantages**:

- Everyone in society receives enough goods and services to enjoy a basic standard of living.
- Nations do not waste resources duplicating production.
- The state can use its control of the economy to divert resources to wherever it wants. As a result, it can ensure that everyone receives a good education, proper health care or that transport is available.

Several **disadvantages** also exist. It is these disadvantages that have led to many nations abandoning planned economies over recent years:

- There is no incentive for individuals to work hard in planned economies.
- Any profits that are made are paid to the government.
- Citizens cannot start their own businesses and so new ideas rarely come forward.
- As a result, industries in planned economies can be very inefficient.

A major problem faced by command or planned economies is that of deciding **what to produce**. Command economies tend to be slow when responding to changes in people's tastes and fashions. Planners are likely to under produce some items as they cannot predict changes in demand. Equally, some products, which consumers regard as obsolete and unattractive, may be overproduced. Planners are afraid to produce goods and services unless they are sure substantial amounts will be purchased. This leads to delays and queues for some products.

Assignments

Ex.1. Suggest the Russian equivalents

each factory is set a production target to meet; to divert resources to wherever it wants; new ideas rarely come forward; tend to be slow when responding to changes.

Ex.2. Replace the parts in italics by synonyms

obsolete products; it can *ensure* that...; it can be very *inefficient*... .

There is no *incentive* for individuals to work hard in planned economies.

It led to many nations *abandoning* planned economies over recent years.

Ex.3. Find in the text English equivalents for the following

имеющиеся в распоряжении ресурсы; управлять использованием ресурсов; управление экономикой; отказываться от плановой экономики; иметь высокий жизненный уровень; иметь общие черты; подчиняться 5-летнему плану; значительное количество; ставить производственные задачи; полученная прибыль; стимул к эффективной работе; перебои и очереди; реагировать на изменения спроса; предсказывать изменения спроса; основная проблема, стоящая перед... .

Ex.4. Answer the questions

1. What's an economic system?
2. What does a standard of living depend on?
3. What's a planned economy? What are its main features?
4. Give the advantages of a planned economy.
5. Give the disadvantages of a planned economy.
6. What causes delays and queues for some products?
7. What can you add to the list of advantages and disadvantages of a

planned economy?

Ex.5. Translate

1. Если хозяйство плановое, то работа промышленности подчиняется плану, в котором государство определяет производственные задачи и планирует развитие на 5 лет вперед.

2. В плановой экономике покупатели лишены возможности влиять на производство товаров.

3. Поскольку значительная доля полученной прибыли должна быть выплачена государству, то в условиях плановой экономики стимулы работать эффективно невелики.

4. Промышленность часто выпускает непривлекательные и старомодные товары, поскольку невозможно предсказать изменения моды на 5 лет вперед.

5. Государство в условиях плановой экономики может гарантировать своим гражданам образование и медицинское обслуживание.

6. Все крупные решения, касающиеся объема используемых ресурсов, структуры и распределения продукции, производства и потребления, принимаются центральным плановым органом.

Text 2. Market economies

The best examples of this type of economy are to be found in small South-East Asian states like Hong Kong and Singapore, though even they are not pure examples of market economies. Even they contain some businesses owned and run by the state.

In a true market economy the government plays no role in the management of the economy, the government does not intervene in it. The system is based on private enterprise with private ownership of the means of production and private supplies of capital, which can be defined as surplus income available for investment in new business activities. Workers are paid wages by employers according to how skilled they are and how many firms wish to employ them. They spend their wages on the products and services they need. Consumers are willing to spend more on products and services, which are favored. Firms producing these goods will make more profits and this will persuade more firms to produce these particular goods rather than less favored ones.

Thus, we can see that in a market economy it is consumers who decide what is to be produced. Consumers will be willing to pay high prices for products they particularly desire. Firms, which are privately owned, see the opportunity of increased profits and produce the new fashionable and favored products.

Such a system is, at first view, very attractive. The economy adjusts automatically to meet changing demands. No planners have to be employed,

which allows more resources to be available for production. Firms tend to be highly competitive in such an environment. New advanced products and low prices are good ways to increase sales and profits. Since all firms are privately owned they try to make the largest profits possible. In a free market individual people are free to pursue their own interests. They can become millionaires, for example. Suppose you invent a new kind of car. You want to make money out of it in your own interests. But when you have that car produced, you are in fact moving the production possibility frontier outwards. You actually make the society better-off by creating new jobs and opportunities, even though you become a millionaire in the process, and you do it without any government help or intervention.

Not surprisingly there are also **problems**. Some goods would be under purchased if the government did not provide free or subsidized supplies. Examples of this type of good and service are health and education. There are other goods and services, such as defense and policing, that are impossible to supply individually in response to consumer spending. Once defense or a police force is supplied to a country then everyone in this country benefits.

A cornerstone of the market system is that production alters swiftly to meet changing demands. These swift changes can, however, have serious consequences. Imagine a firm, which switches from labour-intensive production to one where new technology is employed in the factory. The resulting unemployment could lead to social as well as economic problems.

In a market economy there might be minimal control on working conditions and safety standards concerning products and services. It is necessary to have large-scale government intervention to pass laws to protect consumers and workers.

Some firms produce goods and then advertise heavily to gain sufficient sales. Besides wasting resources on advertising, firms may also duplicate one another's services. Rival firms, providing rail services, for example, could mean that two or more systems of rail are laid.

Finally, firms have to have confidence in future sales if they are to produce new goods and services. At certain times they tend to lack confidence and cut back on production and the development of new ideas. This decision, when taken by many firms, can lead to a recession. A recession means less spending, fewer jobs and a decline in the prosperity of the nation.

Assignments

Ex.1. Replace the parts in italics by synonyms

businesses owned and *run* by the state; products and services, which are *favoured*; at first *view*; production *alters swiftly* ill.

Ex.2. Find in the text English equivalents for the following

управление экономикой; процветание нации; широкомасштабное вмешательство правительства; принимать законы; быстро меняться; конкурирующие фирмы; автоматически изменяться

(приспосабливаться); быть конкурентоспособным; частные фирмы; фирмы, принадлежащие государству и управляемые им; краеугольный камень; иметь серьезные последствия для...; трудоемкое производство; сокращать производство; быть уверенным в...; не хватает уверенности в...; дорого платить за что-либо.

Ex.3. Answer the questions

1. What's a market economy?
2. What's the main difference between a market economy and a planned economy?
3. Do changing demands affect production? In what way?
4. What's the mechanism of producing goods and services in a market economy?
5. Give the advantages of a market economy.
6. Give the disadvantages of a market economy.

Ex.4. Translate

1. В рыночной экономике невелика или очень мала необходимость в планировании, контроле и широкомасштабном вмешательстве со стороны государства (правительства) в экономический процесс.
2. В условиях рыночной экономики изменения потребительского спроса играют заметную роль в формировании политики фирм.
3. Чтобы быть конкурентоспособными и увеличивать доходы, фирмы должны постоянно изучать спрос и менять свою деятельность в ответ на его изменения.
4. Чем более модный товар, тем более высокую цену надо за него платить.
5. Некоторые виды услуг, например здравоохранение и образование, не могут быть полностью обеспечены только частными фирмами.
6. Рыночная экономика характеризуется частной собственностью на ресурсы и использованием системы рынков и цен для управления экономической деятельностью.
7. В такой системе каждый ее участник волен преследовать свои собственные интересы; каждая экономическая единица стремится получить наибольший возможный доход на основе индивидуального принятия решений.

Text 3. Mixed economies

Command and market economies both have significant faults. Partly because of this, an intermediate system has developed, known as mixed economies.

A mixed economy means very much what it says as it contains elements of both market and planned economies. At one extreme we have a command economy, which does not allow individuals to make economic decisions, at

the other extreme we have a free market, where individuals exercise considerable economic freedom of choice without any government restrictions. Between these two extremes lies a mixed economy. In mixed economies some resources are controlled by the government whilst others are used in response to the demands of consumers.

Technically, all the economies of the world are mixed: it is just the balance elements between market and planned elements that alters. Some countries are nearer to command economies, while others are closer to free market economies. So, for example, Hong Kong has some state-controlled industry, while Cuba has some privately owned and controlled firms.

The aim of mixed economies is to avoid the disadvantages of both systems while enjoying the benefits that they both offer. So, in a mixed economy the government and the private sector interact in solving economic problems. The state controls the share of the output through taxation and transfer payments and intervenes to supply essential items such as health, education and defence, while private firms produce cars, furniture, electrical items and similar, less essential products.

The UK is a mixed economy: some services are provided by the state (for example, health care and defense) whilst a range of privately owned businesses offer other goods and services. The Conservative government under Margaret Thatcher switched many businesses from being state-owned and controlled to being privately owned as part of its privatization programme. This has taken the UK economy further away from the planned system.

Assignments

Ex.1. Suggest the Russian equivalents

an intermediate system has developed; to supply essential items; the government controls a share of the output.

Ex.2. Replace the parts in italics by synonyms

significant faults; a range of products; whilst others are used in response to the demands of consumers.

Ex.3. Find in the text English equivalents for the following

избегать недостатков; частный сектор; налогообложение; централизованно принимать экономические решения; на одном полюсе – на другом...; без ограничений; взаимодействовать в решении проблем; пользоваться благами; правительство, возглавляемое... .

Ex.4. Increase your vocabulary

to enjoy (*syn.* — to have as an advantage — иметь, пользоваться)

to enjoy a boom

to enjoy a high standard of living

to enjoy a basic standard of living
to enjoy the benefits

Make some sentences of your own with the above expressions.

Translate:

1. Иметь хорошее здоровье.
2. Все граждане государства должны иметь равные права.
3. Эта пьеса очень популярна.

Ex.5. Answer the questions

1. What's a mixed economy? What's its aim?
2. What type of economy is the UK? is Russia now?

Ex.6. Translate into English

1. В реальной действительности экономические системы располагаются где-то между чисто рыночной и плановой экономикой.
2. Смешанная экономика — это система, при которой частная собственность и рынок, а также правительство и общественные институты, энергично участвующие в обеспечении экономической стабильности и перераспределении доходов, взаимодействуют в решении экономических проблем.

Section 2. Grammar

Passive Voice. Simple Tense Forms

Ex.1. Paraphrase into passive voice

They gave him an apple-	<i>1 He was given an apple</i>
	<i>2. An apple was given to him.</i>
He writes always letters for her	<i>1. Letters are written always for her by him.</i>
	<i>2. She is written letters by him</i>
Mary will make reports for Peter	<i>1. Reports will be made for Peter by Mary</i>
	<i>2. Peter will be made reports by Mary</i>

1. They showed us the way to the station. 2. He will give me the money for my holiday. 3. Did you send him a telegram? 4. They promised the boy a bicycle. 5. They always tell her the truth. 6. They had told him the news before he left. 7. They gave us no explanation. 8. After graduation they offered him a good job. 9. She reads the children a very interesting story every day.

Ex.2. Translate the following sentences (give two variants where possible)

1. Ему дали несколько книг для доклада. 2. Мне заплатили за перевод статьи 150 рублей. 3. Когда ей послали письмо? 4. Нам обещали новую квартиру. 5. Ему не сообщили новость. 6. Ему часто задают такие вопросы. 7. Ему дали еще три дня, чтобы закончить работу. 8. Эта книга продается везде. 9. Нам объяснили, в чем была проблема. 10. Ей повторили адрес несколько раз. 11. Им объяснили все значения этого слова. 12. Мне лишь упомянули об этом инциденте.

Perfect Tense Forms

Ex.3. Study the following chart

1. The telegram **has just been sent**.
2. This house **has been built** for a year (since autumn).
3. The work **had been done** by five o'clock yesterday.
4. Everything **will have been arranged** by the end of the day (by the time he comes back)

Ex.4. Use the verbs in the Passive voice

1. My chief **has promised** me a four-day holiday. 2. She **had written** the answers to all the questions long before the end of the lesson. 3. They **have** always **listened** to these lectures with interest. 4. She **has thrown away** at this year's newspapers. 5. They **have** always **laughed** at his jokes. 6. They **have known** this fact for years. 7. She said that they **hadn't invited** him. 8. No one **has lived** in this house for the last hundred years. 9. He left two years ago and we **haven't heard** from him ever since. 10. **Have** they **told** him about the changes in the timetable?

Ex.5. Translate

1. Открытия, которые были сделаны столетия назад, продолжают играть большую роль в современной науке. 2. В Сибири недавно были открыты месторождения природного газа. 3. План научной работы уже разработан и будет обсуждаться на следующем заседании.

Continuous Tense Forms

A new road	is being was being	made	there now. there when I stayed. in this town.
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Ex.6. Use the verbs in bold type in the Passive Voice. Make all necessary changes

1. They are making a lot of new experiments in their laboratory now. 2. He was sure that somebody was following him. 3. Everybody is still laughing at his jokes. 4. We couldn't give him the daily program, we were still working it out. 5. Are they still painting tea cups by hand? 6. What are they selling in this little shop? 7. What happened? Why was a crowd of people pushing the car? 8. She felt they were looking at her.

Ex.7. Translate the following sentences, using the Passive Voice (continuous form)

1. Что строится на той стороне реки? 2. Я долго не мог понять, почему над ним смеялись. 3. У него было такое чувство, что за ним кто-то идет. 4. Что объясняли группе, когда вы присоединились к ним? 5. Не входите без приглашения, в зале обсуждается очень важный вопрос. 6. — Что там так обсуждают? — По-моему, вчерашний фильм.

Ex.8. Paraphrase into passive voice

1. Economists have studied the ideas of A. Smith for over 200 years.
2. Prices regulate production and consumption in a market economy.
3. The government solved the problem of buying new buses at the end of the year.
4. During inflation, government maintains the price level.
5. The country had decreased oil import.
6. The OPEC countries have risen the prices for oil recently.
7. We won't rely on the statistics given by the agency.
8. The government is distributing support among producers.
9. Chemists are researching alternative automobile fuels.
10. The engineers have developed a soya-based cars to replace petrol one day.

Ex.9. Translate the following sentences, using infinitive constructions

1. Трудно сказать, кого он имел в виду
2. Он был достаточно добр, чтобы не отказать нам в помощи
3. Они остановились, чтобы передохнуть.
4. Единственное, что вам нужно сделать, это позвонить ему.
5. Опасно переходить дорогу в неполюженном месте.
6. Чтобы не обидеть ее, мы решили вообще не говорить на эту тему в ее присутствии.

7. Вам придется выехать ранним поездом, чтобы застать их дома до того, как они уедут.
8. Врач остался еще на один час, чтобы убедиться, что жизнь ребенка вне опасности.
9. Он спокойный человек. С ним легко работать.
10. Вы должны быть очень внимательны, чтобы водить машину в большом городе.
11. Я старался много работать, чтобы не думать о том, что случилось.
12. Я думаю, что он достаточно умен, чтобы не сделать этой ошибки.
13. Дети были слишком возбуждены, чтобы вести себя спокойно.
14. Ей нелегко угодить.
15. Инцидент был слишком неприятный, чтобы говорить о нем.
16. Он первый открыл это прекрасное место для отдыха.
17. Я вам сказал всю правду. Мне нечего скрывать от вас.
18. Он человек, с которым можно поговорить на любую тему.

Section 3. Lexical assignments

Ex.1. Numbers

In English-speaking countries the *comma* is put in the compound numerals after millions and thousands. Conjunction *and* is pronounced after hundred. For example: 8,861 - eight thousand eight hundred and sixty one.

Read and write the following numbers: 38; 189; 375; 23,633; 40,100; 71,213; 1,001,700; 43,641,788; 73,233,441.

The figures, indicating the years, is read in the following way: 1892- eighteen ninety-two; 1900- nineteen hundred; 1802 eighteen o two; 2002- two thousand and two

Write in English: 1343; 1799; 2023; 1908; 1999; 1954; 1603.

Ex.2. Translate

lecture hall, school year, university laboratories, command economy, market economy, government intervention, land resources, government restrictions, Soviet bloc countries

Ex.3. Fill into each gaps with suitable words

both, government, restriction, the former, the latter, economics, to produce, services (2), goods(2), regulations, mixed economy, through.

1. Every group of people must solve three main problems: what ___ and ___ to produce, how ___ them and for whom to produce them.
2. ___ is placed among the social sciences.

3. Markets in which there is no ___ intervention are called free markets.
4. Society allocates resources into production ___ the price system.
5. There are no government ___ and ___ in a free market economy.
6. ___ is an economy in which the government and private sector cooperate in solving economic problems.
7. Government regulations and restrictions must ___ work in the interests of society.
8. People produce ___ and ____ . ___ are produced in factories or on farms, ____ -at schools, hospitals, shops, banks.

Ex.4. Choose the correct words

1. (A command economy / a free market economy) is a society where the government makes all decisions about production and consumption.
2. (Economics / Economy) studies how markets and prices allow society to solve the problems of what, how, and for whom to produce.
3. Every economist sees (the restriction / the importance) of the question of what, how, and for whom to produce.
4. Nations have different (consumption / levels) of farm production.
5. When (the price/ the importance) of some goods grows, people will try to use less of the m but producers will want to produce more of them.
6. In (mixed/ both) countries, Canada and the USA, structural changes in the agricultural sector of economy have become of interest to economists and general public in the 80s and 90s of the 20th century.
7. After years of competition between command and market economies, (the former/ the latter) gave way in many countries of the world to (the former/ the latter).

Ex.5. Increase your vocabulary

There is a set of words related to the word economics. In a table we can show them like this.

Econom	y		
	ics		
	ic	al	ly
	ist		

Each word has a different use. Try to put the right word in the blanks in these sentences:

1. Marx and Keynes are two famous ___.
2. Those people are studying the science of ___.
3. We sometimes call a person's work his ___ activity.
4. People should be very ___ with the money they earn.
5. The ___ system of a country is usually called the national ___.
6. The people in that town live very ___.

Translate into English

1. Состояние экономики очень тревожное.
2. Экономическая политика правительства часто подвергается справедливой критике.
3. Она очень экономная хозяйка.
4. Мировая экономика – это наука, которая изучает состояние экономики в разных странах мира.
5. Моя новая машина гораздо экономичнее старой.

The table shows how words are formed around the verb to produce.

Produc	e	r	
	t	iv(e)	ity
		ion	

Use these words in the suitable blanks in the sentences below

1. The company ___ a new commodity every year.
2. The company's newest ___ is a special blue soap powder.
3. The ___ of soap powders met last year to discuss prices.
4. That factory is not as ___ now as it was 5 years ago.
5. The ___ of that factory has gone down over the last 5 years.
6. The manager of the factory has decided that they must increase their of packets of soap powder.

Translate into English

1. В этом году наша компания изготовила (выпустила) вдвое больше автомобилей, чем в прошлом.
2. Производители этой модели оборудования не смогли найти для нее рынка сбыта.
3. Эта фирма известна своей высококачественной продукцией.
4. Производство нового самолета начнется в следующем году.
5. Они работают очень много, но все их усилия не слишком продуктивны.
6. Руководство ищет эффективные способы повышения производительности труда.

Ex.6. Read, pay attention on stress

a) Stress on the second syllable stress on the third syllable

economy	economics
economist	economic
to economize	economical

b) Change the following word phrases using - economic or economical:

1. A practical woman.
2. Problems of economics.
3. A crisis in the field of economy.
4. To be careful in the spending of money.
5. Reforms in the field of economy.
6. A law (закон) regulating the sphere of economics.
7. A plan of the industrial development of the country.
8. A small car that doesn't use too much fuel.
9. Geography that studies the location of industries, markets, transport.

c) Insert into sentences words

economy, economics, economist, economic, to economize, economical

1. An early definition (определение) of ___ was "an inquiry (изучение) into the nature and causes of the wealth of nations".
2. The national ___ is the system of the management and use of resources of a country.
3. You can ___ if you compare the prices of goods before buying them.
4. J. M. Keynes was a famous ___ .
5. Inflation may cause a bad ___ state (положение) in a country.
6. If you've got a large family, it's more ___ to travel by car than by train.

Ex.7. Translate

1. Развитые страны достигают экономического успеха через специализацию.
2. В годы войны в стране имеет место регулирование экономики правительством.
3. В экономиках смешанного типа имеются правительственные ограничения того, что производить и как производить.
4. Каждый менеджер принимает решение, как распределить ограниченные ресурсы наилучшим образом.
5. Мы не можем положиться на эти данные при планировании производства на следующий год.

6. При рыночной экономике регулирование производства и потребления осуществляется через цены.

Section 4. Questions for self-control

Answer the questions:

1. What is the central economic problem of a society?
2. What is the market?
3. What is the function of the market in an industrial country?
4. How are decisions made in a command economy?
5. What does a standard of living depend on?
6. What advantages and disadvantages of a planned economy can you give?
7. In what way does a free market economy differ from a command economy?
8. What the role does the government play in the mixed economies?
9. Are there really pure examples of command and market economies in the world?
10. To which type do most economies in the West belong?
11. To which type does the economy of present-day Kyrgyzstan belong?
12. Is the level of government regulation growing or falling in Kyrgyz economy?

Unit 2. The role of the market. The economic environment.

Section 1. Reading and discussion

Text 1. Market

Reports in the press tend to say "the market did this" or "the market expected good news on the economic front", as if the market were a single living entity with a single conscious mind. This is not, of course, the case. To understand reports of market behaviour you have to bear in mind the way the market works.

A market is simply a mechanism, which allows individuals or organizations to trade with each other. Markets bring together buyers and sellers of goods and services. In some cases, such as a local fruit stall, buyers and sellers meet physically. In other cases, such as the stock market, business can be transacted over the telephone, almost by remote control. There's no need to go into these details. Instead, we use a general definition of markets.

A market is a shorthand expression for the process by which households' decisions about consumption of alternative goods, firms' decisions about what and how to produce, and workers' decisions about how much and for whom to work are all reconciled by adjustment of prices.

Prices of goods and of resources, such as labour, machinery and land, adjust to ensure that scarce resources are used to produce those goods and services that society demands.

Much of economics is devoted to the study of how markets and prices enable society to solve the problems of what, how and for whom to produce. Suppose you buy a hamburger for your lunch. What does this have to do with markets and prices? You chose the cafe because it was fast, convenient and cheap. Given your desire to eat, and your limited resources, the low hamburger price told you that this was a good way to satisfy your appetite. You probably prefer steak but that is more expensive. The price of steak is high enough to ensure that society answers the "for whom" question about lunchtime steaks in favour of someone else.

Now think about the seller's viewpoint. The cafe owner is in business because, given the price of hamburger meat, the rent and the wages that must be paid, it is still possible to sell hamburgers at a profit. If rents were higher, it might be more profitable to sell hamburgers in a cheaper area or to switch to luxury lunches for rich executives on expense accounts. The student behind the counter is working there because it is a suitable part-time job, which pays a bit of money. If the wage were much lower it would hardly be worth working at all. Conversely, the job is unskilled and there are plenty of

students looking for such work, so owners of cafes do not have to offer very high wages.

Prices are guiding your decision to buy a hamburger, the owner's decision to sell hamburgers, and the student's decision to take the job. Society is allocating resources – meat, buildings, and labour – into hamburger production through the price system. If nobody liked hamburgers, the owner could not sell enough at a price that covered the cost of running the cafe and society would devote no resources to hamburger production. People's desire to eat hamburgers guides resources into hamburger production. However, if cattle contracted a disease, thereby reducing the economy's ability to produce meat products, competition to purchase more scarce supplies of beef would bid up the price of beef, hamburger producers would be forced to raise prices, and consumers would buy more cheese sandwiches for lunch. Adjustments in prices would encourage society to reallocate resources to reflect the increased scarcity of cattle.

There were several markets involved in your purchase of a hamburger. You and the cafe owner were part of the market for lunches. The student behind the counter was part of the local labour market. The cafe owner was part of the local wholesale meat market and the local market for rented buildings. These descriptions of markets are not very precise. Were you part of the market for lunches, the market for prepared food or the market for sandwiches to which you would have turned if hamburgers had been more expensive? That is why we have adopted a very general definition of markets, which emphasizes that they are arrangements through which prices influence the allocation of scarce resources.

Assignments

Ex.1. Suggest the Russian equivalents

a single living entity with a single conscious mind; a shorthand expression; to be reconciled by adjustment of smth; a suitable part-time job; to offer high wages; to guide smb's decision; to cover the cost of smth.

Ex.2. Replace the parts in italics by synonyms

at a distance, of the neighbourhood, carried out, done; ask for, make certain that; buy, illness, managing, put up; rareness.

Ex.3. Increase your vocabulary

Using words from paragraph 5 ("Much of economics ..."), complete the following statements:

1. I quite like lamb but really I __ beef.
2. He was a very keen student. He __ most of the time to his studies.

3. I don't like the canteen, but it's more ___ than going out to a cafe.
4. I'm not in ___ of long and expensive lunches.
5. Please ___ that your essays reach me on time.
6. A good degree should ___ you to get a job.

Ex.4. Find in the text English equivalents for the following

поведение рынка; рынок ценных бумаг; проводить сделку, операцию; иметь что-то общее с чем-либо; с учетом чего-либо (принимая во внимание); в пользу кого-либо другого; прибыльно продавать; переключиться на что-либо; неквалифицированная работа; распределять ресурсы посредством системы цен; сокращать возможности экономики; набавлять цену; перераспределять расходы; оптовый рынок; механизмы (структуры), посредством которых цены влияют на распределение.

Ex.5. Explain in English

rent; profit; part-time job; labour market; wholesale (meat) market.

Ex.6. Answer the questions

1. What example is given of a market where sellers and buyers actually meet?
2. How are households' decisions on what to buy reconciled?
3. Why do prices adjust?
4. Why don't cafe owners have to pay high wages?
5. What makes society put resources into hamburger production?
6. What would consumers do if hamburger prices rose?
7. How many markets are you involved in if you buy a hamburger? What are those markets?
8. Enumerate all the components comprising the concept of "Market".
9. In what way can prices guide your decision to buy some goods?
10. In what way can prices guide a person's decision to take a job?

Ex.7. Translate

1. Рынок ценных бумаг, как и любой рынок вообще, где совершаются сделки, представляет собой механизм (структуру), посредством которого цены регулируют (2 варианта) распределение ограниченных ресурсов в обществе.
2. Потребности различных групп общества приводятся в соответствие путем изменения (регулирования) цен на товары и ресурсы – труд, капитал (оборудование), землю.
3. Ваше решение о покупке на лэнч гамбургера имеет непосредственное отношение к вопросу о рынках и ценах, поскольку, к примеру,

повышение цен на мясо и, соответственно, переключение продавцов – владельцев кафе на более дорогие обеды может привести к тому, что вопрос "для кого производить" будет решаться в пользу других, более богатых потребителей.

4. Многие студенты ищут работу в кафе, поскольку она занимает у них лишь часть времени и не требует квалификации, несмотря на то, что владельцы кафе предлагают невысокую плату за такой труд.
5. Если бы возможности экономики по производству мясопродуктов сократились, цена на мясо возросла бы, и покупатели стали бы покупать сандвичи с сыром, то есть корректировка цен побудила бы общество к перераспределению ресурсов.

Text 2. The economic environment

The economy comprises millions of people and thousands of firms as well as the government and local authorities, all taking decisions about prices and wages, what to buy, sell, produce, export, import and many other matters. All these organizations and the decisions they take play a prominent part in shaping the business environment in which firms exist and operate.

The economy is complicated and difficult to control and predict, but it is certainly important to all businesses. You should be aware that there are times when businesses and individuals have plenty of funds to spend and there are times when they have to cut back on their spending. This can have enormous implications for business as a whole.

When the economy is enjoying a boom, firms experience high sales and general prosperity. At such times, unemployment is low and many firms will be investing funds to enable them to produce more. They do this because consumers have plenty of money to spend and firms expect high sales. It naturally follows that the state of the economy is a major factor in the success of firms.

However, during periods when people have less to spend many firms face hard times as their sales fall. Thus, the economic environment alters as the economy moves into a recession. At that time, total spending declines as income falls and unemployment rises. Consumers will purchase cheaper items and cut expenditure on luxury items such as televisions and cars.

Changes in the state of the economy affect all types of business, though the extent to which they are affected varies. In the recession of the early 1990s the high street banks suffered badly. Profits declined and, in some cases, losses were incurred. This was because fewer people borrowed money from banks, thus denying them the opportunity to earn interest on loans, and a rising proportion of those who did borrow defaulted on repayment. These so-called "bad debts" cut profit margins substantially. Various forecasters reckoned that the National

Westminster Bank's losses in the case of Robert Maxwell's collapsing business empire amounted to over £100 million.

No individual firm has the ability to control this aspect of its environment. Rather, it is the outcome of the actions of all the groups who make up society as well as being influenced by the actions of foreigners with whom the nation has dealings.

Assignments

Ex.1. Suggest the Russian equivalents

the government and local authorities; firms experience high sales; their sales fall; total spending declines as income falls; luxury items; the high street banks suffered badly; to earn interest on loans; so-called "bad debts".

Ex.2. Replace the parts in italics by synonyms

The economy comprises millions of people; losses were incurred; the nation has dealings; changes in the state of the economy affect all types of business; profits declined; losses amounted to over £ 100 million.

Ex.3. Find in the text English equivalents for the following

играть заметную роль; формировать среду; сокращать расходы на... (2 вар.); сократить размеры прибыли; переживать подъем; переживать тяжелые времена; прийти в упадок; доходы падают (2 вар.); нести убытки; состояние экономики; иметь большое значение для бизнеса в целом; отсюда, естественно, следует; лишать возможности; результат действий; не выполнять обязательств по уплате.

Ex.4. Answer the questions

1. What is the economy ?
2. What's a boom in the economy? What characterizes the state of the economy at that time?
3. What happens when the economy moves into a recession?
4. What are "bad debts"?
5. What happened to some banks in the early 1990s and why?

Ex.5. Translate using all the active possible

1. Состояние экономики (экономической среды) имеет большое значение для успешной деятельности фирм.
2. Когда экономика находится на подъеме, то фирмы продают больше товаров, что ведет к получению больших прибылей и процветанию.
3. Упадок экономики характеризуется сокращением объема производства и сбыта продукции. Отсюда, естественно, следует, что доходы предприятий снижаются и они несут убытки.
4. Результатом деятельности всех субъектов производства (групп об-

щества) является формирование той или иной экономической среды в которой развивается бизнес.

5. У фирмы не было возможности увеличить расходы на рекламу в результате чего она потеряла часть рынка сбыта.

Section 2. Grammar

The Participle I

Study the forms of Participle I

non-perfect*	He listened in, lying on the sofa. Arriving in Karakol we went sightseeing at once. She went out closing the door behind her.	Он слушал радио, лежа на диване. Приехав в Каракол, мы сразу же отправились осматривать город. Она вышла, закрыв за собой дверь.
non-perfect	They went along the path leading to the river. A crowd of children watched the house being painted.	Они шли по тропинке, ведущей к реке. Толпа детей наблюдала, как красили дом.

Ex.1. Give all the possible forms of Participle 1 to the following infinitives to put, to open, to strike, to push, to arrive, to hear, to stop, to enter, to finish, to live.

Ex.2. Give attributive phrases using Participle I and explain them according to the model

Model: (a) a child; to sleep	(b) a sleeping child
a sleeping child	a child that is sleeping
a fish; to fly	a flying fish
a flying fish	a fish that can fly (that flies)

1. a woman; to smile 2. children; to laugh 3. a look; to understand; 4. a building; to burn 5. a lamp; to stand 6. a man; to know 7. a ship; to sink 8. indifference; to seem 9. a story; to touch 10. a thought; to disturb 11. interest; to grow.

* Participle I, non-perfect form, may denote an action simultaneous to that expressed by the finite form of the verb (No 1), closely preceding it (No 2) and following it (No 3).

Ex.3. Open the brackets, using the correct form of Participle I

1. She sat in a comfortable armchair (to smoke) a cigarette. 2. (to put) aside the newspaper, she raised her eyes at me. 3. We watched the delegation (to show) into the hall. 4. (to visit) the museum before, I knew my way easily. 5. (to rise), the secretary put down the newspaper. 6. (to stop) before the traffic lights, he saw to his surprise it was almost eight o'clock. 7. (to work) as a taxi-driver for twenty years, he knew every little corner of the town. 8. I felt the car pick up speed, (to look) over at the speedometer, I noticed we were making a hundred.

Ex.4. Translate the following sentences using Participle I in the correct form

1. **Дав ему обещание**, я не мог не прийти. 2. **Прослужив в армии два года**, он вернулся взрослым человеком. 3. «Я бы хотела, чтобы меня поняли правильно», сказала она, **улыбаясь**. 4. Она сидела молча, **уоставившись на огонь**. 5. Окна, **которые выходили на мост**, были открыты. 6. **Узнав меня**, она крикнула, чтобы я остановился и подождал ее. 7. **Так как он сам был веселым человеком**, он умел подбодрить и других. 8. Чтобы успеть на поезд, **который прибывает в 8 утра**, она должна была встать очень рано. 9. Домик, **который стоял в стороне от дороги**, принадлежал учителю школы. 10. **Он понял свою ошибку** и перестал спорить. 11. **Подходя к дому**, он увидел, как погас свет на первом этаже. 12. Дорога, **которая сейчас ремонтируется**, будет значительно шире после ремонта. 13. **Войдя в комнату**, она сразу заметила какую-то перемену. 14. **Закончив лекцию**, профессор оглядел аудиторию, **ожидая вопросов**. 15. **Подходя к дому**, я вспомнила, что забыла опустить письмо. 16. **Узнав меня**, он подошел к нашей группе и попросил разрешения присоединиться к нам. 17. **Будучи в хорошем расположении духа**, он был весел и разговорчив.

Participle II

Study the use of Participle II in the following sentences, state their functions.*

He seemed frightened.

* Participle II may also be used in the function of an adverbial modifier of time, read e.g.

- (1) Pleased with himself, he left the office in high spirits.
- (2) When asked, he answered that he didn't know anything about it.
- (3) Though frightened, he didn't show it.

*The boys looked at the broken window with frightened faces.
Here is a letter addressed to you.*

Ex.5. Translate the following sentences, using Participle II

1. У него был очень **испуганный** вид. 2. Эта телеграмма пришла вместе с почтой, **доставленной** утром. 3. Я с трудом нес чемодан, **набитый книгами**. 4. Он ни за что не хотел тратить деньги, **отложенные на поездку**. 5. Метод, **используемый этим рабочим**, был подхвачен всеми. 6. У нее был **взволнованный** вид. 7. Он оглядел сад с **довольной** улыбкой. 8. Подходя к столу, он увидел на нем письмо, **адресованное** ему. 9. Когда я вошел в комнату, он собирал с пола кусочки **разбитой** чашки. 10. **Хорошо одетый** незнакомец сразу привлек наше внимание. 11. Вещи, **которые были уже упакованы**, лежали на полу около дверей.

Ex.6. Paraphrasing the following sentence using Participle I and Participle II

Example 1: Resources can be a serious factor that limits production.

Resources can be a serious factor limiting production.

1. Firms that produce computers act as buyers in the markets for the services of computer programmers.
2. A nation's income is the sum of the incomes of all the people who live in that country.
3. There are several factors that determine a consumer's demand.
4. Individuals, families and governments that consume goods and services are called consumers in economics.

Example 2: Consumers typically buy a smaller quantity of the good that is sold at higher price.

Consumers typically buy a smaller quantity of the good sold at a higher price.

1. Supply restrictions that are imposed by cartels are as characteristic of industrialized economies as of developing economies.
2. Excess supply is a situation in which the quantity of a good that is demanded by buyers is less than the quantity that is supplied by producers.
3. Society increasing the quantity of one good that is produced at one time typically reduces the quantity of another good that is produced at the same time.
4. Some of the inputs that an individual uses are food, chairs and tables, but another input of great importance is time. The consumer's

time is limited, and this time limitation as well as his or her limited income influence the decisions that are made in day-to-day life.

Example 3: When societies act through their governments, they can make decisions on allocation of scarce resources.

Acting through their governments, societies can make decisions on allocation of scarce resources.

1. When we put demand and supply together, we can determine equilibrium prices and quantities in different markets.
2. When it increases the quantity of one good produced at one time, the society reduces the produced quantity of another good as its resources are scarce.
3. When people consume goods and services, they provide a basis for further production.
4. As they make up a major portion of the national income, US high technology industries dominate and influence almost all other industries in the country.

Ex.7. a) Open the brackets putting the verbs in tense

What (to happen) to the equilibrium price of a product when its quantity (to supply) by producers (to change)"? For example, with an improvement in technology of wheat production wheat farmers (to wish) and (to be) able (to supply) more wheat at a given price than they (to do) before. How it (to influence) the equilibrium price? Clearly, it (to fall). But if the weather (to be) poor, the (to supply) quantity of wheat (to decrease). How it (to influence) the equilibrium price? I (to go) up.

In 1984, police officers (to concern) with narcotics consumption in the United States {to show) what a change in (to supply) quantity (can) (to do). There (to be) a massive increase in the quantity of coca production in South America and the quantity of cocaine (to supply) to the United States (to raise) dramatically. The result (to be) a big fall in the price of cocaine. In some parts of the United States, cocaine (to sell) in 1984 for one-half to one-third the price of a year before. One of federal officials (to say): "At no time in the modern history of international drug control the price of a drug (to drop) by half so quickly."

b) Ask 6 questions to the text.

Ex.8. Choose the right form of participle from brackets

1. Market is an (organizing/ organized) group of buyers and sellers of a particular good who are in contact with each other and who know the

level of demand and supply so that there is only one price (calling/ called) the market price.

2. Changes in prices of the products (producing/ produced) with the same resources will change the supply.
3. The economist is interested in factors (affecting/ affected) the allocation of resources for producing particular goods.
4. Excess supply is a situation in which, at a certain price, the quantity of a particular product (demanding / demanded) by buyers is less than the quantity (supplying / supplied) by industry.

Ex.9. Paraphrase words into Participle I or Participle II

1. The theory of consumer choice (to base) on individual utility shows how different tastes result in different demands for the same goods.
2. The theory of supply assumes that the producer (to depend) on a production technology wants to maximize profit.
3. A subsidy is money (to give) by a government to some producers, for example farmers, to help them to produce at a low price the goods or services (to need) by the public.
4. In a dynamic economy, the factors (to influence) the level of demand and supply, are changing.
5. Expenditure is an amount of money (to spend). The price of land (to call) rent depends on supply and demand.

Section 3. Lexical Assignments

Ex.1. Write the translation of international words.

reserve, traditionally, to finance, industrialization, to exploit, textile, politician, quota, strategy, exports, imports, tariff, protectionism, statistics, license, energy, dynamic, equivalent, dividend, subsidy, corruption, specific, special, partner, to calculate, calculation, migration, investment, rent, real, indicator, privatization, standard.

Ex.2. Choose the correct word

1. The fashion for mini-skirt (*increased/ reduced*) the demand for textile materials.
2. Even in (*some/ the same*) middle-income countries many people are very poor.
3. Government regulations sometimes (*decrease/ impose*) a change in (*technology/ quantity*) that producers do not want to use.

4. Stabilization of prices is of great importance to industrial nations (*as well as / as well*) the Third World countries.
5. Freeing up prices leads to their (*decrease/ increase*).
6. (*Inferior/Normal*) goods are usually low-quality goods for which there are higher-quality (*improvements / substitutes*) sold at higher prices.
7. A decrease in (*complement/ input*) prices makes the production less expensive.

Ex.3. a) «увеличение цен» — higher prices, increased prices; «улучшение технологии» — better technology, improved technology, using adjective in comparative degree or participle

1. Translate next word combination by two ways:

1. повышение доходов; 2. уменьшение спроса; 3. увеличение инвестиций; 4. сокращение рынка; 5. повышение предложения; 6. улучшение технологии; 7. увеличение ресурсов.

2. Translate:

1. greater shortage; 2. lower equilibrium price; 3. increased demand; 4. greater influence; 5. decreased input; 6. Reduced government intervention; 7. greater restrictions.

Ex.4. Make up all possible word combinations using words from left and right side

Price, quantity, to reduce, to rise, to impose, input, to raise, equilibrium, to fall, private, reduction, substitute.
to influence, surplus, a seller, technology, input price, a good, a buyer, to raise, supply, improvement, decrease, surplus, quantity, to sell, technology, a good, to decrease shortage, technology, input price, seller, quantity, surplus, reduction

Ex.5. Translate

1. По мере того как цена товара растет, требуемое количество его уменьшается.
2. Положение в странах с низким доходом улучшилось с 1965 года.
3. Задача максимальной цены состоит в том, чтобы уменьшить цену для потребителей, а задача минимальной цены заключается в том, чтобы поднять цену для производителей и поставщиков.
4. Увеличение предложения ведет к повышению равновесного количества и понижению равновесной цены.

5. Когда цены будут уменьшены до равновесной цены, не будет товарных излишков.
6. Если цена одного товара падает, а цены других товаров, требуемых потребителем, остаются теми же самыми, то потребитель будет покупать более дешевые товары вместо дорогого товара.

Ex.6. Change Russian words into their English equivalents

1. Large quantities of one good may be needed for compensating small reduction in the other good if a (постоянный) level of (полезности) is (должен поддерживаться).
2. In a free market it (предполагается) that every producer seeks to (максимизировать) profits by selling the product at as high a price as possible, and every buyer seeks to (максимизировать полезность) by obtaining the product at as low a price as possible.
3. Consumer demand is not the quantity that the consumers would like to have but the quantity that they want to pay for, (то есть), demand in the economic sense (смысл).
4. Economic system is the (особый) way in which the economic activity in a country is organized, such as capitalism or socialism.
5. The model of consumer (расходы) on different goods (зависит от) the level of consumer income.
6. Increases in the quantities demanded typically (изменяются) with different goods as incomes rise.
7. Energy demand will increase at about 3.6 percent (в год) (в) the coming ten years in the USA.

Ex.7. Insert into each gaps with suitable words

choice, to obtain (2), number, that is, within (2), to maintain, constant, rather than, per (4), provided, to result in, to assume, to choose.

1. We assume that the consumer prefers to have more of a good ___ less the good whose price has risen is a normal good, the economist can ___ that the demand for it will fall.
2. A constant level of utility is ___ through correct choice of goods or services that can be ___ at one time.
3. The lower price ___ additional demand.
4. People must often make a ___ between two or more goods. They usually ___ the good with the highest utility ___ the limited budget.
5. Income is usually counted ___ year, but sometimes also ___ month or even ___ week.

6. The man having a credit card has to pay ___a certain___ of days for everything that he has bought with its help during the month.
7. We do not assume the ___acre productivity will remain ___ as modern agricultural technology allows farmers to ___ better results.

Ex.8. Choose the correct words

1. An increase in food prices greatly (affects/ follows) consumer real income because food is a large part of consumer (expenditure/ budget).
2. An increase in the price of the goody increases the quantity demanded of the good / when the two goods are (substitutes / normal) but reduces the quantity demanded of the good / when the two goods are (additional/ complements).
3. We (prefer/ assume) that the consumer always decides that one good is better than, worse than, or as good as another.
4. This model of consumer (expenditure/ choice)can show different behavior of different consumers.
5. The demand theory assumes that the consumer (following/ depending) on a budget constraint wants to (vary/ maximize) utility.
6. Importers often must first (follow/ obtain) an import license.
7. Economic development is the process of raising the income (per/ within) head of the people of a country.

Section 4. Questions for self-control

Answer the questions:

1. What does the economy comprise?
2. What's a boom in the economy? What characterizes the state of the economy at that time?
3. What happens when the economy moves into a recession?
4. How are households' decisions on what to buy reconciled?
5. What problems do markets and prices solve for society?
6. Enumerate all the components comprising the concept of "Market".
7. What does the term "resources" comprise?

Unit 3. Elastic and inelastic demand. Opportunity costs.

Section 1. Reading and discussion

Text 1. Demand

Consumer demand is the quantities of a particular good that an individual consumer wants and is able to buy as the price varies, if all other factors influencing demand are constant.

That is, consumer demand is the relationship between the quantity demanded for the good and its price. The factors assumed constant are prices of other goods, income, and a number of noneconomic factors, such as social, physiological, demographic characteristics of the consumer in question.

The theory of demand is based on the assumption that the consumer having budget constraint seeks to reach the maximum possible level of utility, that is, to maximize utility, but he usually prefers to obtain more rather than less. The consumer has to solve the problem of choice. Provided he is to maintain a given level of utility, increases in the quantity of one good must be followed by reductions in the quantity of the other good. The consumer has to choose the specific goods within the limits imposed by his budget.

The concept of marginal utility is of great importance for solving the utility maximization problem. The marginal utility of a good is the additional utility obtained from consuming an additional unit of the good in question. The marginal utility from consuming good decreases as more of that good is consumed. The income should be allocated among all possible choices so that the marginal utility per dollar of expenditure on each good is equal to the marginal utility per dollar of expenditure on every other good.

A price increase will result in a reduction in the quantity demanded. This relationship between the quantity demanded of a good and its price is called the law of demand. As the marginal utility from each additional unit of the good consumed decreases, the consumer will want to buy more of this good only if its price is reduced.

1. *What is consumer demand?*
2. *What factors influencing consumer demand are assumed constant?*
3. *Which choice does the consumer have to make?*
4. *How should the consumer allocate his income?*
5. *What is the relationship between marginal utility, price and consumption of the good?*

Text 2. Elastic and inelastic demand

Although elasticity typically falls as we move down the demand curve, an important dividing line occurs at the demand elasticity of -1 .

Demand is **elastic** if the price elasticity is more negative than -1 . Demand is

inelastic if the price elasticity lies between -1 and 0.

Later in this section we'll see that a cut in prices raises revenue from football ticket sales if demand for football tickets is elastic but lowers revenue if demand is inelastic. Whether or not demand is elastic is the key piece of information required in setting the price of football tickets in this example.

Although the price elasticity of demand typically changes as we move along demand curves, economists frequently talk of goods with high or low demand elasticities. For example, they will say that the demand for oil is price-inelastic (price changes have only a small effect on quantity demanded) but the demand for foreign holidays is price-elastic (price changes have a large effect on quantity demanded). Such statements refer to parts of the demand curve corresponding to prices (adjusted for inflation) that are typically charged for these goods and services. They do not necessarily describe the demand elasticity at points on the demand curve corresponding to real prices, which have never been observed historically.

The Determinants of Price Elasticity.

What determines whether the price elasticity of demand for a good is high (say, -5) or low (say, -0,5)? Ultimately, the answer must be sought in consumer tastes. If it is considered socially essential to own a television, higher television prices may have little effect on quantity demanded. If televisions are considered a frivolous luxury, the demand elasticity will be much higher. Psychologists and sociologists may be able to explain more fully than economists why tastes are as they are. Nevertheless, as economists, we can identify some considerations likely to affect consumer responses to changes in the price of a good. **The most important consideration is the ease with which consumers can substitute another good that fulfils approximately the same function.**

Consider two extreme cases. Suppose first that the price of all cigarettes is raised 1 per cent, perhaps because the cigarette tax has been raised. Do you expect the quantity of cigarettes demanded to fall by 5 per cent or by 0,5 per cent? Probably the latter. People who can easily quit smoking have already done so. A few smokers may try to cut down but this effect is unlikely to be large. In contrast, suppose the price of one particular brand of cigarettes is increased by 1 per cent, all other brand prices remaining unchanged. We should now expect a much larger quantity response from buyers. With so many other brands available at unchanged prices, consumers will switch away from the more expensive brand to other brands that basically fulfil the same function of nicotine provision. For a particular cigarette brand the demand elasticity could be quite high.

Ease of substitution implies a high demand elasticity for a particular good. In fact this example suggests a general rule. The more narrowly we define a commodity (a particular brand of cigarette rather than cigarettes in general or oil rather than energy as a whole), the larger will be the price elasticity of demand.

In contrast, there is a much wider variation in the demand elasticities for narrower definitions of commodities. Even then, the demand for some commodities, such as dairy produce, is very inelastic. However, particular kinds of services such as entertainment and catering have a much more elastic

demand. Small changes in the relative price of restaurant meals and theatre tickets may lead households to switch in large numbers between eating out and going to the theatre, whereas the demand for getting out of the house on a Saturday evening may be relatively insensitive to the price of all Saturday night activities taken as a whole.

Assignments

Ex.1. Suggest the Russian equivalents

goods with high or low demand elasticities; prices adjusted for inflation.

Ex.2. Replace the parts in italics by synonyms

to set the prices; ease of substitution *suggests* a high demand elasticity; may *cause* households to...; *to turn* from...to; *relatively inelastic*.

Ex.3. Check your prepositions. Insert a suitable preposition in each of the blanks in these sentences

1. He is interested __ economics.
2. He is not concerned __ non-essential commodities.
3. The demand __ bananas will probably increase.
4. The supply __ cigarettes does not usually fluctuate.
5. The consumers' need __ such a commodity is well-known.
6. There was a change __ the quantity of material supplies.
7. He paid quite a lot of money __ that car.
8. He paid the money __ that man.
9. Non-essential commodities like chocolates cannot be compared basic commodities like fuel.

Ex.4. Find in the text English equivalents/or the following

повышать/понижать доходы от...; устанавливать цену; основной, определяющий фактор; в конечном счете, в конечном итоге; выполнять приблизительно ту же функцию; сорт; упасть на...%; основные товары (товары первой необходимости); хозяйственные товары длительного пользования; спрос на некоторые товары; единичная эластичность спроса.

Ex.5. Answer the questions

1. Explain when demand is elastic, inelastic or unit-elastic.
2. How do consumer tastes determine the demand elasticity?
3. What considerations are likely to affect consumer responses to changes in the price of a good?
4. State the interdependence between the scale of definition a commodity and the price elasticity of demand.
5. Give your own examples of an elastic and inelastic demand.

Text 3. Opportunity costs

a) read

Opportunity cost is a fundamental concept of economics. Opportunity cost is the economic cost of using scarce resources in terms of the alternatives elsewhere. This concept is of value for all economic choices. In every choice the person has to take one action rather than others. For each choice, the person compares the benefits and costs of each alternative and tries to get the maximum benefit.

Benefits are usually clearly seen. The person can feel satisfaction because he buys a car, a meal, a concert, or even a year at college. But costs are more difficult to see. The true economic cost - the opportunity cost may be not the same as the simple expression in money terms because there are other real costs.

The other real costs are often hidden, or indirect. They include things, material and immaterial, the person cannot get because he gets something else. For example, with just two days before exams, you can only study economics and raise your course grade from *B* to *A*, or only chemistry and raise that grade from $C > A$. The opportunity cost of an *A* in chemistry is getting a *B* in economics rather than an *A*.

Your parents bought a house for \$20,000 some years ago. They can sell it for \$45,000 now. The cost of their staying in the house now is \$20,000. The opportunity cost is \$45,000. Your parents stay in the house and do not get \$45,000.

b) make up 7 questions to the text.

Section 2. Grammar

Model Verbs and Their Equivalents Must, Can and May

Study the following chart

Modal verb	Meaning	Examples
must must not (= mustn't)	<i>duty, obligation</i> <i>necessity</i> <i>order</i> <i>prohibition</i>	We must study hard. I must buy some bread. You must go there at once. You mustn't smoke here.

can cannot (= can't) could could not (= couldn't)	<i>ability</i> <i>capability</i> <i>permission</i> <i>prohibition</i>	I can run very fast. He could walk miles and miles when he was young. We can speak English. Can I have a cup of coffee? You can come at any time. You can't cross the street here.
may may not (= mayn't) might might not (= mightn't)	<i>permission</i> <i>request</i> <i>prohibition</i> <i>(very sharp)</i>	You may speak to him now. May I smoke here? You may not take books away from the reading-hall. He said (that) I might come to see you any time before lunch.

Ex.1. Practise answers to the following questions according to the model

Model 1: *Must I go there by an early train? (take the 10:30)*

1. (a) *Yes, you must.* (b) *I am afraid, you must.*
2. *No, you needn't. You may take the 10:30.*

1. Must I make up my mind today? (*give the answer tomorrow*). 2. Must he explain to them how to use this machine? (*read the instructions*). 3. Must I take your advice? (*do as you please*). 4. Must they stay after classes? (*go home*). 5. Must I take all my things now? (*leave behind what you don't need*). 6. Must she pay all the money now? (*pay only part of the sum*). 7. Must I let them know at once? (*tomorrow*). 8. Must I go to him to discuss the arrangements? (*phone*).

Model 2*: *May I wait for him here?*

1. (a) *Yes, you may.* (b) *All right, of course, you may (can).*
2. (a) *No, you can't.* (b) *I am afraid you can't.*

1. May I smoke here? 2. May he take his examination in English before the 1st of June? 3. May we try another method? 4. May we take the delegation about the town now? 5. May I cross the street here? 6. May I take this seat? 7. May we call on you a bit later? 8. May I join you?

Model 3: *Peter can speak English and what about you?*

- (a) *I can speak English too.*

* Note, that in modern English "may" and "can" are often interchangeable. "Can I wait for him here?" is also correct.

(b) I can't. I can't speak English (at all).

1. He can run very fast, and what about you? 2. They can translate political articles without a dictionary, and what about you? 3. I can shoot very well, and what about you? 4. She can read very fast, and what about them? 5. I can work anywhere, and what about you? 6. I can come very early, and what about them?

Ex.2. Fill in the blanks with 'can' ('could'), 'must', 'may' ('might'). Make use of the suggestions in brackets

1. — I get a job at your office? (possibility). 2. — I think the question over? (request). 3. You — not argue with her. (prohibition). 4. I — not make him agree to our plan. (inability). 5. He — tell you about the new director. He knows him well enough, (ability). 6. We — help each other, (obligation). 7. I asked the hotel service if I — have a cup of coffee in my room. (possibility). 8. You — use my scooter whenever you like. I don't need it now. (permission). 9. I — sell my bicycle, I need money badly, (necessity). 10. Passengers — not walk across the railway line. (prohibition). 11. All the students — study hard. (duty). 12. She asked if she — call on you a bit later, (request).

Ex.3. Translate the following sentences

1. Все студенты должны сдать курсовые работы до 1-го апреля. 2. Я не могу ей верить. Она слишком часто говорит неправду. 3. Вы не должны здесь курить. Здесь дети. 4. Он может читать любую литературу на английском языке. 5. — Можно нам присоединиться к вам в этой поездке? — (i) Конечно. (ii) Боюсь, что это невозможно. 6. Вы можете пользоваться моей библиотекой. 7. — Он должен послать ей телеграмму сегодня? — (i) Да. (ii) Нет. Он может послать ее завтра. 8. Мы все обговорили и теперь можем идти. 9. Я не могу обойтись без их совета. 10. Вы должны сдавать письменные работы вовремя.

Have to*

Study the following chart

<i>necessity</i>	He has	to get up early.
<i>duty</i>	Do you often have	to go to town?
<i>obligation</i>	You don't have	to come on Sundays
<i>absence of</i>	I shall have	to go to the doctor

* In colloquial speech "have got to" is used for "have to", eg "At what time have you got to be there?" "I've got to be there by ten o'clock."

<i>necessity</i>	He had Did she have	to wait for you nearly an hour. to help her younger, brother?
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Ex.4. Ask questions indicated in the brackets

1. He has to watch his diet. (*why*) 2. After the operation he had to stay in hospital for a long time. (*how long*) 3. You will have to show him the way to the station. (*whom*) 4. We had to change trains in Kiev. (*where*) 5. They do not have to pay for the books at school. (*why*) 6. All traffic has to make way for a fire brigade. (*for whom*) 7. She has to drink this medicine without sugar. (*how*) 8. We didn't have to take food with us, there was a good restaurant there. (*why*)

Ex.5. Use 'not have to' for 'needn't'

1. You needn't follow me in everything. 2. He needn't argue about it. The question is clear. 3. She needn't agree with everything he says. 4. I needn't hand in my report this week. 5. They needn't return home so early. 6. We needn't hand in our compositions today.

Ex.6. Practise the following according to the models

Model 1: *She used to help him a lot with his English.*

Now she doesn't have to. He knows the language quite well.

1. I used to lose a lot of time to get to the office. — 2. When he was a student he used to work mostly in the library. — 3. She used to argue a lot on the subject. — 4. He used to copy a lot of documents by hand. — 5. When she came to live in this country she used to ask a lot of questions. —

Model 2: *Now I must think of such things but last year I didn't have to.*

1. With this new job I must keep a lot of things in my mind, but a few months ago — . 2. Now we must get up very early but during our vacation — . 3. Now she must take a bus to get to the Institute but when she lived in the centre — . 4. Now he must help his parents but a few years ago — . 5. Now I must go to my dentist rather often but when I was your age — .

Model 3: *"Do you want to speak at the meeting?"*

"I'll have to".

1. Is she going to explain why she has been absent a whole week? 2. Will he agree to the operation? 3. Are they going to return by the 1st of September? 4. Will she answer the telegram? 5. Are you going to follow his advice? 6. Are you going to wait for the next train?

Ex.7. Complete the following sentences with 'have to' or 'must' according to the sense

1. You (*be*) kind to the child. 2. "Have you got *The Moon and Sixpence* by S.Maugham?" "Yes, but it's not mine. I (*give*) it back next week." 3. He (*not forget*) that his younger brother follows him in everything. 4. She has just returned from hospital, she (*stay*) in bed another week. 5. He (*not go*) far to fetch her. She was always in the garden working. 6. He felt that he (*speak*) to her. 7. He said that if you wanted to see him, you (*come*) to him yourself. 8. I (*come*) myself to talk matters over? 9. You (*come*) at once, I need your advice. 10. We could work no longer. We (*have*) a rest.

Ex.8. Translate the following sentences using 'have to' or 'must' according to the sense

1. Нам нужно было возвращаться в тот же день. 2. Ей придется последовать совету врача и переменить климат. 3. Ему не пришлось выбирать. Он пришел слишком поздно. 4. Мы не должны забывать этого. 5. Вам придется согласиться с нашим решением, нравится оно вам или нет. 6. Ему пришлось прекратить спорить с ним. 7. Единственное, что тебе надо сделать, это дать знать о дне твоего приезда. 8. Вы всегда должны помнить об этом. 9. Единственное, что вам нужно сделать, это отказаться от их помощи. 10. Вам нужно все хорошо продумать, прежде чем согласиться на поездку. 11. Вы можете не спешить. Поезд опаздывает.

<i>plan agreement</i>	The delegates to the conference are to arrive tomorrow. We were to meet at the metro station. He was to join us later on.
<i>prohibition (very sharp)</i>	You are not to go there.

Be Able*

Ex.9. Complete the following sentences according to the model

Model: *If she helps us, we (finish the work much earlier).*

* "Be able" or "manage" is used sometimes in place of "could" to show that the effect was achieved: *eg* "He felt better in the morning, he was able (managed) to finish the work in time."

If she helps us, we shall be able to finish the work much earlier.

1. If you refuse to follow my instructions (*not do this in the right way*). 2. If he chooses the right book, (*make a good report*). 3. If they continue to argue, (*not discuss all the questions*). 4. If she gets well by the end of the week, (*join us for the excursion to Pskov*). 5. If you phone for a taxi, I (*leave later*). 6. If she follows the doctor's advice now, (*skate again very soon*). 7. If he finishes his term paper on Friday, he (*hand it in on Monday*).

Ex.10. Practise the following according to the model

Model: "*Can you speak English?*" (*by the end of the year*).
 "*Not yet, but I'll be able to by the end of the year.*"

1. Can you hand in your term paper? (*by the 15th of March*). 2. Can they translate articles from the newspaper? (*In the third course*). 3. Can you look through my composition now? (*in the evening*). 4. Can she skate (ski, play tennis, chess) well? (*with time*). 5. Can we join your sports club now? (*in January*). 6. Can you follow the speaker? (*when I have a little more practice in spoken English*).

Ex.11. Translate the following sentences, using 'can' ('could'), 'be able'

1. Я смогу вернуть вам ваш доклад после того, как я просмотрю его. 2. Остальная часть группы сможет пойти в музей в субботу. 3. Он как раз тот человек, который может объяснить вам, что вам нужно делать. 4. Он не мог понять, почему все были так удивлены и расстроены, когда он отказался от этой работы. 5. Мы сумели закончить работу, хотя у нас было очень мало времени. 6. Где можно достать этот словарь? 7. Он сказал, что не сможет дать ответ, пока не обдумает все как следует. 8. Они не сразу поняли, почему мы не сумели выехать вовремя. 9. Мы сделаем все возможное, чтобы выполнить обещание. 10. Вы можете поверить мне, я вас не обманываю.

Be to

Study the following chart

<i>plan</i>	The delegates to the conference are to arrive tomorrow.
<i>agreement</i>	We were to meet at the metro station.
<i>ent</i>	He was to join us later on.
<i>prohibition (very sharp)</i>	You are not to go there.

Ex.12. Complete the following situations, using 'be to'

**Model: I can't go to the cinema with you. (be at the hospital at five).
I am to be at the hospital at five.**

1. He won't be present at the meeting tomorrow. (*take his examination in English*). 2. I had to leave for Leningrad quite unexpectedly, my mother was very ill. (*my assistant, continue my work*). 3. You needn't start writing the article at once. (*but, hand it in next Friday*). 4. We'll have to get up early. (*leave at 6:30*). 5. We were expecting him in Kiev. (*join us, on our trip*). 6. We didn't want to start the discussion of the book without him. (*say a few words about the author*). 7. They went there by different roads. (*but, meet at the lake, on the same day*). 8. Don't let the child watch this film on TV (*children, not see such films*).

Ex.13. Translate the following sentences

1. Мы поехали туда поездом и должны были вернуться самолетом. 2. Она уезжает. Она будет писать мне два раза в месяц. 3. Он должен быть у врача в понедельник. Я не знаю, что он сказал ему. 4. Вы останетесь здесь еще на три дня, а потом я присоединюсь к вам и мы вернемся вместе на машине. 5. Вам нельзя разговаривать после операции. 6. Мы договорились встретиться на углу улицы под часами. 7. Мы должны были ждать ее у входа в метро. 8. Мы договорились помочь ей, но она отказалась от нашей помощи. 9. Она должна зайти после четырех.

Section 3. Lexical Assignments

Ex.1. Translate

1. Каждый потребитель должен решить проблему выбора.
2. При равновесной цене предложение равно спросу.
3. Цены ниже равновесной приводят к дефициту.
4. На свободном рынке изменения цены зависят от (колеблются в зависимости от) изменения спроса и предложения.
5. Фирма может контролировать одну или более производственных единиц, таких как завод.
6. Концепция предельной полезности очень важна для решения некоторых проблем спроса.

Ex.2. Translate words into English(increase-rise- raise; decrease- fall-reduce; arise)

1. Russia's natural gas exports (увеличился) from 181.6 billion cubic meters in 1998 to 182.5 billion cubic meters in 1999.
2. There was a dramatic (увеличение) in oil prices after 1973 all over the world.
3. Inflation can (возникнуть) under a number of conditions.
4. Comparing 1999 and 1998, real investment in Russia (увеличились) by 1.0 percent.
5. Inflation becomes stagflation when economic growth (снижается), but inflation continues to (расти).
6. In 1999, Russia's exports of oil products (снизились) by 2.5 million tons and exports of fuel oil (увеличился) by 1.0 percent.
7. Income per capita (снизились) in Russia in January 1999 compared with December 1997.
8. An inflation is characterized by the (повышение) in prices within a certain period of time.
9. It is important to (снизить) capital investment in the production if we want to (снизить) the production cost.

Ex.3. Make up five groups of three words associated in meaning or area of usage

incident packet silence idea belief
 form quiet opinion stillness parcel
 package configuration happening shape
 accident

Ex. 4. Give derivatives of:

economy *n* supply *n* expansion *n*
 employment *n* regulation *n* growth *n*
 competition *n* production *n* consumer *n*
 scarcity *n* allocation *n* policy *n*

Ex.5. Fill the gaps The distribution of world income

	Poor countries	Middle income countries	Major oil countries	Industrial countries
Income per head				
% of world				

population % of world income				
---------------------------------	--	--	--	--

Ex.6. Match the verbs from (a) with the nouns from (b) below:

a) to satisfy	b) wants
to distribute	factors of production
to save	goods
to produce	services
to utilize	policy
to perform	enterprise
to run	allocation of inputs
to conduct	functions
to choose	resources
to pursue	needs

Section 4. Questions for self-control

Answer the questions:

1. What is consumer demand?
2. What is market demand?
3. What factors influencing consumer demand are assumed constant?
4. What are the opportunity costs?
5. Explain when demand is elastic, inelastic or unit-elastic.
6. How do consumer tastes determine the demand elasticity?
7. Give your own examples of an elastic and inelastic demand.
8. What is marginal utility?
9. What is the relationship between marginal utility, price and consumption of the good?
10. Supply an example of marginal utility decreasing as the demand consumed grows.
11. In what situation a buyer prefer to have less rather than more? Has it ever happened to you?

Unit 4. Income elasticity of demand. Technology and supply.

Section 1. Reading and discussion

Text 1. Income Elasticity of Demand

Studying the theory of demand we can assume that there is a relationship between price, income and quantity, but this assumption itself

cannot allow us to see how much the quantity demanded is affected by a price change for a good or an income change. This relationship varies from one good to another.

One of the most important of these relationships is income elasticity of demand. The income elasticity of demand is to show how much the quantity demanded depends on changes in income if other factors are constant. The income elasticity is the percentage change in quantity following one-percent change in income if other factors are constant.

The coefficient is mainly positive as with the income increased a consumer buys more of most products, and when the income decreases, the quantity demanded falls.

The income elasticity for food in the United States is about 0.2. A few goods such as dry beans (сухие бобы) have negative income elasticities. If elasticity is above zero, the product is called a normal good, if elasticity is below zero, the product is an inferior good.

Say True or False . If the statement is not true, give the right answer

- 1. The relationship between price, income and quantity demanded is constant for all goods.*
- 2. The income elasticity of demand shows how much the quantity demanded changes with changes in income.*
- 3. The income elasticity of demand is expressed in percent.*
- 4. The coefficient may be positive and negative.*
- 5. Income elasticity works in opposite directions for normal and inferior goods.*

Text 2. Technology and Supply

An improvement in technology will increase the supply as producers will want to supply a larger quantity than before at each price. An improvement in cocoa refining makes it possible to produce more chocolate. So do improvements in packaging techniques. Faster transportation and better refrigeration may lead to less spoiled cocoa beans. Each of these technological advances allows firms to supply more. Technology must be understood very broadly. It includes all know-how about production methods, not only the state of available machinery. In agriculture, the development of disease-resistant seeds is a technological advance. Improved weather forecasting may lead to better timing of planting and harvesting. A technological advance is any idea that allows more output from the same inputs as before.

- 1. What is included in technology?*
- 2. What is a technological advance?*

3. What technological advances may increase the supply of chocolate?
 4. What technological advances in agriculture can you name?

Section 2. Grammar

Modal Verb "Should"

Study the following chart.

Meaning	With a Non-Perfect Infinitive (<i>Present, Future; of past in Reported Speech</i>)
<i>moral obligation, advice, disapproval</i>	<p>You should work harder. The work should be done at once. You should be more careful next time. He should stop smoking. He said that I should thank her. You shouldn't laugh at his mistake.</p>
Meaning	With a Perfect Infinitive (<i>past, or prior to the moment of speech</i>)
<i>criticism of a past action (disapproval, reproach, regret)</i>	<p>You should have told him the whole truth. (<i>But you didn't.</i>) She should have been told the truth. (<i>She wasn't.</i>) I should have sent the telegram at once. (<i>I didn't. I am sorry.</i>) You shouldn't have mentioned the fact in her presence. (<i>But you did.</i>) I said that she shouldn't have let him go so early. (<i>But she had and it was wrong.</i>)</p>

Ex.1. Express advice, disapproval or reproach about the following statements, using 'should'

Model 1 : (a) He smokes too much. He **shouldn't smoke** so much.
 (b) She doesn't work hard enough. She **should work** harder.

1. You don't eat properly. 2. She often shouts at people for no reason at all. 3. I see you are not ashamed of what you have said. 4. They often quarrel about little things. 5. He doesn't know how to behave. 6. You cross the streets very carelessly. 7. The letter is not written yet. 8. He drives very fast.

Model 2: (a) He didn't take part in the discussion.

*He **should have taken part** in the discussion.*

(b) She allowed him to go out too early after his illness.

*She **shouldn't have allowed** him to go out so early after his illness.*

1. She didn't follow the doctor's advice. 2. We came to the party without an invitation. 3. He upset her by his bad behaviour. 4. They didn't allow her to go on the excursion. She was so eager to go. 5. They smoked in class. 6. I missed this wonderful chance. 7. He didn't win first place. He had not trained hard enough. 8. We didn't let him make another attempt. 9. She went there alone.

Ex .2. Complete the situations, expressing advice, reproach, regret by using 'should', mind the form of the infinitive

1. I didn't know it would rain. (*take an umbrella*). 2. You can't afford to make such a mistake again, (*be careful next time*). 3. Her advice was reasonable, (*follow*). 4. You are very tired, (*have a rest*). 5. Where is Mary? (*be back long ago*). 6. It seems that he forgot all about his promise, (*remind about it*). 7. I didn't know the museum was such a long way from here. (*take a taxi*). 8. They lost their way. (*not turn to the left; go straight*). 9. It's going to be a long trip (*take sth to eat on the train*). 10. Where is the doctor? (*send for immediately*). 11. He often misses lectures and lessons, (*attend regularly*). 12. She forgot what she wanted to say. (*not interrupt*).

Ex.3. Translate the following sentences, using 'should', mind the form of the infinitive

1. Вам надо было сдавать экзамены со всеми остальными студентами. 2. Мне не следовало упускать случай поговорить с ним об этом деле. 3. Этот вопрос надо поднять на следующем заседании. 4. Не надо портить глаза. Зажги свет. 5. Ему следует держать все вещи в порядке и на своих местах, тогда ему не придется искать каждый пустяк. 6. Вы должны были закончить эту работу давно. Вы уже, по-моему, работаете над этой проблемой год. 7. Он сказал, что ей следует прислушаться к голосу разума. 8. Напрасно вы не предупредили ее об изменении в расписании. 9. Они сказали, что вам следовало приехать хотя бы на день раньше.

Modal Verb "Need"

Study the following chart

Meaning	With a Non-Perfect Infinitive (<i>Present, Future; of past in Reported Speech</i>)
absence of necessity	You needn't hurry . (<i>There is no need for you to hurry.</i>) He needn't speak so loud. (<i>Everybody can hear him.</i>) She said that I needn't go there.
	With a Perfect Infinitive (<i>past, or prior to the moment of speech</i>)
	You needn't have come so early. (<i>There was no need for him to come so early, but he did come.</i>) She needn't have translated the article. (<i>But she did translate it.</i>) He said that I needn't have gone there. (<i>But I had gone there.</i>)

Ex.4. Paraphrase the following sentences, using 'need'

1. It's not necessary for you to leave so early. 2. It is not necessary for you to repeat it so many times. 3. Why are you talking in a whisper? Nobody is sleeping. 4. It wasn't necessary for you to trouble him. They were quite able to do the work without him. 5. Why did you raise this question again? It had been settled. 6. It wasn't necessary for you to buy a new coat this year. 7. She got worried quite unnecessarily. 8. It was a waste of time to talk to him on the subject.

Ex.5. Translate the following sentences into English, using 'need'

1. Нам не нужно брать такси. Вокзал недалеко отсюда. 2. Ей не нужно было садиться на восьмичасовой поезд. Она стояла всю дорогу. 3. Вам не нужно звонить ей. Она уже пришла. 4. Не удивительно, что вы заблудились. Вам не нужно было переходить железную дорогу. Деревня на этой стороне. 5. Ей незачем напоминать о том, что ей нужно делать. Она сама всё помнит. 6. Вы можете не есть суп, если не хотите. 7. Вам не нужно было давать им никаких обещаний. 8. Он сказал, что ей незачем было волноваться. 9. Он сказал, что мне можно не возвращать книги в понедельник.

Ex.6. Compare the meaning of 'should' and 'have to'; 'should' and 'must'; 'should' and 'need'

(A) 1. (i) She has to get up very early. Her office is a long way from here. (ii) She should get up very early, then she won't be late again. 2. (i) She doesn't have to make her son read. He is fond of reading. (ii) She shouldn't make her son read much, his eyes are very weak. 3. (i) It was so noisy in the hall. He had to shout to be heard, (ii) They didn't hear him. He should have shouted to be heard. 4. (i) He

didn't have to remind her of her promise. She was as good as her word. (ii) He shouldn't have reminded her of her promise. She was hurt.

(B) 1. (i) You must see the doctor, (ii) You should see the doctor. 2. (i) You mustn't smoke, (ii) You shouldn't smoke. 3. (i) You needn't go to her. You can phone her. (ii) You shouldn't go to her. She is too ill to see anybody. 4. (i) You needn't have warned her about the danger. She knew about it better than anybody else. (ii) You shouldn't have warned her about the danger. You've frightened her.

Link-Verbs*

Ex.7. State whether the verb in bold type is a link-verb or a notional verb. Translate the sentences into Russian

1. He **looked** sadly at me. 2. He **looked** sad when he watched the ships leave the port. 3. What **has become** of him? 4. He **has become** quite a famous man. 5. The city **is becoming** more and more beautiful. 6. Unable to find the ticket he **got** more and more excited. 7. When he **got** the ticket he nervously looked at the clock on the building. 8. He **turned** angrily around. 9. She **turned** as pale as death when she heard the news. 10. How quickly you **are growing!** 11. How tall you've **grown.** 12. She **grows** flowers in her garden. 13. What **has gone** wrong with my watch, I wonder? 14. Where **has he gone?**

Study the following chart

Link-Verbs of Being and Seeming	Link-Verbs of Becoming	Link-Verbs of Remaining
be young, old, strong, a teacher, a woman, etc	become old, clever, sad, a sailor, a student, etc	remain silent, unmoved, untouched, friends, enemies, etc
seem tired, difficult, strange, etc	get dark, pale, tired, worried, etc	keep fine, warm, etc
look ugly, nice, funny; like a doctor, etc	turn red, pale, yellow, etc	stay cold, good, well, etc

* A link-verb is used to form a compound predicate, eg "She **is a teacher.**" "It **has become dark.**"

	go mad, bad, etc	
feel ill, hurt, foolish, un- comfortable, ashamed, etc	run dry, cold, etc	
	fall ill, silent, asleep, etc	
sound pleasant, strange, angry, etc	grow old, tall, small, grey, etc	

Ex.8. Open the brackets, using the correct form of the link-verb

1. You (*look*) ill lately 1 What's wrong with you? 2. The weather (*get*) colder and colder. Winter is coming. 3. She nearly (*go*) mad when she learned the sad news. 4. I don't know why he always (*turn*) red, when her name is mentioned. 5. I (*feel*) unwell since this bad fall of mine. 6. As time went by he (*grow*) more and more worried. 7. Autumn is not around the corner. The leaves and grass (*turn*) red and yellow. 8. If you don't put the meat into the refrigerator immediately, it (*go*) bad in no time. 9. The work (*seem*) easy only before you try it. 10. Coleman's blood (*run*) cold when he heard Rino say: "...as mad as Barney's Joe." 11. When you (*become*) a teacher, you will see for yourself what a difficult job it is. 12. When he returned home after the war, the first thing he noticed about his mother was that her hair (*grow*) completely grey. 13. It (*grow*) dark when we returned home. 14. The plan (*not sound*) very reasonable. 15. The women (*fall*) silent remembering the sad moment. 16. They had a bad accident but he (*remain*) unhurt.

Ex.9. Choose the right link-verb from the list

grow, remain, fall, seem, sound, go, feel, stay

1. The hat made him — taller. 2. It was a long time before I — asleep. 3. The letters — unanswered. 4. As he spoke, his voice — firmer. 5. He felt himself — pale. 6. His face — hot. 7. The suit — too small for him. 8. Some of the restaurants — open late on Saturday.

Ex.10. Fill in the blanks with a suitable link-verb

1. Suddenly he felt that he was — red for no reason at all. 2. I am sure he will — an artist, he is so fond of painting. 3. Has she — ill? What's wrong with her? 4. Don't speak to her now, she — angry. I'm sure it's the wrong moment. 5. Water the flowers before it has — completely dark. 6. It is — colder and colder. Winter

will be here in no time. 7. The days are — longer. It's no longer dark at eight o'clock in the morning. 8. I think one reason why the room is dark is that tree. It's — too tall. It's — really big. 9. You — rather tired this morning. Are you feeling well? 10. What does he think he is doing? He's — wrong. That's what it is.

Ex.11. Name the sentences where equivalent “that, which” is missed

1. Supply is the amount of a good will be offered in the market at a certain price and time.
2. Firms' decisions about how much to produce depend on the costs of production and on the revenues they receive from selling the output.
3. The amount of output firms want to offer depends on costs and revenues.
4. Inputs are the factors of production (land, labour and capital, including materials) are put into a business for producing output as a commodity or a service.
5. The economist is interested in the role of costs and profits affecting the firm's supply decisions and the allocation of resources for producing particular goods.
6. There are a lot of factors in agriculture must be assumed as risks by the farmers.

Ex.12. Translate into English.

1. Существуют несколько факторов определяющих потребительский спрос.
2. Часто потребители приобретают небольшое количество товаров, продаваемых по высокой цене.
3. Товары, произведенные этой фирмой были высокого качества.
4. Усовершенствуя новую технологию ,предприятие увеличит свое производство.
5. Клиенты могут получить все сведения о производимых товарах в этом каталоге.
6. Экономист изучал соотношение между ценой и предлагаемым количеством товара.
7. Читая новый текст, студент не сделал ни одной ошибки.
8. Правительство может регулировать монополию, контролируя цены и обеспечивая товарами и услугами население.
9. Экспорт-это товары и услуги , продаваемые другим странам.
10. Налагая некоторые ограничения на продовольственные цены, государство дает возможность населению приобрести достаточное количество продуктов питания.

11. Правительство вмешивается в экономику, контролируя количество денег, ограничивая монополии и помогая частным лицам.

Section 3. Lexical Assignments

Ex.1. Give equivalents to the following international words:

organization, elastic, lord, standard, person, personal, million, to circulate, to calculate, calculation, typically, equivalent, real, to cultivate, quota, syndicate, activity, migration

Ex.2. Translate the following words combinations and make up sentences using them

a business owned and run by one or more members of the same family; financial analysis using statistical information about the past and examining present market tendencies; limited resources; supplying farm commodities; commodities supplied by individual firms; men running their own businesses; commodities offered at the market; decisions following the economic analysis; goods consumed; choice restrictions imposed by prices.

Ex.3. Change words into English equivalents

1. For each output level (производственные издержки) depend on technology.
2. The concepts (понятия) of (предельных издержек) and (предельного дохода) are of great (польза) for economic analysis, supply analysis,(в особенности).
3. For each possible (объема производства) level, a firm will want to know how much it will cost to produce this (продукцию) and how much (дохода) will be (заработано) by selling it.
4. Land is one of the factors of production called natural resources (включая) also minerals, water, weather, etc.
5. The concept of (альтернативных издержек) is of great importance in economics because it affects every decision in which limited resources and a choice between (альтернативными использованиями) play their role.
6. The financial capital may be used (где-нибудь еще) and bring in profit.

Ex.4. Insert right words : quantity, number, a number of, the number of, amount

1. Last year there was an increase in the {количества} of gas produced.
2. (Число) of sellers in the market has decreased.
3. Almost the same (количество) of coffee was exported last year as the previous year.
4. (Ряд) problems arise when a new company is set up.
5. When there is shortage, sellers can charge the maximum (сумму) for their goods.
6. The supply the same (количество) of the commodity to this customer every week.
7. The (сумма) he puts in the bank every month is the same.
8. (Число) of their customers has increased this month.
9. It is cheaper to buy goods in large (количествах).
10. This big store has (ряд) suppliers.
11. The economist calculated the total (сумму) of the expenditure.
12. There is a shortage of the (количества) demanded of the goods.
13. Write down the bank-note (номера) you paid him for his services.

Ex.5. a) Fill each gap with a suitable word from the box.

b) Sum up the text in 5-7 sentences. Present you summary in class

minimum	rational	profit(2)	scarcity
interests	compromises	classified	agents
purchased	hand	represent	factors
resources	utilization	interaction	wants
efficient			

Market System

The modern market economy is populated by three types of economic agents, whose _____ constitutes economic activity: consumers, producers, and the government. The main social purpose of the economy is to produce goods and services for the satisfaction of the needs and _____ of consumers.

Consumers, typically, represent households that provide labour, and other _____ to produce against an income which they use to purchase consumer goods or to save.

Producers, typically, _____ enterprises or firms that acquire _____ of production, or inputs – labour, land, and capital – from households and combine them to produce outputs, or commodities which can be _____ into goods – tangible commodities – and services. The activities of firms move around the sale of their output at a _____.

The third basic element, the government, is involved with the economy, on the one hand, as a producer and consumer and, on the other_____, as a regulator, supervisor and promoter of economic activities.

The economic _____ are engaged in a complex web of transactions involving factors of production and outputs. However, the volume of the commodities that can be produced and_____is limited by the_____ of resources. This fact has two important consequences as regards economic decision-making:

a) the utilization of resources has to be_____. In terms of the welfare of economic agents, the_____of resources is efficient when every opportunity has been exhausted to make some individuals better off without hurting the_____of others;

b) individual economic agents and society as a whole cannot simply use more, they have to make_____between alternative uses.

Given these constraints, consumers, producers, and the government have to make_____decisions over available resources. Rational decisions reflect choices that draw maximum_____from given resources or obtain desired results with the_____efforts or cost.

Section 4. Questions for self-control

Answer the questions:

1. What is supply?
2. What is market supply?
3. What the factors influencing supply can you name?
4. What is marginal revenue?
5. What are marginal costs?
6. What is the relationship between marginal costs, marginal revenue and output?
7. What is income elasticity of demand?
8. What is included in technology?
9. What is a technological advance?
10. What are three types of economic agents in modern market system?

Unit 5. Microeconomics and Macroeconomics.

Section 1. Reading and discussion

Text 1. Microeconomics and Macroeconomics

Many economists specialize in a particular branch of the subject. For

example, there are *labour economists*, *energy economists*, *monetary economists*, and *international economists*. What distinguishes these economists is the segment of economic life in which they are interested. Labour economics deals with problems of the labour market as viewed by firms, workers, and society as a whole. Urban economics deals with city problems: land use, transport, *congestion*, and housing. However, we need not classify branches of economics according to the area of economic life in which we ask the standard questions what, how and for whom. We can also classify branches of economics according to the approach or methodology that is used. The very broad division of approaches into microeconomic and macroeconomic *cuts across* the large number of subject groupings cited above.

Microeconomic analysis offers a *detailed treatment* of individual decisions about particular commodities.

For example, we might study why *individual households* prefer cars to bicycles and how producers decide whether to produce cars or bicycles. We can then *aggregate* the behavior of all households and all firms to discuss total car purchases and total car production. Within a market economy we can discuss the market for cars. Comparing this with the market for bicycles, we may be able to explain *the relative output* of these two goods. The sophisticated branch of microeconomics known as **general equilibrium theory** extends this approach to its logical conclusion. It *studies simultaneously* every market for every commodity. From this it is hoped that we can understand *the complete pattern* of consumption, production, and exchange in the whole economy at a point in time.

If you think this sounds very complicated you are correct. It is. For many purposes, the analysis becomes so complicated that we tend *to lose track of the phenomena* in which we were interested. The interesting task for economics, a task that retains an element of art in economic science, is *to devise judicious simplifications*, which *keep the analysis manageable* without *distorting reality* too much. It is here that micro economists and macroeconomists proceed down different avenues.

Micro economists tend to offer a detailed treatment of one aspect of economic behavior, but ignore interactions with the rest of the economy in order *to preserve the simplicity of the analysis*. A microeconomic analysis of miners' wages would emphasize the characteristics of miners and the ability of mine owners to pay. It would largely *neglect the chain of indirect effects* to which a rise in miners' wages might give rise. For example, car workers might use the precedent of the miners' pay increase *to secure higher wages* in the car industry, thus being able to afford larger houses, which burned more coal in heating systems. When microeconomic analysis ignores such *indirectly induced effects* it is said to be **partial analysis**.

In some instances, indirect effects may not be too important and it will make sense for economists to devote their effort to very detailed analyses of particular industries or activities. In other circumstances, the indirect effects are too important *to be swept under the carpet* and an alternative simplification must be found.

Macroeconomics emphasizes the interactions in the economy as a whole. It *deliberately simplifies* the individual building blocks of the analysis in order to *retain a manageable analysis* of the complete interaction of the economy.

For example, macroeconomists typically do not worry about *the breakdown of consumer goods* into cars, bicycles, televisions, and calculators. They prefer to treat them all as a *single bundle* called "consumer goods" because they are more interested in studying the interaction between households' purchases of consumer goods and firms' decisions about purchases of machinery and buildings.

Assignments

Ex.1. Suggest the Russian equivalents

cuts across the large number of subject groupings cited above; the sophisticated branch of microeconomics; the complete pattern of consumption, production, and exchange; to devise judicious simplifications; keep the analysis manageable; to retain a manageable analysis; indirectly induced effects.

Ex.2. Replace the parts in italics by synonyms

pulling out of shape, pay not enough attention; pay no attention; think out, plan;

keep safe, brought about, showing good sense; keep; make less complicated; as a rule, characteristically, be sensible.

Ex.3. Check your grammar

Define each of the words given below, using the pronouns **who** and **which**:

- an energy economist is...who...
- microeconomics is...which...
- international economics is...
- a monetary economist is...
- consumer goods are...
- macroeconomics is...
- a worker is...
- a miner is...
- coal is... .

Ex.4. Answer the questions

1. What distinguishes an energy economist from an urban economist?
2. Are the same questions asked in each area of economic life?
3. What is needed before total car purchases and production can be discussed?
4. What does the general equilibrium theory examine?
5. What can be understood from such a study?

6. What happens when an analysis becomes too complicated?
7. What can keep an analysis manageable?
8. What do most micro economists leave out of their analysis?
9. What does partial analysis ignore?
10. Why wouldn't most macroeconomists make a breakdown of consumer goods?

Text 2. Trade

What is now called international trade has existed for thousands of years long before there were nations with specific boundaries. Foreign trade means the exchange of goods and services between nations, but speaking in strictly economic terms, international trade today is not between nations. It is between producers and consumers or between producers in different parts of the globe. Nations do not trade, only economic units such as agricultural, industrial, and service enterprises can participate in trade. Goods can be defined as finished products, as intermediate goods used in producing other goods, or as agricultural products and foodstuffs. International trade enables a nation to specialize in those goods it can produce most cheaply and efficiently and it is one of the greatest advantages of trade. On the other hand, trade also enables a country to consume more than it can produce if it depends only on its own resources. Finally, trade expands the potential market for the goods of a particular economy. Trade has always been the major force behind the economic relations among nations. Different aspects of international trade and its role in the domestic economy are known to have been developed by many famous economists. International trade began to assume its present form with the establishment of nation-states in the 17th and 18th centuries, new theories of economics, in particular of international trade, having appeared during this period. In 1776 the Scottish economist Adam Smith, in *The Wealth of Nations*, proposed that specialization in production leads to increased production and in order to meet a constantly growing demand for goods it is necessary that a country's scarce resources be allocated efficiently. According to Smith's theory, it is essential that a country trading internationally should specialize in those goods in which it has an *absolute advantage* - that is, the ones it can produce more cheaply and efficiently than its trading partners can. Exporting a portion of those goods, the country can in turn to import those that its trading partners produce more cheaply. To prove his theory Adam Smith used the example of Portuguese wine in contrast to English woollens. Half a century later, having been modified by the English economist David Ricardo, the theory of international trade is still accepted by most modern economists. In line with the principle of *comparative advantage*, it is important that a country should gain from trading certain goods even though trading partners can produce those goods more cheaply. The comparative advantage is supposed to be realized if each

trading partner has a product that will bring a better price in another country than it will at home, if each country specializes in producing the goods in which it has a comparative advantage, more goods are produced, and the wealth of both the buying and the selling nations increases.

Trade based on comparative advantage still exists: France and Italy are known for their wines, and Switzerland maintains a reputation for fine watches. Alongside this kind of trade, an exchange based on a *competitive advantage* began late in the 19th century. Several countries in Europe and North America having reached a fairly advanced stage of industrialization competitive advantage began to play a more important role in trade. With relatively similar economies countries could start competing for customers in each other's home markets. Whereas comparative advantage is based on location, competitive advantage must be earned by product quality and customer acceptance. For example, German manufacturers sell cars in the United States, and American automakers sell cars in Germany, both countries as well as Japanese automakers competing for customers throughout Europe and in Latin America.

Thus, international trade leads to more efficient and increased world production, allows countries to consume a larger and more diverse amount of goods, expands the number of potential markets in which a country can sell its goods. The increased international demand for goods results in greater production and more extensive use of raw materials and labour, which means the growth of domestic employment. Competition from international trade can also force domestic firms to become more efficient through modernization and innovation. It is obvious that within each economy the importance of foreign trade varies. Some nations export only to expand their domestic market or to aid economically depressed sectors within the domestic economy. Other nations depend on trade for a large part of their national income and it is often important for them to develop import of manufactured goods in order to supply the ones for domestic consumption. In recent years foreign trade has also been considered as a means to promote growth within a nation's economy- developing countries and international organizations have increasingly emphasized such trade.

1. *What does foreign trade mean in economic terms?*
2. *What are the three main advantages of trade?*
3. *How did Adam Smith explain the role of foreign trade?*
4. *What is the main principle of Ricardo's theory of international trade?*
5. *What examples of comparative and competitive advantages of trade can you think of?*
6. *Why did trade based on competitive advantage appear as late as in the 19th century?*
7. *What is the role of international trade nowadays?*

8. Are developing or developed nations more interested in foreign trade?

Section 2. Grammar

Ex.1. Match the sentences

A	B
1. To translate this article	was one of the problems that plagued early chemists
2. You learn English as	you have to understand its underlying causes.
3. To tell an element from a compound	to read books and journals on your specialty.
4. It is certainly reasonable to expect	means a lot for them.
5. To get higher education	will take too much time.
6. To explain that formulas given here are correct	we need to consult with a technical specialist.
7. To solve a problem	that the solvent participates extensively in dissociation process.

For-Complex

Study the following chart

Subject	It is necessary for you to go through a special test if you want to work in this laboratory. It's almost time for the party to start. It's all very well for you to laugh but I was really frightened.
Predicative	The best thing is for you to move to the South. The question is not for you to decide.
Object Attribute	I am waiting for you to say something on the subject. There is no need for you to leave so early.
Adverbial modifier of purpose	He repeated it twice for everybody to understand him. He opened the doors of the car for us to get in.
Adverbial modifier of result	The weather was too cold for the children to go out. The article is easy enough for you to translate it without a dictionary.

Ex.2. Practise the following according to the model, watch the change in meaning

Model: There was nothing to do there. (I)

There was nothing for me to do there.

1. I think it will be dangerous to go to the Crimea in this old car. (we) 2. He has reached the age when it is necessary to think of the future. (he) 3. The idea was not clear enough to understand (the young people). 4. My advice is to keep away from colds, (you) 5. There was nothing to argue about (they). 6. It was a reasonable remark to make. (she) 7. The best thing is to send them a telegram. (I) 8. It was an expensive present to buy. (she) 9. There was no reason to get worried. (I) 10. Here's an example to follow. (everybody)

Ex.3. Paraphrase the following sentences using for-complexes

1. We remained at the station and waited till the storm passed. 2. He stepped aside so that I might pass. 3. Here is a book that you will always keep on your writing-desk. 4. The best thing that you can do is to employ a real specialist to do the job. 5. The climb was too dangerous. We could not risk our lives. 6. This is a matter that you must attend to personally. 7. The only thing that he could do was to burn the old rubbish. 8. There was too little time left. I couldn't think over the situation. I had to take steps. 9. That day there was no business that I had to attend to. 10. The streets were too busy. We couldn't drive fast. 11. We are sorry. You are leaving the seaside too soon. 12. A woman should be always dressed in good taste. It's important. 13. The task is that customers should be served well. 14. We stopped the bus so that the tourists might get on. 15. He held the door open to let her come in. 16. I stood there waiting when the door would open.

Ex.4. Translate the following sentences using for-complexes

1. Задача слишком сложна, чтобы вам справиться с ней одному. 2. У него очень хорошая память. Ему достаточно только раз упомянуть слово, и он запомнит его на всю жизнь. 3. Он попросил, чтобы ему выслали книги почтой. 4. Им необходимо отдохнуть, чтобы быть в хорошей форме на соревнованиях. 5. Тебе хорошо говорить, что я справлюсь с этой работой, а я не очень в этом уверен. 6. Поездка слишком интересная, чтобы нам ее упускать. 7. Они ждали, когда им подадут обед. 8. Для них было обычным делом подвозить людей, идущих на ярмарку. 9. Тебе нет необходимости работать так много и рисковать здоровьем.

Ex.5. Translate sentences (infinitive construction)

a)

1. To run a business is to plan its activities and to determine all operations necessary at each step.

2. To control an economy is the same as to intervene in it.
3. To develop new information technologies is of prime importance for those countries that wish to lead in the world economy.
4. To stay in the tobacco market is not an easy task for Russian manufacturers.
5. To use food stamps was common practice in many countries in wartime.

b)

1. In order to consume, we need income.
2. In order to earn income, we have to work.
3. Firms and individuals spend their income to consume and to invest.
4. To analyze the labour market, an economist should first explain how people allocate their time to production.

c)

1. As a rule, resources in industrialized countries are used effectively enough to make a good base for economic growth.
2. The imports tariffs were not raised high enough to decrease imports.
3. Statistics depends too much on limited information resources to avoid compromises.
4. In developing countries, labour efficiency is too low in agriculture to hope for an increase in food supply in the near future.

Ex.6. Join sentences

Example 1: The company is too big. It cannot be managed by one man.

The company is too big to be managed by one man.

1. The equipment is too sophisticated. It cannot be operated by a worker.
2. The information is too outdated. It cannot be used for the analysis of the present-day situation.
3. The enterprise is too big. It cannot be located in the city centre.
4. The rate of unemployment is too high. It cannot be ignored by the trade unions.
5. The company's batteries are used up too soon. They cannot be relied upon in a long expedition.

Example 2: The equipment is sophisticated. It should be operated by an engineer.

The equipment is sophisticated enough to be operated by an engineer.

1. The company is not large. It cannot invest much in production.

2. The factory has raw materials. It can work for a month.
3. The production costs have risen. They have become a real headache for the manager.
4. The job is well-paid. It meets his requirements.
5. He has made a big contribution to the development of the project. He can hope for a success and a good share of the profit.

Example 3: The information is too outdated. The economist cannot rely on it.- The information is too outdated for the economist to rely on it.

1. The manufacturer's guarantee is too short. We will not buy their equipment.
2. The company's investment in machinery was too big last year. The dividends cannot be high.
3. The value of the equipment is too high. We cannot take any risks transporting it by train.
4. The rate of unemployment is too high. The government cannot ignore it.
5. The firm's requirements are too high. All their jobs cannot be filled in.

Example 4: The demand for durable goods is big. Their manufacturers raise the output. - The demand for durable goods is big enough for their manufacturers to raise the output.

1. Your income is not big. You cannot live without a job.
2. The choice of goods is good. The store is the most popular one in the neighbourhood.
3. Human capital in some industries is not well-paid. Young people do not want to pay for their education in corresponding professions.
4. The birth-rate in Russia is low. The size of the labour force will become a problem for society in the near future.

Ex.7. Find the sentences where is infinitive as a subject

1. As productive equipment is referred to as physical capital, to buy new equipment is to invest in production.
2. To be effective a price ceiling must be imposed below the free market equilibrium price.
3. To value the US national income fully is impossible as the increase in accumulated durables is not usually counted.
4. To know the quantities of factors a firm will demand, we have to know the demand for the firm's output.
5. To keep the economy as close as possible to full employment is an important aim of the government.

6. To run an enterprise efficiently the manager must have industry-specific knowledge.
7. To increase output with the fixed total cost of inputs means to reduce the cost of production per unit produced.
8. Fixed capital, that is, such durable goods as buildings and machinery, are bought in order to be used in the firm rather than to be sold to another business.
9. To include non-renewable goods such as raw materials and fuel as well as the funds required to pay wages in circulating capital is common practice.

Section 3. Lexical Assignments

Ex.1. Fractions

a) In economic texts there are met often figures and expressions with numerals. Let's learn to correctly pronounce them in English. In vulgar fractions the cardinal number is indicated in the numerator and the ordinal number is in the denominator. If the numerator is greater than 1, the denominator is used in the plural. For instance: $\frac{1}{4}$ — one -fourth; $\frac{2}{3}$ - two-thirds.

Read and write down vulgar fractions:

$$\frac{3}{4}; \frac{1}{6}; \frac{3}{8}; \frac{1}{5}$$

b) In decimals after integers there is used point. For instance : 1.53 — one point fifty-three.

Read and write down decimals:

3.71; 83.12; 17.4; 20.5; 11.33; 25.25; 105.89;

c) If there is changing of any indications, we say increased by 3% . . For instance: grew by 3 percent.

Say in English:

возрос на 1,7%; уменьшился (decreased) на 8%; возрос на $\frac{1}{3}$; возрос на 25%; уменьшился на 30,1%.

Ex.2. Choose the right words

1. (Like/ Unlike) physical capital, human capital is expensive.
2. A man's budget constraint is fixed by the total amount of time (following/ available) over a given period such as a day, a month, a year.

3. Individuals can (either/ neither) spend their income on consumption (or/ nor) save it.
4. A person has an income which allows him to consume (efficient / various) goods and services and live in a particular neighbourhood.
5. In labour markets many aspects are regulated: paid holidays, the length of working day and week and other aspects of the (employment / contribution) relationship.
6. Changing policies (require/vary with) constant updating of statistical systems.
7. How the European Union's statistical system is adapting, to (requirements/values) in the 21st century is of importance (either / both) inside (or/ and) outside the EU.
8. Some part of (circulating capital/ fixed capital), for example equipment, loses its value in the (cost of production / production process), another part of (circulating capital/ fixed capital), for example land, may grow in value.

Ex.3. Choose the suitable word

1. Market is an (organizing/ organized) group of buyers and sellers of a particular good who are in contact with each other and who know the level of demand and supply so that there is only one price (calling/called) the market price.
2. Changes in prices of the products (producing/produced) with the same resources will change the supply.
3. The economist is interested in factors (affecting/ affected) the allocation of resources for producing particular goods.
4. Excess supply is a situation in which, at a certain price, the quantity of a particular product (demanding / demanded) by buyers is less than the quantity (supplying / supplied) by industry.
5. Improvements in technology may be a factor (leading to / led to) changes in agricultural supply.
6. At constant prices, an increase in income leads to an (increasing/ increased) budget.
7. Every day in thousands of markets, consumers show which goods they prefer (making / made) practical choices and (spending/ spent) money on some particular goods rather than others.

Ex.4. Give definitions or explanations to the following words:

inferior goods,
 complementary goods,
 normal goods,

luxurious goods,
substitute goods,
public goods,
essential goods.

Section 4. Questions for self-control

Answer the questions:

1. What does the general equilibrium theory examine?
2. What can keep an analysis manageable?
3. What do most micro economists leave out of their analysis?
4. What does foreign trade mean in economic terms?
5. What are the three main advantages of trade?
6. What examples of comparative and competitive advantages of trade can you think of?
7. What is the role of international trade nowadays?
8. Are developing or developed nations more interested in foreign trade?
9. What is the European Economic Community and its role in world trade?
10. Trade in Kyrgyzstan : past, present, future (export and import).

Unit 6. Inflation

Section 1. Reading and discussion

Text 1. Inflation

Inflation is generally defined as a persistent rise in the general price level with no corresponding rise in output, which leads to a corresponding fall in the purchasing power of money.

In this section we shall look briefly at the problems that inflation causes for business and consider whether there are any potential benefits for an enterprise from an inflationary period.

Inflation varies considerably in its extent and severity. Hence, the consequences for the business community differ according to circumstances. Mild inflation of a few per cent each year may pose few difficulties for business. However, hyperinflation, which entails enormously high rates of inflation, can create almost insurmountable problems for the government, business, consumers and workers. In post-war Hungary, the cost of living was published each day and workers were paid daily so as to avoid the value of their earnings falling. Businesses would have experienced great difficulty in costing and pricing their production while the incentive for people to save would have been removed.

Economists argue at length about the causes of, and "cures" for, inflation. They would, however, recognize that two general types of inflation exist:

- * Demand-pull inflation
- * Cost-push inflation

Demand-pull Inflation.

Demand-pull inflation occurs when demand for a nation's goods and services outstrips that nation's ability to supply these goods and services. This causes prices to rise generally as a means of limiting demand to the available supply.

An alternative way that we can look at this type of inflation is to say that it occurs when injections exceed withdrawals and the economy is already stretched (i.e. little available labour or factory space) and there is little scope to increase further its level of activity.

Cost-push Inflation.

Alternatively, inflation can be of the cost-push variety. Tills takes place when firms face increasing costs. This could be caused by an increase in wages owing to trade union militancy, the rising costs of imported raw materials and components or companies pushing up prices in order to improve their profit margins.

Assignments

Ex.1. Suggest the Russian equivalents

inflation varies considerably in its extent and severity; mild inflation of a few%; rate of inflation; insurmountable problems: demand-pull (cost-push) inflation; the economy is already stretched.

Ex.2. Replace the parts in italics by synonyms

a persistent rise; hence; may pose few difficulties; which entails enormously high rates; at length; inflation occurs when; little scope to increase its level of activity; firms face increasing costs; owing to trade union militancy.

Ex.3. Find in the text English equivalents/or the following

повышение (падение) спроса (покупательной способности) и т. д.; ги-

перинфляция; запросы опережают возможности экономики предложить товары и услуги; воинственность профсоюзов; уровень прибыли.

Text 2. The impact inflation on business

Inflation can adversely affect business in a number of ways:

1. Accounting and financial problems.

Significant rates of inflation can cause accounting and financial problems for businesses. They may experience difficulty in valuing assets and stocks, for example. Such problems can waste valuable management time and make forecasting, comparisons and financial control more onerous.

2. Falling sales.

Many businesses may experience falling sales during inflationary periods for two broad reasons. Firstly, it may be that saving rises in a time of inflation. We would expect people to spend more of their money when prices are rising to avoid holding an asset (cash), which is falling in value. However, during the mid-1970s, when industrialized nations were experiencing high inflation rates, savings as a proportion of income rose! It is not easy to identify the reason for this, but some economists suggest that people like to hold a relatively high proportion of their assets in a form which can be quickly converted into cash when the future is uncertain. Whatever the reason, if people save more they spend less and businesses suffer falling sales. The economic model predicts that if savings rose the level of activity in the economy would fall. Clearly, if this happened we would expect businesses to experience difficulty in maintaining their levels of sales.

Businesses may be hit by a reduction in sales during a time of inflation for a second reason. As inflation progresses, it is likely that workers' money wages (that is, wages unadjusted/or inflation) will be increased broadly in line with inflation. This may well take a worker into a higher tax bracket and result in a higher percentage of his or her wages being taken as tax. This process, known as fiscal drag, will cause workers to have less money available to spend on firms' goods and services. The poverty trap has a similar impact. As money wages rise, the poor may find that they no longer qualify for state benefits to supplement their incomes and at the same time they begin to pay income tax on their earnings. Again, this leaves less disposable income to spend on the output of firms. Finally, it may be that the wages of many groups are not index-linked and so they rise less quickly than the rate of inflation, causing a reduction in spending power and demand for goods and services.

Once again, the economic model can be used to predict that increases in the level of taxation will increase withdrawals, lowering the level of economic activity and depressing firms' sales

Not all businesses will suffer equally from declining demand in an inflationary period. Those selling essential items, such as food, may be little affected whilst others supplying less essential goods and services, such as foreign holidays, may be hard hit.

3. High interest rates.

Inflation is often accompanied by high interest rates. High interest rates tend to discourage investment by businesses as they increase the cost of borrowing funds. Thus, investment may fall. Businesses may also be dissuaded from undertaking investment programmes because of a lack of confidence in the future stability and prosperity of the economy. This fall in investment may be worsened by foreign investment being reduced as they also lose some confidence in the economy's future.

Such a decline in the level of investment can lead to businesses having to retain obsolete, inefficient and expensive means of production and cause a loss of international competitiveness. Finally, a fall in investment can lower the level of economic activity, causing lower sales, output and so on. Thus, to some extent, businesses can influence the economic environment in which they operate.

4. Higher costs.

During a bout of inflation firms will face higher costs for the resources they need to carry on their business. They will have to pay higher wages to their employees to compensate them for rising prices. Supplies of raw materials and fuel will become more expensive as will rents and rates. The inevitable reaction to this is that the firm has to raise its own prices. This will lead to further demands for higher wages as is called the wage-price spiral. Such cost-push inflation may make the goods and services produced by that enterprise internationally less competitive in terms of price. An economy whose relative or comparative rate of inflation is high may find that it is unable to compete in home or foreign markets because its products are expensive. The economic model tells us that a situation of declining exports and increasing imports will lower the level of activity in the economy with all the consequent side-effects.

Assignments

Ex.1. Suggest the Russian equivalents

difficulty in valuing assets and stocks; to avoid holding an asset; wages unadjusted for inflation; increased in line with inflation; this may well take a worker into a higher tax bracket; fiscal drag; poverty trap; wages are not index-linked; spending power; the cost of borrowing funds; the wage-price spiral; in terms of price.

Ex.2. Replace the parts in italics by synonyms

broad reasons; *to identify* the reason for this; businesses may be *hit* by a *reduction* in sales; wages *unadjusted* for inflation; *in line with*; *to supplement incomes*; will increase *withdrawals* *depressing* firms' sales; may be *dissuaded from undertaking*

Ex.3. Find in the text English equivalents for the following

делать что-либо затруднительным; периоды инфляции; назвать причину

чего-либо; превратить в наличные; распространяться на кого-либо (о государственных льготах); доход, остающийся после уплаты налогов; товары первой необходимости; компенсировать кому-либо что-либо.

Text 3. Can be inflation beneficial?

We would be simplifying the impact of inflation on business if we suggested that all effects were unfavorable. There is a school of thought, which argues that a low and stable rate of increase in the price level can be beneficial. It believes that a steady rise in money profits produces favourable expectations and induces investment as firms seek to expand. This action expands the economy as a whole. Paradoxically, inflation can also reduce the costs of businesses in the short run. Many enterprises incur costs, which are fixed for some period of time – for example, the rent of a factory may be fixed at a particular figure for a few years. At a time when the selling price of the firm's product, and hence its sales income, is rising this cost will be falling in real terms and thus stimulating the business.

There is a further argument that firms may be persuaded to borrow heavily in a period of inflation since the burden of repaying loans is reduced by inflation. If inflation is running annually at 10 per cent, for example, then the real value of the repayments of the loan will fall by approximately that amount each year. This may serve to encourage investment which, since it is an injection into the circular flow, will promote the level of activity. However, in these circumstances interest rates are likely to be high.

Government will accept that low rates of inflation are likely to exist in many economies. Inflation rates of 5 per cent or below are not considered to be too great a problem, especially if competitor nations are suffering similar rates.

In spite of the above, the conclusion must be drawn that inflation is, in general, harmful to business and its environment. Indeed, many economists would contend that inflation is the fundamental evil as its presence leads to lack of competitiveness and therefore relatively high unemployment and low rates of growth. This viewpoint has gained in credence in government circles over the last few years. It is for this reason that its control has been a major objective of government economic policy throughout the 1980s and early 1990s.

Assignments

Ex.1. Suggest the Russian equivalents

a steady rise in money profits produces favourable expectations; this cost will be falling in real terms; this viewpoint has gained in credence in government circles.

Ex.2. Replace the parts in italics by synonyms

a steady rise in money profits *induces* investment as firms *seek to expand*; rates are *not* considered to be ...; *the conclusion* must be drawn.

Ex.3. Find in the text English equivalents for the following

стимулировать капиталовложения; устанавливать цену; брать займы крупные суммы; настаивать, утверждать; страдать от подобного уровня.

Ex.4. Increase your vocabulary

a) Find in the text all word-combinations with the verb **"to experience"** and translate them. Think of your own examples with these combinations. What other word-combinations with this verb do you know? Give examples.

b) Find in the text the words expressing the English for:

"понижать(ся)" and "повышать(ся)";

"привести" and "вызвать".

Write out the word-combinations with them and use these in your own sentences. Give synonyms to each word-combination you found in the text. What other words expressing the same meaning do you know?

Ex.5. Find English explanations or paraphrase

the economy is stretched; fiscal drag; state benefits; not index-linked wages; selling essential items; borrowing funds; a bout of inflation; wage-price spiral; a school of thought.

Ex.6. Answer the questions

1. Give the definition of inflation. What can you add to it?
2. Types of inflation (short characteristics). Are there any others?
 - Demand-pull inflation. Name countries with this type of inflation.
 - Cost-push inflation. Name countries with this type of inflation.
3. The impact of inflation on business (in brief):
 - accounting and financial problems;
 - falling sales;
 - high interest rates.
4. How can businesses influence the economic environment?
5. Do you believe in the advice to borrow heavily in a period of inflation? Give your reasons.
6. Can inflation be beneficial?
7. What other factors not mentioned in this unit can cause inflation?
8. What "cures" for inflation do you know and can suggest?

Ex.7. Translate

1. В прошлом месяце уровень инфляции составил 1%, а в нынешнем он, возможно, по официальным данным составит 0%.
2. Данный взгляд на уровень инфляции не отражает официальной точки зрения.
3. В периоды острой инфляции льготы, которые обычно распространяются на определенные слои населения, значительно сокращаются.

4. Падение спроса на товары первой необходимости в связи с их ухудшившимся качеством привело к относительно мягкой инфляции в несколько процентов.
5. Низкий процент инфляции не считается слишком большой проблемой для государства и даже может способствовать увеличению капиталовложений.

Section 2. Grammar

Complex Object

Study the following chart

1. I saw **him get off** the bus.
2. Nobody noticed **John come in**.
3. We watched **the train leave** the station.
4. He felt **somebody push** him lightly in the back.
5. Did you hear **her sing**?

Ex.1. Combine the two sentences into one, using a complex object

*Model 1: He got on the train. We saw it.
 We saw him get on the train.*

1. He made a mistake. Nobody noticed it. 2. The postman brought a telegram. I saw it with my own eyes. 3. He told a lie. Everybody heard it. 4. She got sad. Everybody noticed it. 5. Somebody called your name. I heard it. 6. He stood in the doorway and watched them. They got into a car and went away. 7. We saw the runner. He passed the finish line. 8. The car suddenly turned to the left. I noticed it.

*Model 2: I noticed that he was standing near the door.
 I noticed him standing* near the door.*

1. The teacher noticed that he was looking through some magazine during the lecture. 2. I hear that somebody is crying. 3. It was pleasant to watch how they were enjoying themselves. 4. Out of the window she watched how her children were playing in the garden. 5. I noticed that she was speaking very coldly to him. 6. The militiaman saw that we were crossing the road in the wrong place. 7. We heard that somebody was laughing in the next room. 8. Because of the noise nobody heard that the telephone was ringing.

* A complex object with Participle I is also possible with the verbs: **see, watch, hear,** etc, eg "I saw him cross (crossing) the street." Participle I is used to draw the attention to the process.

Ex.2. Use either the Infinitive or Participle I of the verb in brackets as the second element of the complex object

1. She watched him—away until she could see him no more (*walk*). 2. I noticed him — her a quick look (*give*). 3. When I turned my head I saw him still — in the doorway (*stand*). 4. As he sat on the bank of the river he felt the wind — colder and colder (*get*). 5. I heard the child — behind the wall (*cry*). 6. He thought he heard somebody — him (*call*). 7. She noticed him — something to the man sitting in front of him (*pass*). 8. Did you hear her — that unpleasant remark (*make*)?

Ex.3. Ask questions to make sure that you've heard the person right

*Model: I heard him sing Russian songs.
What songs did you hear him sing?*

1. She saw the boy looking through some picture book 2. I heard him telling jokes. 3. We noticed the woman enter the house through the back door. 4. He likes to watch the rain come down. 5. We heard the front door open. 6. I saw them walk along the road. 7. I noticed him give her a hard look. 8. They heard somebody moving behind them. 9. I didn't hear her say this because she spoke in a soft voice.

Ex.4. Paraphrase the following sentences, using a complex object after the verbs given in brackets

1. Was anybody standing near the door when you came home? (*notice*). 2. The baby was making the first steps (*watch*). 3. Somebody opened the door (*hear*). 4. He lit a cigarette (*see*). 5. As I came up to the house it was very dark. Suddenly somebody took me by the hand (*feel*). 6. He made a mistake (*not notice*). 7. The boys were throwing stones into the river (*watch*). 8. He was explaining something to the students (*hear*). 9. He ran and caught a passing bus (*see*). 10. Somebody pushed me in the back (*feel*).

Study the following chart

- | |
|--|
| <ol style="list-style-type: none">1. Let me ask you a few questions.2. Did the doctor let him go out?3. It took him a long time to make his car start.4. What makes you think so? |
|--|

Ex.5. Complete the following sentences, using a complex object on the pattern of the above chart (make use of the infinitives)

understand, believe, look back, behave like that, help, shoot, go by, move, laugh

1. I can't make this car —. 2. What made you — his story? 3. Our father never let us — at birds. 4. Let me — you to carry your things. 5. The jokes he told made everybody —. 6. The noise behind me made me —. 7. You mustn't let the child —. 8. Her words made him — that he was mistaken. 9. I let five minutes or so —.

Ex.6. Translate the following sentences into Russian, watch the meaning of the verb 'let'

1. Let me know when you leave. 2. He didn't let me pay for the taxi. 3. We must let her make her own decision. 4. I let her have my seat. 5. "When did you write to him last?" "I wrote to him — let me see, three weeks ago." 6. Suddenly he let my hand go. 7. Let this be all among friends. 8. Don't let him leave so early. 9. Let's go to the cinema. 10. He is not talkative himself but he likes to let people talk. 11. Let's not think about it.

Ex.7. Ask questions about the parts in bold type to make sure that you've heard the person right

1. She didn't let **him** smoke **in the children's room**. 2. She made him **sit down and wait for her**. 3. They didn't let him tell **how it all had happened**. 4. I decided to make her **keep a promise**. 5. You must make **her believe you**. 6. The conductor didn't let the boy **get off the bus while It was still moving**.

- | | |
|----|--|
| 1. | Everybody expected him to say a few words on the subject. |
| 2. | I didn't expect him to come so early. |
| 3. | I want you to understand me . |
| 4. | Do you want her to leave tomorrow? |
| 5. | I believe her to be a good teacher . |
| 6. | She knows him to be very gay. |
| 7. | They advised us to take the 12 o'clock train. |

Study the following chart *

Ex.8. Paraphrase the following sentences so as to use a complex object after the verbs in brackets

* Such verbs, **as like, hate, find, think, allow, get, tell**, can also be used on the same pattern, *eg "I hate you to take my books without letting me know."* "He told me to do the **job**."

1. He will come by an early train (*expect*). 2. She loses so much time in talking (*not want*). 3. He will be pleased with the results of our sports competition (*expect*). 4. It's good advice (*believe*). 5. It's a dangerous kind of sport (*know*). 6. She must see the doctor (*advise*). 7. You must promise not to do such things again (*want*). 8. They were at home (*believe*). 9. You must teach him a lesson (*advise*). 10. They will enjoy the film (*expect*). 11. He won't be back so soon (*not expect*). 12. It won't happen again (*not want*). 13. Will he come too? (*expect*).

Ex.9. Paraphrase the following, using a complex object according to the model

Model: He wants the book back. Bring it tomorrow.

He wants you to bring the book back tomorrow.

1. Somebody must **help** him with his English. He **expects** it. 2. He is an honest man. Everybody **knows** it. 3. It's a safe way out, I **believe**. 4. **Don't read** my letters. I **hate** this. 5. He **will arrive** tomorrow. **They are expecting him**. 6. You must not **talk** about such things in the presence of the children. I **don't like** this. 7. **Do you think** he **is** about fifty? 8. We **believe**, it **is** a mistake. 9. I **want you** for a few minutes. **Help** me rearrange the furniture in my room. 10. I **have** always **thought** my work **is** very interesting.

Ex.10. Translate the following sentences, using a complex object

I. Он хочет (хотел), чтобы: 1. она дала обещание приехать. 2. мы решили этот вопрос вместе с ними. 3. кто-нибудь проучил ее. 4. она сказала ему в чем дело. 5. вы объяснили, как пользоваться этой машиной. 6. все помнили, что опасно купаться, когда вода еще такая холодная. 7. мы договорились о встрече.

II. Я не хочу (хотел(а), чтобы: 1. вы говорили ей неправду. 2. они решали этот вопрос без меня. 3. вы летели туда (самолетом). 4. вы забывали свои обещания. 5. она волновалась. 6. она заметила мое волнение. 7. кто-нибудь знал о нашем отъезде. 8. вы давали пустые обещания.

III. Мы ждем (ждали), что: 1. вы скажете что-нибудь по этому вопросу. 2. она объяснит нам, почему она не пришла. 3. вы сделаете все от вас зависящее, чтобы достать билеты. 4. он зайдет к нам на этой неделе. 5. наш концерт понравится им.

IV. Они не ждут (не ожидали), что: 1. она поверит им. 2. он скажет правду. 3. мы закончим работу без их помощи. 4. это случится так скоро. 5. понадобится их помощь. 6. кто-нибудь пойдет их провожать.

V. 1. Я полагаю, что он студент первого курса. 2. Мне не нравится, что вы опаздываете. 3. Она знала, что он хороший спортсмен. 4. Он советует

нам устроить вечер в клубе. 5. Они считают, что это единственный выход. 6. Я считаю (полагаю), что его совет правильный.

VI. I can't let (you, lose) time like this. 2. The telephone ringing made (she, sit up) in bed. 3. She wanted (the whole world, know) how happy she was. 4. Did they expect (we, show) them the city? Did they expect us to show them the city? 5. The bad weather made (she, change) her plans. 6. Don't let (the fire, die). It'll be difficult to make another fire in this wet weather.

Section 3. Lexical Assignments

Ex.1. Fill blanks with these words

Through; though; although; thought ; think ; thorough; thoroughly.

1. ___ some farmers have enough money to purchase land, they prefer to lease it over several years to examine the conditions for farming in the given area .
2. A lot of countries are mixed economies, ___ some are nearer to command economies and others are nearer to free market economies. ___ economic analysis is essential for good results.
3. Farming efficiency is raised ___ improved technology, fertilizers, crops, and livestock .
4. If we want resources to be allocated efficiently, government intervention ___ environmental standards can be used.
5. In earlier days economists ___ rent only to be income received from land.
6. ___ the firm is run by its manager, not its owners, profit maximization is the most essential aim of the firm's business.

Ex.2. Choose the right word from underlined

1. (Provided / although) an economist knows of services which people {provide/ purchase) not for money, he is not interested in these services.
2. On the labour market the seller may be (providing/ looking for) a buyer as much as the buyer (provides/ looks for) the seller.
3. Advanced economies may (be due/ vary) greatly (to / in) the importance of their governments for economic development.
4. If an industry's demand for resources is (supplied / met) in (due / due to) time, we can expect the industry to develop at a rapid rate .
5. The US economists expect agriculture (profitable / profitability) to grow rapidly in the near future.
6. The government feels housing in the (area / environment) requires improvement.

7. In the first years of "perestroyka" an enormous housing programme was adopted. The government pledged to (provide / supply) a flat or house for each family by the year of 2000.
8. Trade unionists consider a minimum wage to be (an incentive / a disincentive) for employers to give jobs to workers with little human capital.
9. One knows firms to carry on (business / purchase) for the purpose of making profit.

Ex.3. Make up live groups of three words associated in meaning or area of usage

job	trigger	surname	machine	essay
gun	penname	business	novel	car
name	poem	auto	bullet	work

Ex.4.a) Quickly look through the list and mark, the lettered phrase nearest in meaning to the word or phrase tested

1. **Estimate character:** (i) find out a person's true worth; (ii) see the difference between people's characters; (iii) form an opinion of a person's character.
2. **Personal appearance:** (i) the way a person looks; (ii) the way a person dresses; (iii) the way a person walks and talks.
3. **Physical features:** (i) the size of a person's hands, feet; (ii) the parts of the face (forehead, nose, etc); (iii) the colour of the hair.
4. **Stature:** (i) a person's health; (ii) state of mind; (iii) the natural height of a person.
5. **Build:** (i) the shape and proportions of the body; (ii) the look in a person's eyes; (iii) the way a person laughs.
6. **Missing person:** (i) somebody who has lost his way; (ii) a person who is lost to others; (iii) a person who is absent.
7. **Habit:** (i) (an example of) usual behaviour; (ii) a family tradition; (iii) a national holiday.
8. **Suggest:** (i) describe directly; (ii) indicate indirectly; (iii) express one's opinion.
9. **Good-tempered:** (i) very temperamental; (ii) calm and pleasant; (iii) honest and kind.
10. **Mannerism:** (i) a peculiar way of behaving, speaking, etc, that has become a habit; (ii) the way in which anything is done or happens; (iii) a person's manners.

(b) Two of the words in each group below are similar in meaning. Check the word which does not belong

1. appearance; look; manner. 2. character; feature; characteristic. 3. stature; statue; height. 4. build; habit; shape. 5. indication; index; description. 6. kind; sort; mannerism. 7. methodical; analytical; systematic. 8. clean; tidy; neat. 9. careful; exact; accurate. 10. denote; explain; indicate; 11. temper; intelligence; intellect.

Ex.5. Make sentences putting the words in the correct order:

1. are, different, today, in, world, there, systems, economic, the
2. demand, if, price, exceeds, tends, rise, to, the, supply
3. wants, constantly, people, are, of, growing
4. is, competition, force, the, market, of, an, important
5. producers, must, scarce, economically, and, suppliers, utilize, resources
6. sluggish, is, activity, economic
7. figures, dropped, according, production, to, official, oil, of
8. service, of, consists, the, transport, banking, sector, insurance, and.

Section 4. Questions for self-control

Answer the questions:

1. What is inflation? What is stagnation? What is stagflation? What is deflation?
2. What are the general types of inflation do you know?
3. Say : If high quality goods are always very expensive, to your mind.
If low prices always mean low quality?
If prices usually grow both for high and low quality?
If higher prices are associated with inflation, stagflation or deflation?
4. Can be the inflation beneficial? Supply some examples
5. How can businesses influence the economic environment?

Unit 7. Injections. Withdrawals.

Section 1. Reading and discussion

Text 1. A model of economy

Economists spend a lot of time trying to develop models of the working of the economy. The London Business School, like many universities and also the Treasury, has a model of the economy which it has entered into a computer. The reason for this is that much of its work is concerned with forecasting future economic trends so as to aid decision-making by business and government. The London Business School's model can be fed with economic information, such as changes in tax rates, and it will then predict how the economy will behave. Such

predictions are an invaluable aid to business decision-making because, for example, businesses can find out whether people's incomes are likely to rise or not.

The complete economy comprises many millions of economic units. There are households, as one kind of unit. There are also firms, and the departments of both central and local government. These units together decide the economy's total spending. They also decide its total income and its total level of production of goods and services. But in order to develop a simple model of the economy we need to ignore the government sector and the possibility of transactions between households and foreigners. Suppose we are dealing with an isolated economy, one which has no government. Let's assume that there are two main sectors in the economy: households and firms. Households supply firms with the factors of production that firms need to carry on their concerns.

Thus, **households** provide labour services, both skilled and unskilled, in return for the payment of wages. They may also supply land for which they are paid rent. Finally, they might supply the finance, which is essential to the business. If the finance is in the form of a loan they receive interest payments, but if they have purchased shares in the business they may be entitled to a share of the profits. Most households provide some factor services or services of productive/actors, to a public or private business. Anyone at work is providing labour, and if you or someone in your family has bought shares in the privatization programme (in, for example, British Gas, British Telecom or the water authorities) then they have supplied share capital. Households receive payments for these factor services, that is to say, they earn factor incomes, such as wages, rents and profits.

The other part of our simple model portrays **firms** supplying households with all the goods and services that they require. In return for these the households pay the firms. These two sets of actions create the model of the circular flow of money, which is shown in Fig. 1.

In fact, there are two flows. One which is monetary and one comprising goods and services. A flow of factor services from households to firms for which there is an opposite stream of factor payments and a flow of goods and services, which households pay firms. It is this monetary flow in which we are most interested.

What does the figure suggest? It suggests that there are three ways of measuring the amount of economic activity in the economy. First, we can measure the value of goods and services produced, second, we can measure the level of factor earnings. These factor earnings represent the value of factor services supplied. Third, we can measure the value of spending on goods and services. Then, economists refer to the size of the monetary circular flow as the level of national income.

If we assume that all the goods and services, which are produced are in fact sold and that households spend all their income, then we have arrived at what economists call a neutral equilibrium. The level of income, which is spent and received by the two groups will not alter since as one group receives it, they

spend it with the other.

The fact that the economy is in a neutral equilibrium means simply that the level of national income, and hence the level of economic activity, are stable and unchanging. (An equilibrium is a point of balance in which there is no *inherent tendency to change*). If the economy was in equilibrium it does not mean that everyone who wants a job has one or that the country is importing exactly the same value of goods and services as it is exporting.

Assignments

Ex.1. Find in the text English equivalents for the following

принятие решений; изменение ставки налогообложения; неопенимая помощь; доходы населения; необходимо допустить, что...; факторы производства; выплата процентов; купить акции; иметь право на часть (долю) дохода; акционерный капитал; денежный поток; уровень национального дохода; уровень экономической активности; внутренняя (присущая чему-либо) тенденция к изменению; следовательно; круговой поток доходов.

Ex.2. Give explanations in English

to pay rent; a loan; interest payments; share capital; factor services; factor payments; factor incomes; factors of production; a neutral equilibrium in the economy.

Ex.3. Find in the text English equivalents for the following

подписать обозначения на картинке; внутренний круг (кольцо); внешний круг (кольцо); стрелка направлена от ... к ...; вверху; внизу; справа; слева.

Ex.4. Answer the questions

1. What units does the economy comprise? What do they decide?
2. What are the two main sectors in the economy?
3. What sets of actions create the model of the circular flow of income?
4. Dwell on the monetary flow. How is the level of national income connected with it?
5. Dwell on the flow of goods and services.
6. What does the figure suggest?
7. How can the amount of economic activity be measured?
8. What's an equilibrium? a neutral equilibrium?

Ex.5. Translate

1. Кругооборот (круговой поток) доходов — это поток товаров и услуг между домашними, семейными хозяйствами (населением) и

- фирмами (предпринимателями), с одной стороны, и поток денежных платежей за них – с другой стороны.
2. Если рассматривать простейшую модель экономики, то необходимо допустить, что население полностью тратит все полученные доходы на покупку товаров и услуг, а предприниматели продают все товары, которые производят.
 3. В уплату за товары и услуги, которые предлагают населению предприниматели, население передает им деньги, которые, в свою очередь, получает от предпринимателей в обмен за факторы производства.

Text 2. Injection

An injection is simply an addition to the circular flow of income, which does not arise from the spending of households. It was unrealistic to assume earlier that there would be no such additions. These additions or injections will, of course, increase the size of the circular flow and thus the level of activity in the economy. There are three recognized ways in which funds can flow into an economy. They can be generated through:

- Investment
- Government spending
- Export sales

Investments.

Investment is expenditure on productive capital goods. That is, goods which can be used to produce other goods and services. Thus, investment is usually held to be expenditure on factories, machinery and other physical assets. It is important to realize that economists use the word investment in a different context to the layman. An economist referring to investment does not mean the purchase of paper financial assets such as stocks or shares. Clearly, if the ownership of a company's shares is transferred from one UK citizen to another there is no overall impact on the economy.

Investment can be categorized into net investment and gross investment. Net **investment** is investment, which actually increases the nation's stock of capital goods. It is such investment that enables the economy to grow. However, some investment is necessary to replace capital stock that is worn out or obsolete. This loss of value of assets is called **depreciation**. When this replacement is added to the net investment the total achieved is termed **gross investment**.

You should note that investment increases the circular flow since it comprises extra spending that has not originated in the circular flow. The main influences on the amount of investment that takes place are:

* the rate of interest since firms often have to borrow to undertake the investment

* the firm's expectation about the future behaviour of the economy. If they believe the economy will boom and the level of economic activity will increase, then they are more likely to enjoy increased sales. They may well decide to

invest in new machinery or in a new factory. On the other hand, if the level of investment declines then there will be less injections than previously into the economy and the rate of growth of economic activity (or the national income) will fall. Economic statistics show us that over the last few decades the level of gross investment in the UK economy has fluctuated. This will have been one of the factors affecting the level of national income and the environment in which businesses operate.

Government Expenditure.

Government' expenditure takes many forms and, particularly over the last 50 years or so, has been a very substantial total. This heading covers spendings by both central government and local authorities. Government spending results in an injection of funds into the circular flow.

Let us take as an example a decision by the Department of Transport to build a new motorway. This will lead to a variety of spending, which would not have taken place otherwise. The authorities will have to employ surveyors, lawyers, accountants and construction workers and will have to purchase large quantities of construction materials. All of the spending generated in this way will be an addition or an injection to the circular flow.

Government spending can, of course, take many other forms. Major financial items are the provision of health and social security benefits. The latter tends to put money directly into the hands of people who need it badly and who are, therefore, likely to spend all or most of it in the near future. If it so wishes the government can use its own expenditure to rapidly affect the level of injections and thus the circular flow. Pursuing such policies, however, can have undesirable side-effects.

Exports.

Exports are an injection because they result in income entering the UK's circular flow as a result of the spending decisions of foreign households, firms and governments. Notice that this spending by foreign households is a loss (or withdrawal from) their domestic circular flows.

Britain is a major trading nation and, as such, can be described as an open economy. It exports approximately one-third of all the goods and services it produces. The amount of the UK imports varies but over time will be roughly the same proportion. The UK's trade is recorded in the balance of payments figures, which are published monthly and then collected into annual accounts. If you look at the UK's trade figures you will see that rarely, if ever, does the value of exports equal the value of imports.

The balance of payments accounts are split into two broad sections: the current account, which records imports and exports of goods and services; and the capital account, which records international monetary flows in and out of the UK, such as foreign loans and investment in the UK.

Exports have always been important to the UK economy and are indisputably an engine of economic growth. They provide domestic employment not only in the exporting industry but also in the industries, which supply components and raw materials to that industry. Exports bolster the circular flow and promote

employment in a range of industries. They also stimulate innovation and competition and generate a satisfying standard of living. Most of the world's most prosperous economies are successful exporters, notably Japan and Germany. Few isolated economies have been economically successful.

Assignments

Ex.1. Suggest the Russian equivalents

which does not arise from; they can be generated through; government spending (expenditure); an economist referring to investment; paper financial assets; capital stock; extra spending that has not originated in the circular flow; the level... has fluctuated; a very substantial total; government spending results in...; construction workers (materials); social security benefits; the current (capital) account; domestic employment; they generate a satisfying standard of living.

Ex.2. Replace the parts in italics by synonyms

does not *arise from* the spending; it was *unrealistic* to *assume*; *increase* the size of the circular flow; there are three *recognized* ways; there is no overall *impact* on the economy; to replace capital stock that is *worn out* or *obsolete*; this heading *covers*; this will *lead to a variety* of spending; *rapidly*; *over time*; accounts are *split* into; *indisputably*; exports *bolster* the circular flow and promote employment.

Ex.3. Find in the text English equivalents for the following

предполагать; товары производственного назначения, основные фонды; неспециалист; чистые инвестиции, валовые инвестиции; объем основных фондов; изношенный; делать вложения; за последние несколько десятилетий; имеет много форм; это потребует значительных затрат; основные статьи финансирования; побочные явления; очень редко; платежный баланс; промышленность, работающая на экспорт; обесценение основных фондов, амортизация

Ex.4. Give explanations in English

physical assets; paper financial assets; stock; shares; capital goods; capital stock; social security benefits; the balance of payments accounts.

Ex.5. Answer the questions

1. What is an injection?
2. What is expenditure?
3. What are net and gross investments?
4. What are the main influences on the amount of investment? Can you add anything else?
5. Speak on government expenditure and its forms.
6. What have you learnt about the UK's exports and imports?

7. Why are exports an engine of economic growth?

Text 3. Withdrawals

Withdrawals (or leakages) are that part of the circular flow, which are not passed on as spending with UK firms. This is income, which individuals, firms or governments take out of the circular flow with the likely result that the level of economic activity in the economy declines. The three forms that withdrawals can take are:

- Savings
- Imports
- Taxation

Savings.

Both businesses and individual citizens can take the decision not to spend all of the income that they receive. A number of factors are thought to determine the level of savings at any one time. Interest rates obviously influence the saver's decision since they represent the return on his or her savings. Many economists believe that decisions to save are taken in response to periods of economic uncertainty: the more worried people are about interest rates, job security and so on, the more they are likely to save. Alternatively, there is evidence that when money is losing value quickly, as in a period of inflation, people tend to purchase consumer durable goods such as televisions and washing machines.

Another factor is social change. Previous generations placed great store by saving in order to carry out major purchases; this is less common today perhaps due to the ready availability of credit.

Imports.

You will know that expenditure by UK inhabitants on goods and services imported from abroad -will remove those funds from the domestic circular flow and will cause a decrease in the level of economic activity. Periodically, the UK has spent too freely on imports and earnings from exports have been insufficient to cover this. Many factors encourage us to purchase imports: some are favourable to the economy in the long term, whilst others are harmful. If imports of raw materials increase due to the growth of a domestic industry, then this indicates an expanding economy, which should sell more exports in the future in order to pay for the increased expenditure. However, if the imports are the consequence of UK citizens preferring foreign goods on grounds of, for example, price or quality, then the impact may be harmful as jobs are lost in domestic industries.

Taxation.

Funds are withdrawn from the circular flow in the form of taxation by the government. It levies two types of tax:

- Direct taxes, such as income tax, corporation tax (on profits) and other taxes on income or wealth;
- Indirect taxes, such as VAT and customs and excise duties, which are

levied on spending by all of us;

If the authorities withdraw funds through taxation and then fail to spend this tax revenue, the circular flow will reduce the level of activity in the economy.

Taxation policy has been substantially altered by the Conservative government in the 1980s and early 1990s. It has reduced direct taxes because of the belief that taxation of this kind reduces the incentive to work and so dampens the spirit of enterprise in the economy. Indirect taxes, such as VAT, have been increased to make up for some of the revenue lost from direct taxes. The government has thus transferred the tax burden from direct to indirect taxes. The total burden of taxation has hardly altered.

Assignments

Ex.1. Suggest the Russian equivalents

withdrawals, which are not passed on as spending with UK firms; a number of factors are thought to determine the level of savings; job security; another factor is social change; generations placed great store by saving; will remove those funds from the domestic circular flow and will cause a decrease; direct (indirect, corporation, income) taxes; the tax revenue; taxation of this kind reduces the incentive to work and so dampens the spirit of enterprise; the tax burden.

Ex.2. Find in the text English equivalents for the following

доходы от сбережений; очевидно, что...; подталкивать, побуждать; в конце концов; это означает рост экономики; на том основании, что; налог на добавленную стоимость; акцизный сбор; восполнять.

Ex.3. Answer the questions

1. What are withdrawals? Name their forms.
2. When do people decide to save?
3. What is the reason for purchasing imports?
4. Why can buying imports be harmful?
5. What are direct and indirect taxes?
6. Why did the Conservative government reduce direct taxes in the 1980s and increase indirect ones?
7. Make conclusions from the Circular Flow Model.

Section 2. Grammar

Ex.1. Insert into text a) and b) prepositions and conjunctions where necessary:

in, to, of, while, by, who, which, on, since, through, where, however, for
1.

a) Household is a group of people ___ make economic decisions together. In economic theory households have two roles: they enter the market as buyers or consumers ___ goods and services produced ___ firms and they provide ___ factor inputs ___ firms ___ order to produce those goods and services. The term "household" is used ___ national income analysis, supply and demand analysis it is replaced ___ the term "consumer".

b) Black economy is nonmarket economic activity ___ is not included ___ the national income accounts, either because such activity does not pass ___ the market or because it is illegal. Illegal economic activity may exist in the usual price system ___ is determined ___ demand and supply. Examples may be the purchase and sale of illegal drugs ___ the street, or alcohol ___ the US prohibition era ___ the 1920s.

___, some nonmarket activity is carried out ___ non-profit-making purposes. For example, a housewife provides services ___ her family. Other nonmarket activity is done ___ a barter basis, for example, ___ a mechanic serves a motor car of an electrician ___ in return helps the mechanic install light fittings (установить осветительную аппаратуру) ___ the house ___ there has been no money paid, the activity does not add ... the GDP and so does not exist for statistics.

2. Make up 5 questions to the text.

Ex.2. Paraphrases into passive voice

1. Final goods absorb the value of intermediate components and services.
2. The GDP does not include the value of imported goods and services.
3. We won't rely upon the statistics provided by the agency.
4. Chemists and engineers are looking for alternative automobile fuels.
5. The natural resources examination data have made up the basis for a nationwide environment conservation project.
6. The government has distributed support among producers.
7. The government has to provide tax relief for smaller producers.
8. The US administration applies its farming support policies flexibly.

Ex.3. Paraphrase the sentences using infinitive

Example : Measures that the government will take will not be popular. - Measures to be taken by the government will not be popular.

1. This is the best method that we can use in order to compare the productivity of capital in different industries.
2. Engineers have developed a soya-based car fuel which is to replace petrol one day.

3. Intermediate goods are the goods that will be used as inputs in production of other goods.
4. Intermediate products are the goods and services that are not to be counted as part of the gross national product.
5. Final goods are the goods that will be consumed by end-users.
6. The purpose of a demand analysis which will have to be done is to determine which products the company can sell and at what price.
7. The labour supply is a measure which can be offered at given wages at a certain time.

Ex.4. Translate

1. Важно сдерживать уровень безработицы как можно ниже ,чтобы общество использовало свои ресурсы эффективно.
2. Производственные издержки на этом предприятии слишком высоки, чтобы оно работало рентабельно.
3. Чтобы создать рабочие места для молодежи, правительство выделило дополнительные средства.
4. Спрос на товары длительного пользования достаточно высок , чтобы производители повысили объем производства.
5. Нанять хорошего специалиста эта единственная хорошая идея, чтобы выполнить поставленную задачу.
6. Для того чтобы были получены высокие доходы, фирме необходимо увеличить производительность труда.
7. Необходимо , чтобы общество размещало ресурсы экономно.
8. Для того чтобы была внедрена новая технология , собственник вложил свою прибыль в новое оборудование.
9. Рынок труда должен быть достаточно эффективным , чтобы рабочие не оставались безработными долгое время.
10. Невозможно чтобы мы приняли эти условия.
11. Для того чтобы бизнес был эффективным, все производственные издержки должны доведены до минимума.

Ex.5. a) Insert the suitable prepositions, conjunctions where necessary

Economic growth is usually measured ... terms ... an increase ... the real GNP or GDP over time or an increase ... income ... head over time. The latter measure relates increases ... total output to changes ... the population. If total output rises faster than the increase ... population, there will be an improvement... average standards ... living. The importance ... economic growth is ... its contribution ... the general wealth ... society ... a whole. Growth is desirable ... it lets the society ... consume more private and public goods and services (health and education), improving... real standards ... living. However, rapid

economic growth can also contribute ... using ... natural resources and adds ... environmental pollution.

b) Answer the questions

1. What are the ways of measuring economic growth?
2. What are the advantages and disadvantages of rapid economic growth?

Ex.6. Paraphrase the following sentences using the prefix "over" with the word in bold type. Make other necessary changes

Model: The bus was too **crowded** for us to get in.

The bus was **overcrowded** and we couldn't get in.

1. His **joy** was too great for words. 2. When **doing** something you should know where to stop. 3. It seems to me that the price you **paid** for the repairs is too high. 4. He shouldn't **eat** so much, it's bad for his health. 5. He lost balance and the boat **turned** over. 6. Do they pay for the **time** spent in working after the regular hours? 7. You should take care of him, he **works** too hard. 8. She **dresses** too loudly for my taste. 9. If the **production** of goods is more than is needed to satisfy demand then it often leads to economic troubles. 10. The boy **slept** too long and was late for classes.

Section 3. Lexical Assignments

Ex.1. Find in these word combinations right equivalents

амортизация фондов, обложение собственности налогом, экономика в целом, отечественное производство, существующие фонды, средняя заработная плата, средняя семья, крупная собственность, собственность за рубежом.

existing assets, fiscal policy, to replace assets, taxation of assets abroad, property taxation, depreciation measure, depreciation of assets, circular flow of payments, average household, household spending, taxes imposed on households, home production, property abroad, economy as a whole, average wage, domestic production rather than production abroad, household property, domestic production, considerable property.

Ex.2. Choose the right word

1. The (measure/ way) in which the European Union's statistical system is adapting to requirements of the 21st century is of importance both inside and outside the European Union.
2. The marginal product of labour is how much each extra worker (adds to/makes up) total output.
3. In a dynamic political society old statistic systems have to be (replaced/ determined) by new ones.

4. If a person can do what he wishes with his own (property / output), time, and energy, then economists say that he is economically free.
5. The price of a good in a market is (determined / measured) by the law of demand and supply.
6. (Gross /aggregate) demand is the total amount of (spending/ depreciation) on (final / domestic) goods and services.
7. You and your family have an annual income which allows you to consume various goods and services, live in a particular neighbourhood and maintain a certain (standard of living/fiscal policy).

Ex.3. Read the text and find the complex object

Exports and Imports as Part of Circular Flow

In an open economy, that is, an economy having contacts with other countries, exports provide demand for domestic goods and we consider them to be an injection to national economy. And we consider imports to be a leakage from the circular flow since they provide a demand for goods produced abroad. What determines the desired (желательный) levels of exports and imports?

Demand for exports is determined by conditions in foreign economies and some economists do not believe exports to depend on domestic income. However, there exists a relationship between exports and domestic aggregate demand. An increase in export demand will result in a rise in the aggregate demand. Imports from other countries may be raw materials for domestic production or goods for direct consumption by households, such as a Japanese television set or a bottle of French wine. We expect demand for imports to rise when domestic income and output rise. In terms of national income measuring, total leakages from the circular flow must always equal total injections to the circular flow. The equilibrium condition for an open economy is as follows:

$$S + T + Im = (\text{total leakages}) = In + G + E (\text{total injections})$$

Desired savings plus taxes plus desired imports must equal desired investment plus desired government spending plus desired exports.

b) Answer the question

1. How are imports and exports connected with circular flow of payments in an economy?
2. What is the main requirement to injections to and leakages from national economy for it to remain balanced?
3. What are injections to and leakages from the circular flow made up of?

Ex.4. Paraphrase the following sentences using a noun with the suffix "-ing" instead of a verb. Make other necessary changes

1. What does the word "sign" **mean**? 2. I **warned** him but he paid no attention. 3. I can't stand when people **suffer**. 4. It was very difficult to describe what he **felt** at the moment. 5. How long did it take you to **pack** the things?

Ex.5. Insert 'before' or 'till' ('until')

1. I forgot all about the letter — I was outside. 2. He had died just — the war started. 3. She didn't know what was happening to her — it had happened. 4. We must do something — it's too late. 5. He thought for a moment — he answered her. 6. Sit here and wait — I finish my interview. 7. He couldn't do anything — he found the document. 8. Think twice — you take this dangerous step.

Section 4. Questions for self-control

Answer the questions:

1. What is the economic growth
2. What is the economic development?
3. What are the advantages and disadvantages of the economic development?
4. What is an injection? What is expenditure?
5. Why are exports an engine of economic growth?
6. What are withdrawals? Name their forms.
7. When do people decide to save?
8. What is the reason for purchasing imports?
9. Why can buying imports be harmful?

Unit 8. Taxes. Fiscal Policy.

Section 1. Reading and discussion

Text.1. What are taxes?

Taxes are a compulsory financial contribution by a person or body of persons towards the expenditure of a public authority. In modern economies taxes are the most important source of government revenues. Taxes on income (i.e. on wages, salaries, profits, dividends, rent and interest) and on capital are known as "direct" taxes. Taxes on commodities or services are known as "indirect" taxes.

Taxes are considered to have three functions:

(a) 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 payments on the national debt, municipal services, etc.;

(b) economic, to give effect to economic policy, to promote stable economic growth, to influence the rate of economic growth of the nation;

(c) 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 organization are not taxed equally. The tax situation is simplest for proprietorships and most partnerships; corporations or companies are treated differently.

In the United States of America nearly all of the federal government's revenues come from taxes. By far the most important source of tax revenue is the personal income tax. Gross receipts from corporate income taxes yield a far smaller percentage of total federal receipts. Individual states levy their own taxes. As a result, for example, the profits of a corporation are liable to federal and sometimes state corporate income taxes. This often imposes a double tax burden. When the after-tax income is paid out to stock-holders as dividends, it is then taxed again as personal income.

In the United Kingdom there is no single code of tax law, the body of tax legislation being increased by each year's Finance Act.¹

The United Kingdom operates a "schedular" system,² whereby taxable income from different sources is calculated and taxed under the rules of a particular "schedule".

Tax assessments are normally based on returns issued by the Board of Inland Revenue (referred to simply as "Inland Revenue") for completion by the taxpayer. While companies may receive tax returns, they normally submit instead a copy of their annual accounts together with a computation of taxable profits.

The United Kingdom does not yet operate a system of self-assessment for tax on income and capital gains, but it is being introduced at the moment.

Under Russian law, all Russian legal entities, whether they have foreign investment or not, are subject to the profit tax law. Foreign entities that have a taxable permanent establishment in Russia are also taxed under this law.

Russian taxes provide revenue for three tiers of the budget: federal, regional and local. The major taxes paid to the budget are: Profit tax; Value-added tax (VAT); Securities tax; Withholding tax.

The Russian government tries to create a climate in which business can thrive, to keep the tax burden as low as possible. It also attempts to eliminate tax allowances, which deprive the budget of tax revenues, and to improve tax collection.

Tax returns for Russian legal entities are audited by the tax authorities at the time they are submitted.

If the company or a person assessed believes the assessment is incorrect in any way, an appeal may be lodged against it. The appropriate financial organ is required by law to reply to such an appeal within five days.

When a company resident in one country receives income or gains from a source in another, or when shareholders and company are domiciled in different countries it is possible that incomes arising will be taxable in each country, i.e. taxed twice. Many countries seek to mitigate the potentially harmful effects of double taxation by entering with other countries into double tax treaties, or arrangements preventing the same income being taxed twice.

A number of countries have problems because of significant taxpayer non-compliance.

Along with cases of illegal evasion of tax obligations there are entirely legal ways of avoidance by which a person may so arrange his affairs as to minimize, or even eliminate, tax liability on his property and income.

Assignments

Ex.1. Answer these questions

1. What are taxes?
2. What are the purposes of direct and indirect taxation?
3. Are businesses taxed equally?
4. How is taxation levied in the UK?
5. What bodies collect taxes?
6. Do taxpayers have the right to appeal against additional tax liability?
7. What is the difference between tax evasion and tax avoidance?
8. In what situations can incomes be taxed twice?

Ex.2. Give derivatives of:

tax <i>n</i>	subject <i>n</i>	investment <i>n</i>	evasion <i>n</i>
provision <i>n</i>	treat <i>v</i>	audit <i>n</i>	avoidance <i>n</i>
influence <i>n</i>	assess <i>v</i>	appeal <i>n</i>	arrangement <i>n</i>

Ex.3. Find English equivalents for the following phrases from the text

Подходящий налог; налог на заработную плату; налог на жалование служащих; налог на прибыль; налог на дивиденды; налог на рентные платежи; налог на процентный доход; налог на капитал; прямые налоги; косвенные налоги; покрывать издержки; процентные платежи по внешнему долгу; благосостояние общества; подлежать обложению налогом; относиться по-разному; доход после налогообложения; налоговая

декларация; налог на добавленную стоимость; собирать налоги; проводить аудиторскую проверку; подавать апелляционную жалобу; незаконное уклонение от налоговых обязательств; задолженность по налоговым платежам.

Ex.4. a) Study the key words of the unit in the dictionary at the back of the book:

tax, taxation, tax allowance, tax breaks, tax concessions, tax benefits, tax exemptions.

b) Think of the verbs that are commonly used with:

tax, taxation, profits, revenue, complaint, claim, effects, non-compliance, tax rate, burden of taxation, privilege, income, exemptions.

c) Think of the nouns that are most often used with:

to levy, to collect, to tax, to impose, to introduce, to pay, to reduce, to avoid, to evade, to exempt.

d) Make your own sentences with any five word combinations from (b) and (c).

Text.2. Financial policy

Financial policy is a very complex notion covering measures aimed at working out basic concepts, major guidelines, goals and objectives, as well as at creating an adequate financial mechanism and at directing financial activities of a country. Financial policy is based on strategic guidelines which set long-term and medium-term prospects for using financial resources and ensure attainment of major economic targets and solution of goals in the social sphere. At the same time a country pursuing its financial policy sets current goals and objectives connected with mobilization and effective utilization of resources and development of productive forces.

Over the past two decades financial problems have exacerbated the world over. Public debts have reached unsustainable levels in a growing number of industrial countries. This development and its results – higher interest rates, lower investment, and slower growth in living standards – have stimulated efforts by policymakers to find solutions to swollen budget deficits.

Central to these solutions is fiscal policy. Fiscal policy is the policy adopted by a government for raising revenue to meet expenditure.

For countries that now face unsustainable fiscal deficits, financial stabilization represents a top priority.

The answer to financial stabilization lies in the effectiveness of fiscal management – the principles, institutional arrangements, information flows, and

techniques that govern the budget process and define fiscal relations between levels of government.

Most western nations operate some degree of fiscal federalism, which is the system of taxation and public expenditure in which revenue-raising powers and control over expenditure are vested in various levels of government' within a nation, ranging from the national government to the smallest unit of local government.

A system of multilevel finance may be justified in terms of allocative efficiency on the grounds that while some public goods, such as national defence, confer benefits on the nation as a whole, the benefits of other goods, such as refuse collection, are more limited in geographical incidence. It is argued that² by making decisions concerning the provision and financing of the latter type of goods at the level of local rather than national governments, the best or optimal level of provision is more likely to be achieved.³

Since the onset of the reforms the Russian Federation has been in the process of creating a new system of taxation and rules to administer taxes and to distribute those taxes and expenditure responsibilities among levels of government.

Assignments

Ex.1. Answer these questions

1. What does the notion "financial policy" mean?
2. Do many countries face financial problems these days? What are they?
3. What is fiscal policy?
4. What fiscal trends have been registered in the industrial countries since the early 1970s?
5. What does the effectiveness of fiscal management imply?
6. What is fiscal federalism?

Ex.2. Give derivatives of:

financial <i>adj</i>	collect <i>v</i>	effectiveness <i>n</i>
measure <i>n</i>	shift <i>v</i>	government <i>n</i>
objective <i>n</i>	consumption <i>n</i>	distribute <i>v</i>
unsustainable <i>adj</i>	transfer <i>n</i>	defense <i>n</i>
produce <i>v</i>		

Ex.3. Find English equivalents for the following Russian phrases from the text

мероприятия, направленные на ...; создать соответствующий финансовый механизм; направлять деятельность; обеспечить достижение основных экономических показателей; эффективное использование

ресурсов; проблемы обострились; уровень, который государство не может больше поддерживать; раздутый бюджетный дефицит; принять политику; финансовая стабилизация; управление государственным бюджетом; информационные потоки; полномочия по сбору доходов; контроль за расходами.

Ex.4. a) Study the key words for the unit in the dictionary at the back of this book:

deficit, management, taxes, revenues, expenditure, policy, taxation, balance of payments, trade, debt.

b) Think of the verbs that are most commonly used with these nouns:
taxes, decision, budget system, burden, objectives, policy, spending.

c) Think of the nouns that are most often used with these verbs:
to introduce, to generate, to perfect, to attain, to overcome, to utilize, to adopt, to pursue, to cut.

d) Make your own sentences with any five word combinations from (b) and (c).

Section 2. Grammar

Ex.1. Translate using Complex Subject

1. This small town is known to have once been the capital of the country.
2. The storm is reported to be moving South.
3. They are supposed to know these things.
4. She is known to be particular about her looks.
5. The new secretary is expected to save us a lot of trouble.
6. The lakes there are believed to be full of fish.
7. She is said to have once been a beautiful woman.
8. The first performance of Chekhov's "Seagull" is known to have been a failure.
9. It was believed to be a turning point in his career.
10. The delegation is reported to have arrived.
11. She is supposed to deal with such things.
12. He is said to be a great admirer of modern art.
13. The prices in Great Britain are reported to have risen again.
14. He is said to have once risked his life to save somebody.
15. He was not expected to take any risks.

Ex.2. Paraphrase using Complex Subject

1. It is said that they know Chinese very well.
2. It is known that he is a great book lover.
3. It was expected that the members of the committee would come to an agreement.
4. It is reported that the delegation has left London.
5. It is expected that many people will attend the meeting.
6. It is said that he lives in Bishkek.
7. It is said that he knew general oriental languages.
8. It is known that this plant produces tractor.
9. It is believed that they are on their way to Moscow.
10. It is considered that he is an experienced engineers.

Ex.3. Recast the following using verbs with the prefix "re-". Make other necessary changes

Model: He had to **write** the exercise **again**.

He had to **rewrite** the exercise.

1. The secretary **read** the letter a **second time**. 2. To our disappointment the job had to be **done over again**. 3. The girl seems to have liked the book so much that she **read it over** three times at least. 4. As the man **told** the story **again**, he added a few details. 5. We felt very much in debt to the old man for his kindness and understanding and wondered how we could **pay him back**. 6. My friend went away promising to **join us again** later in the evening. 7. In a few moments the sun **appeared again** from behind the clouds. 8. She **arranged** the flowers on the table **in a different way**.

Ex.4. Underline the sentences where complex subject is used

1. High unemployment rate in Europe is assumed to result from high unemployment benefits.
2. The private sector is normally considered to use resources more productively than the government.
3. Social security payments and unemployment benefits are known as transfer payments.
4. It is known that taxes raised at the national level, such as income tax or VAT (value added tax), are usually supplemented by local taxes.
5. More people have been found to choose to stay unemployed in countries with very high tax rates.
6. Chemical and steel workers know their earnings to increase more than those in textile and trade sectors.
7. The UK government is known to take nearly 40 percent of national income in taxes.

8. Macroeconomics is concerned with demand for goods by households or the total spending on machinery and buildings by firms.

Ex.5. Paraphrase the sentences using Complex Subject

Example: Economists believe unemployment benefits to stop people from looking for a job. –

Unemployment benefits are believed to stop people from looking for a job.

1. Economists think youth employment to be low in Germany because education is subsidized by the state.
2. Economists consider government spending cuts to be necessary in order to cut taxes.
3. Economists say economic system to be the particular way in which the economic activity in a country is organized.
4. Economists believe workers in poor countries to be much less productive as a result of bad working conditions.
5. Statistics say the 16 percent of world population living in the industrial countries receive nearly 80 percent of the world income.
6. We know public goods to be paid for out of general taxation. '
7. We know a subvention to be money given by a government, a person or an organization to help somebody do something for the good of the public, for example, in education or sciences.
8. We consider a subsidy to be money given by a government to certain producers to help them to produce at a low price goods and services needed by the public.

Ex.6. Unit in two group 1)Complex Object and 2) Complex Subject

1. Prices are expected to change as either demand for or supply of the good varies.
2. The United Kingdom is known to rely on indirect taxes rather than direct taxes.
3. When an economy has no transactions with the rest of the world, we say it to be a closed economy.
4. Some economists do not believe exports to depend on domestic income.
5. The 19th-century economists said income from capital to be profit, whereas income from natural resources was said to be rent.
6. Imports are assumed to increase as much as domestic income does.
7. Economists consider higher tax rates to be able initially to bring in greater amounts of taxes raised but to result eventually in a fall in output level.

Ex.7. Translate

1. Говорят, что он живет в Москве.
2. Ожидают, что делегация прибудет завтра.
3. Эта фирма , как говорят, получает большие прибыли.
4. Это новое предприятие, как полагали, улучшит положение дел на рынке.
5. Этот прием, как установлено, потребует новых капиталовложений.
6. Говорят, что он пишет новую пьесу(сейчас).
7. Считают, что эта шахта самая лучшая в районе.
8. Известно, что в этом районе существуют залежи угля во много миллионов тонн.
9. Красота города, говорят, определяется его географическим положением.
10. По всеобщему признанию, Воронеж считается более красивым городом, чем Москва.
11. Предполагается , что здание на углу улицы было построено в XI веке.
12. Известно, что знаменитый английский архитектор Кристофер Рен (Christopher Wren) был первым человеком, похороненным (bury) в соборе Св.Павла, который он сам построил.
13. Сообщают, что испанские океанографы и другие специалисты изучают проблему, как соединить Испанию с Северной Африкой туннелем под проливом Гибралтар(the Straits of Gibraltar).
14. Предполагается, что этот район богат природными ресурсами.
15. Известно, что книга Дж.Даррелла(Gerald Durrell) пользуются популярностью не только у себя в стране, но и далеко за ее пределами.

Section 3. Lexical Assignments

Ex.1. Choose the right words

1. Public spending has to be financed (nearly / mostly) through taxation and government (borrowing/ share).
2. Over the last 100 years real wages have increased between five and fifteen times, (whereas / still) working time has been cut by nearly half.
3. Because unemployment often results in personal trauma, (unemployment benefits I retirement pensions) are said to be needed for psychological reasons.
4. Natural resources research in the USA in the 1930s was (nearly/ initially) based on collecting information from various sources.
5. Due to a more {productive / required) capital and more know-how, wages in West Germany in the early 1980s were about three times as much as

- (those / that) in the East. (Whereas / as a result), many East Germans moved to the West.
6. Productive processes are (mostly / still) prohibited because they are dangerous to workers or to the environment.
 7. Long-term unemployed workers, who gradually (постепенно) lose their \human capital and contact with the active labour force, (mainly / eventually) become unable to fill any vacancy.
 8. The (social security funds / reasons) for which people may leave labour force are as follows: retirement, illness, return to school, child care, work in a home garden, etc.
 9. (Initially / eventually) minimum wages were introduced (productively / mainly) to protect young people from exploitation.

Ex.2. Match the verbs from (a) with nouns from (b) below:

<p>a) to reduce to improve to correct to increase to check to withhold to tax</p>	<p>b) economic welfare taxes inequality revenue imports business adverse balance of payments</p>
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Ex.3. Match the verbs from (a) with the nouns from (b) below:

<p>a) to establish to face to make to eliminate to exacerbate to improve to ensure to design to enforce</p>	<p>b) difficulties efforts situation deficit priorities stability interbudgetary relations law policy</p>
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Ex.4. Find the sentences where the words 1) большинство, большая часть и 2) весьма, крайне are used

1. Most of public expenditure is financed through taxation and government borrowing.

2. In a situation of full employment, the supply of most goods and services will be inelastic.
3. Most often we look at the GNP per capita, or the average income in a country.
4. In 1986 there was a most sharp fall in world oil prices.
5. In most European countries and the USA, work experience (трудовой стаж) is required to receive unemployment benefits. For this reason, more people have an incentive to go into employment at an earlier age.
6. The International Monetary Fund (IMF) is considered to be one of the most influential multinational institutions stimulating international trade and maintaining balance-of-payments equilibrium.
7. The arts are a most important economic activity: their contribution to Britain's GDP was reported to be nearly £6,000 million in 1990.
8. As a result of the Industrial Revolution at the end of the 18th century, most workers became employed in large factories.
9. With some groups of population, payments from social security funds may be a most important contribution to household incomes.

Ex.5. a) Read the article quickly and find the definition of a country's balance of payments and the explanation of what the "current account" and "capital account" are.

b) Reread the article more carefully and compare the facts about the UK and the US with the situation in Russia.

Balance of payments is a country's set of accounts with the rest of the world, reflecting the relation between the payments of all kinds made from one country to the rest of the world and its receipts from all other countries. The accounts can be divided into the current account and the capital account. The current account is that part of the balance-of-payments account which shows all payments made or received in respect of goods and services, including payments of interest on past lendings or borrowings.

Thus, the current account or the balance of trade consists of several items:

- Visible trade is the imports and exports of tangible goods such as plant and machinery, consumer goods, raw materials.
- Invisible trade is trade in services such as banking, insurance, transportation and tourism.
- Transfer payments are things like the remittances of migrant workers to their homeland and the payment of dividends and interest to foreign companies, governments and international organizations.
- Unrequited exports are exports which are not exchanged for current imports, but the value of which pays interest on loans raised abroad, or profits on investment made in the home country by foreigners.

The capital account is that part of the balance of payments account which shows all payments made or received by way of settling old debts or creating new debts. It deals with financial transactions. The capital account consists of long-term investment – either direct foreign investment (e.g. a company in one country buying a company in another), or portfolio investment (e.g. a foreigner buying shares on Wall Street) – and short-term capital flows of "hot money".

Many countries are faced with a severe balance-of-payments problem which arises from different local circumstances.

Britain, for instance, is a densely populated island and it has few natural resources left. Britain has problems to supply industry with its requirements. They have to import large quantities of food, minerals, timber, etc. In exchange, they sell large quantities of manufactured goods. Thus, the balancing of imports and exports is a permanent problem to the Government. The Treasury keeps the balance of imports and exports constantly under review.

The visible trade balance is almost always an adverse one and they should be permanently in debt to other countries were it not for the invisible items which are a second source of foreign earnings.

Britain's surplus on invisible earnings arises partly from their traditional skills and services, particularly in commerce, banking, insurance and finance. It also arises from Britain's overseas holdings of property and business enterprises. Besides, in Britain, with its large merchantile marine the earnings from shipping are an important source of foreign revenue.

In the US, exports of manufactured goods and farm goods are more than offset by imports of raw materials, especially oil.

Governments may influence the balance of payments through measures of fiscal policy or monetary policy designed to affect levels of domestic demand or interest rates.

Section4 . Questions for self-control

Answer the questions:

1. What are taxes?
2. What are the differences between the direct and indirect taxes? Give their forms.
3. What are the reasons for cutting government spending?
4. What is fiscal policy?
5. Which share of national income comes from taxes?
6. What are the characteristics of the progressive tax structure?
7. What may be the result of very high tax rates?

8. How high are tax rates in Kyrgyzstan? How do they affect changes in taxed commodity and activity?
9. What is visible export/ import?
10. What is invisible export/ import?

Vocabulary lists

Unit 1. Economic systems. Command, market and mixed economies.

Text 1. Planned economies

inhabitants – жители, население

to own – владеть

natural resources – природные ресурсы

a large amount – большой объем

central planning and direction – центральное планирование и руководство

consumption – потребление

obviously – очевидно

complicated – сложный

to have a number of common features – иметь ряд общих черт
intention – намерение
to comply with – подчиняться
a production target to meet – производственная задача (задание), которую надо выполнить
an objective – цель, задача
an overall aim – общая цель
to enjoy a basic standard of living – иметь основной уровень жизни
to duplicate production – дублировать производство
to divert – отвлекать (*напр., ресурсы на другие цели*)
to abandon – отказываться от чего-либо
a major problem faced by command or planned economies – основная проблема, стоящая перед командной или плановой экономикой
changes in tastes and fashions – изменения вкусов и моды
to underproduce – недопроизводить
to regard smth as – воспринимать что-либо, относиться к чему-либо как...
obsolete (*syn. out of date*) – устарелый, вышедший из употребления
to overproduce – перепроизводить
delays and queues – *зд.* перебои (с товарами) и очереди

Text 2. Market economies

to own and run (*syn. to manage, to operate*) **businesses** – владеть и управлять бизнесом
to intervene – вмешиваться
private enterprise (*syn. entrepreneurship*) – частное предпринимательство
private ownership (*syn. property*) **of the means of production** – частная собственность на средства производства
public property, common ownership – общественная собственность
personal property – личная собственность
state-owned property, state ownership – государственная собственность
private supplies of capital – частный капитал
surplus income available for investment in new business activities – допол-]
нительный доход (излишек дохода), который можно вложить (инвестировать) в новое дело (бизнес)
to employ – использовать; предоставлять работу, нанимать
employer – работодатель
employee – служащий
employment – занятость
unemployment – безработица
to persuade – убеждать
at first view (*syn. at first sight*) – на первый взгляд
to adjust automatically – автоматически приспособливаться; приводиться в соответствие

competitive – конкурентоспособный
to make the largest profits possible – получить наибольшую возможную прибыль
to pursue one's own interests – преследовать свои интересы
to make money out of it – заработать деньги на этом
to move the production possibility frontier outwards – продвинуть вперед предел производственных возможностей
to make the society better-off – сделать общество более состоятельным
to create new jobs and opportunities – создать новые рабочие места, новозможности
to underpurchase (ant. to overpurchase) – недостаточно раскупать
to provide free or subsidized supplies – обеспечить бесплатное или субсидированное (дотированное) предоставление (товаров, услуг)
in response to (syn. in answer to) – в ответ на
a cornerstone – краеугольный камень
to alter swiftly – быстро меняться
consequences – последствия
labour- intensive production – трудоемкое производство
working conditions – условия работы
safety standards – нормы техники безопасности
large- scale intervention – широкомасштабное вмешательство
to pass laws – принимать законы
to gain sufficient sales – добиться достаточного объема продаж
rival firms – фирмы-конкуренты, соперники
to have confidence – иметь уверенность
to lack confidence – не хватать уверенности

Text 3. Mixed economies

significant faults – значительные недостатки
at one extreme... at the other extreme – на одном полюсе... на другом
to exercise considerable economic freedom of choice – иметь значительную экономическую свободу выбора
restriction – ограничение
whilst [wailst] (syn. while) – в то время как, пока
state- controlled industry – промышленность, контролируемая государством
to avoid disadvantages – избегать недостатков
to enjoy the benefits – иметь преимущества, пользоваться преимуществами
to interact – взаимодействовать
to solve economic problems – решать экономические проблемы
a share of the output – доля в объеме производства
essential items – товары и услуги первой необходимости
a range of businesses – *зд.* ряд компаний, фирм

Unit 2. The role of the market. The economic environment.

Text 1. Market

to bear in mind (*syn.* **to keep in mind**) – иметь в виду
a local fruit stall – фруктовый ларек
stock market – фондовая биржа, рынок акций
to transact business (*syn.* **to make a deal**) – совершать сделку
by remote control – при помощи дистанционного управления
to go into details – вдаваться в подробности
a general definition – общее определение
a shorthand expression – краткое, рабочее выражение (определение)
households' decisions – решения домохозяйств
to reconcile – приводить в соответствие, согласовывать
by adjustment of prices – посредством корректировки цен
to demand – требовать
given (*syn.* **taking into account, consideration**) – при условии, что..., учитывая
limited resources – ограниченные ресурсы
to satisfy one's appetite – удовлетворять аппетит
to answer the question in favour of smb else – решать вопрос в пользу кого-либо другого
the seller's viewpoint – точка зрения продавца
the cafe owner – владелец кафе
the rent – арендная плата
to switch to luxury lunches – переключиться на дорогие обеды
rich executives – состоятельные служащие
behind the counter – за прилавком
suitable – подходящий
to suit – подходить
part-time job (*ant.* **full-time job**) – работа с неполной занятостью
a bit of money (*ant.* **scads of money**) – немного денег
it would hardly be worth working at all – вряд ли вообще имеет смысл работать
conversely (*syn.* **on the opposite, on the contrary**) – наоборот, напротив
unskilled job – неквалифицированная работа
to guide one's decision – влиять на чье-либо решение
through the price system – через систему цен
to cover the cost – покрывать расходы
to run the cafe – содержать кафе
to devote resources – выделять ресурсы
to guide resources into hamburger production – направить ресурсы на производство гамбургеров
cattle – крупный рогатый скот
to contract a disease – подхватить болезнь
thereby – следовательно, таким образом
to reduce the economy's ability – снижать возможности экономики

competition – состязание, конкуренция
to purchase scarce supplies – скупать дефицитные ресурсы
to reallocate resources – перераспределять ресурсы
to reflect the scarcity – отражать дефицит
to be involved in – быть задействованным в
the local labour market – локальный рынок труда
the local wholesale market – локальный оптовый рынок
the local market for rented buildings – локальный рынок аренды помещений
precise descriptions of markets – точные описания рынков
to adopt a definition – принять определение
to adopt a child in a family – принять ребенка в семью, усыновить
to emphasize – подчеркнуть, выделить
arrangements through, which prices influence smth – структуры (механизмы), посредством которых цены влияют на что-либо

Text 2. The economic environment

to comprise – включать в себя, составлять
local authorities – местные органы власти
to take (syn. to make) decisions – принимать решения
to play a prominent part – играть заметную (значительную) роль
to shape the environment – формировать обстановку, среду, окружение
to predict (syn. to forecast) – предсказывать
to be aware – осознавать, знать
to cut back on spending – сокращать расходы
enormous implications – большое значение, смысл, влияние
general prosperity – всеобщее процветание
to enable smb to do smth – делать возможным для кого-то, позволять кому-либо что-либо делать
consumers – потребители
to alter – изменяться
a recession – упадок
total spending – общие, суммарные расходы
to decline – снижаться
income – доход
unemployment – безработица
to purchase (syn. to buy) – покупать
to cut expenditure – сокращать расходы
luxury items – предметы роскоши
to affect (syn. to influence smb. smth) – влиять
the extent – степень
to some extent – в некоторой степени

the high street banks – центральные банки
to suffer badly – сильно пострадать
profits – прибыль
to incur (*syn.* **to bear, to suffer**) **losses** – нести убытки, потери
to borrow from – занимать, брать займы
to deny the opportunity – лишать возможности
to deny – отрицать
to earn interest – получать процентный доход
loans – ссуды, займы
to default on repayment – не выполнять обязательств по выплате (долгов, процентов и т. п.)
a debt – долг
profit margins – размеры прибыли
the outcome of the actions – результат действий
to make up society – составлять общество
to have dealings – иметь торговые (деловые) связи

Unit 3. Elastic and inelastic demand. Opportunity costs.

Text 2. Elastic and inelastic demand

typically falls – обычно снижается
a dividing line – разделительная черта
unit-elastic (unitary-elastic) demand – спрос с единичной эластичностью, единичная эластичность спроса
to raise/to lower revenue – повышать/снижать доходы
the key piece of information – ключевая информация
to set the price (*syn.* **to quote**) – устанавливать, назначать цену
foreign holidays – отдых за границей
to refer to – относиться к
parts of the curve corresponding to prices – участки кривой спроса, относящиеся к ценам
adjusted for inflation – с учетом инфляции
prices typically charged – цены, обычно назначаемые
be observed historically – встречаться в истории
determinants – основные факторы, определители, показатели
the answer must be sought in – ответ следует искать в
socially essential – существенно, значимо в общественном мнении
a frivolous luxury – бездумная роскошь
why tastes are as they are – почему вкусы именно таковы
nevertheless (*syn.* **however**) – тем не менее
to identify some considerations – выявить некоторые соображения, моменты, факторы
the ease – легкость, простота

to substitute smth for smth – заменить одно другим
a substitute – заместитель
substitution – замена
to fulfil approximately the same function – выполнять примерно аналогичную функцию
extreme cases – экстремальные случаи
the latter (*ant. the former*) – последний (упомянутый)
to quit (*syn. to give up*) **smoking** – бросить курить
one particular brand of cigarettes – один конкретный сорт сигарет
to fulfil basically – в основном выполнять
nicotine provision – насыщение никотином
the more narrowly we define – чем более узкое определение мы даем
to illustrate general principles – для иллюстрации общих принципов
to report estimates in a table – приводить оценки в таблице
durables – товары долговременного пользования
dairy produce – молочные продукты
cereals – крупы
entertainment – развлечения, досуг
catering – поставка продуктов и обслуживание церемоний
the table confirms – из таблицы следует
as a category – как категория
haircuts – стрижка, *зд.* парикмахерские услуги
sauna baths – посещение сауны
to alter the broad pattern – изменить широкий ассортимент
a much wider variation – большая вариативность
whereas (*syn. while, whilst*) – в то время как
to be relatively insensitive – быть относительно нечувствительным
taken as a whole – в целом

Unit 4. Income elasticity of demand. Technology and supply.

Text . Market system

constitute - составлять
household - семья, семейная единица
acquire -приобретать
tangible - осязаемый, материальный, реальный
supervisor -контролер
promoter -лицо, содействующее какому-л. мероприятию
complex web -сложное сплетение
welfare - благосостояние
to be exhausted (*зд.-*) быть использованным
to make smb better off (*зд.-*) -поставить кого-л. в более выгодное положение

constraint- ограничение

Unit 5. Microeconomics and Macroeconomics.

Text 1. Microeconomics and Macroeconomics

a labour economist – специалист по экономике труда

an energy economist – специалист по экономике (электро) энергии

a monetary economist – специалист по монетарной экономике

an international economist – специалист по мировой экономике

congestion – перенаселенность

to cut across – не соответствовать

a detailed treatment – детальный, подробный анализ

an individual household – отдельное домашнее хозяйство

to aggregate, v – собирать в одно целое

aggregate, n – совокупность

in the aggregate – в совокупности

aggregate, adj – совокупный

the relative output – относительный объем производства

general equilibrium theory – теория общего равновесия

to study simultaneously – одновременно изучать

the complete pattern – полная структура, система, схема

to lose track of the phenomena – потерять след явлений

to devise judicious simplifications – выработать разумные упрощения

to keep the analysis manageable – позволять проводить анализ

to distort reality – исказить реальность

to preserve the simplicity of the analysis – сохранить простоту анализа

to neglect the chain of indirect effects – пренебрегать косвенным воздействием, совокупностью (цепочкой) косвенных результатов, эффектов

to secure higher wages – получить более высокую заработную плату

indirectly induced effects – воздействие, вызванное косвенными причинами

partial analysis – частичный (неполный) анализ

to sweep under the carpet – прятать, маскировать {*доел.* замести под ковер}

to simplify deliberately – намеренно упрощать

to retain a manageable analysis – сохранить возможность анализа (выполнимый, поддающийся выполнению анализ)

the breakdown of consumer goods – классификация (подразделение) товаров потребления

a single bundle – отдельная единица, величина (*доел.* набор)

Unit 6. Inflation

Text 1. Inflation

a persistent rise – неуклонный, постоянный подъем

with no corresponding rise in output – не сопровождающийся подъемом производства

briefly – коротко, кратко

potential benefits – потенциальные выгоды
varies considerably in its extent and severity – бывает разной по длительности и остроте
hence – следовательно
mild inflation – мягкая, низкая инфляция
may pose few difficulties – особых проблем не представляет
entails enormously high rates of inflation – означает (ведет к) громадный рост инфляции
insurmountable – неисчислимы, колоссальные
at length – и сейчас
to pull – тянуть
demand-pull inflation – инфляция, вызванная превышением спроса над предложением, инфляция спроса
to push – толкать
cost-push inflation – инфляция, вызванная ростом издержек производства, инфляция издержек
to occur – происходить
to outstrip – обгонять, опережать, превосходить
to stretch – натягивать, напрягать
little available labour – мало рабочей силы
there is little scope – мало возможностей
owing to trade union militancy – благодаря воинственности профсоюзов
in order to improve their profit margins – чтобы увеличить прибыль (размеры прибыли)

Text 2. The impact inflation on business

impact – удар, влияние, воздействие
waste valuable management time – может уходить много драгоценного времени
make more onerous – сделать более затруднительным
to avoid holding an asset – чтобы избавиться от наличности
whatever the reason – какова бы ни была причина
businesses may be hit by – фирмы (предприятия) могут пострадать от...
wages unadjusted for inflation – заработная плата без учета уровня инфляции
a higher tax bracket – следующая группа, категория (*напр., при группировке налогоплательщиков по доходу*)
fiscal drag – финансовый тормоз экономического роста с помощью налоговых изъятий
they no longer qualify for – они больше не попадают под...
to supplement their incomes – что является дополнением к их доходу **this leaves less disposable income** – из-за этого остается меньше средств **index-linked** – индексированный
a reduction in spending (*syn. buying, purchasing*) **power** – снижение поку-

пательной способности

declining demand – падение спроса

tend to discourage investment – не способствуют инвестированию

may also be dissuaded from – могут также отказаться от...

a lack of confidence – недостаток (отсутствие) уверенности

this fall in investment may be worsened by foreign investment being reduced

– это падение уровня инвестирования может стать еще сильнее, если сократятся иностранные инвестиции

can lead to businesses having to retain – может привести к тому, что фирмам (предприятиям) придется сохранить

a bout (syn. period, spell) of inflation – период инфляции

less competitive in terms of price – менее конкурентоспособный в смысле цены

Text 3. Can inflation be beneficial

beneficial – выгодный, приносящий доход

unfavourable (ant. favourable) – неблагоприятный

there is a school of thought, which argues that – существует мнение, что...

and induces investment as firms seek to expand – и способствует росту капиталовложений, так как фирмы (предприятия) расширяются

in the short run – очень быстро

incur costs, which are fixed for some period of time – несут расходы, которые в течение какого-то периода являются неизменными

a further argument – еще один аргумент

to borrow heavily – брать займы большие суммы

repaying loans – выплата займов

to contend – настаивать, утверждать

this viewpoint has gained in credence – эта точка зрения получила большое распространение

a major objective – главная цель

Unit 7. Injections. Withdrawals.

Text 1. A model of economy

to aid decision-making – помогать, содействовать в принятии решений

the model can be fed with economic information – в модель можно внести экономическую информацию

total income – общий, суммарный доход

total level of production of goods and services – общий уровень производства товаров и услуг

to deal with an isolated economy – иметь дело с изолированной экономикой , **to carry on their concerns** – продолжать свое дело

to provide labour services – предоставлять рабочую силу (труд)

to receive interest payments – получать платежи в виде процентов

shares – акции

to be entitled to a share of the profits – иметь право на долю прибыли
factor services or services of productive factors – факторы производства
the water authorities – управление водного хозяйства
to supply share capital – предоставить акционерный капитал
factor incomes – доход на факторы производства
to portray – отображать
a monetary flow – денежный поток
an opposite stream – противоположный поток (*доел.* течение)
factor payments – выплаты (доход) на факторы производства
to measure the amount of economic activity – измерять уровень экономической активности
the value of goods and services produced – стоимость произведенных товаров и услуг
the level of factor earnings – уровень доходов на факторы производства
the value of factor services supplied – стоимость предоставленных факторов производства
the value of spending on goods and services – размер расходов на товары и услуги
a neutral equilibrium – общее равновесие
the circular flow of income – круговой поток (круговорот) доходов
an inherent tendency to change – внутренняя тенденция к изменению

Text 2. Injection

injection – инъекция, вливание (*напр.*, денег в экономику)
to arise from – проистекать, являться результатом
to assume – предполагать, считать
thus – таким образом
they can be generated through – это может происходить посредством...
assets – имущество, активы
layman – непрофессионал, неспециалист
an economist referring to investment – говоря о вложениях, экономист...
paper financial assets – имущество, вложенное в ценные бумаги
stock – акция, ценная бумага; запас, ассортимент
there is no overall impact on the economy – большого влияния на экономику это не окажет
net investment – чистые инвестиции
gross investment – валовые капиталовложения
worn out – изношенный
depreciation – обесценение (*денег*), снашивание (*в результате износа и морального устаревания*)
total – целое, сумма, итог
to term (syn. to call) – называть
rate of interest – процентная ставка

rate of growth – скорость роста
decade – десятилетие
the level... has fluctuated – уровень колебался
has been a very substantial total – составило очень значительную сумму
this heading covers – под этим заголовком рассказывается
to result in (*syn. to lead to, to cause, to entail*) – приводить к чему-либо;
иметь своим результатом
this will lead to a variety of spending – это повлечет за собой самые разнообразные затраты
surveyor – землемер, топограф
major financial items – основные статьи расходов
social security benefits – льготы социального обеспечения
to tend to – иметь тенденцию
rapidly – быстро, скоро
pursuing such policies – проведение такой политики
undesirable side-effects – нежелательные побочные явления
as a result of the spending decisions – как результат решения покупать или нет
withdrawal – утечка, изъятие
the amount ... varies — количество ... бывает различным
over time – иногда, время от времени
roughly – приблизительно
the UK's trade is recorded in the balance of payments figures – торговля Великобритании отображена в данных платежного баланса
annual accounts – ежегодные отчеты
rarely, if ever – редко или почти никогда
the balance of payments accounts are split into – статьи (разделы) платежного баланса разделяются на
current account – счет текущих операций
capital account – счет движения капиталов
indisputably – бесспорно
to bolster – поддерживать, укреплять
promote employment in a range of industries – обеспечивают занятость в ряде отраслей
innovation – новшество, нововведение
notably – особенно

Text 3. Withdrawals

leakage – утечка
which are not passed on as – которые рассматриваются не как...
with the likely result that – в результате чего может; результатом чего может
savings – сбережения, накопления

a number of factors are thought to determine – считается, что ряд факторов определяет

the return on his or her savings – отдача, процент, доход от... сбережений

there is evidence that – очевидно, что

to place great store by – придавать большое значение

due to – благодаря, из-за

to remove from – удалить, изъять

insufficient to cover – недостаточный для покрытия (*расходов*)

to encourage smb to do smth – побуждать кого-то сделать что-то

in the long term (ant. in the short term) – в (отдаленном) будущем

domestic industry – национальная промышленность

to withdraw – изымать, выводить, удалять

to levy – взимать, облагать (о *налогах*)

direct (indirect) taxes- прямые (косвенные) налоги

income tax – подоходный налог

corporation tax (on profits) – налог с прибыли (доходов) корпораций

VAT (value added tax) – НДС (налог на добавленную стоимость)

customs duty – таможенная пошлина

excise duty – акцизный сбор

and then fail to spend this tax revenue – а затем не могут распорядиться (потратить) этими налоговыми поступлениями

has been substantially altered – была значительно изменена

and so dampens the spirit of enterprise – и таким образом подавляет дух предпринимательства

to make up for – компенсировать, восполнять **tax burden** – бремя налогов

Unit 8. Taxes. Fiscal Policy.

Text.1. What are taxes?

taxation -налогообложение, взимание налогов

compulsory- обязательный, принудительный

tax on income-подоходный налог

tax on wages- налог на заработную плату

tax on salary- налог на жалование служащих

tax on profits-налог на прибыль

tax on dividends- налог на дивиденды

tax on rent- налог на рентные платежи

tax on interest -налог на процентный доход

tax on capital -налог на капитал

direct taxes - прямые налоги

indirect taxes- косвенные налоги

interest payments -процентные платежи

municipal services- муниципальные услуги

to give effect - (to) осуществлять, приводить в исполнение, проводить в жизнь

welfare of the community- благосостояние общества

inequality of incomes- неравенство доходов

forms of taxes -виды налогов

treat - обращаться, обходиться

levy- облагать налогом

corporate income tax -налог на корпоративный доход

impose- облагать (*пошлиной, налогами*), налагать

double tax burden -бремя двойного налогообложения

after-tax income -доход после удержания (за вычетом) налога

stock-holder- акционер, держатель акций

personal income -личный доход

code - кодекс

tax law - налоговое законодательство

body of tax legislation - содержание налогового законодательства

Finance Act -финансовый акт

operate v (зд.)- использовать, пользоваться

tax assessments - установление налоговых ставок; определение размера облагаемого налогом дохода

return - налоговая декларация

to issue a return - выдать налоговую декларацию

Board of Inland Revenue ("Inland Revenue") -Налоговая служба Великобритании

to complete a return- заполнить налоговую декларацию

submit- представлять

annual accounts - годовой отчет; (*зд.*) финансовая отчетность

computation _ расчет, вычисление

taxable profit - налогооблагаемая прибыль

system of self-assessment -система, при которой размер облагаемого налогом дохода определяется самим налогоплательщиком

capital gains - доход от прироста капитала

foreign investment- иностранные капиталовложения

taxable permanent establishment- постоянно работающее предприятие, облагаемое налогом

tier - уровень, ярус

value-added tax (VAT)- налог на добавленную стоимость

securities - tax налог на ценные бумаги

withholding tax - налог с суммы дивидендов

audit - подвергать(ся) аудиторской проверке

tax authorities- налоговые органы

to lodge an appeal - подавать апелляционную жалобу
resident- проживающий, постоянно находящийся в стране
domicile- поселиться на постоянное место жительства
seek (sought) - искать, стремиться
mitigate - смягчать, уменьшать
double taxation -двойное налогообложение
double tax treaty -договор об избежании двойного налогообложения
arrangements- (зд.) меры, мероприятия
prevent - препятствовать, мешать, предупреждать
evasion of tax obligations - уклонение от налоговых обязательств
avoidance- уклонение
tax liability-обязательства по уплате налогов

Text 2. Financial policy

fiscal management - управление государственным бюджетом
fiscal sphere- бюджетно-налоговая сфера
notion-понятие
major guidelines -основные направления
long-term - долгосрочный
medium-term - среднесрочный
attainment- достижение (чего-л.)
current - текущий
productive forces - производительные силы
exacerbate - ухудшать(ся)
public debt- государственный долг
unsustainable- постоянный, трудно ликвидируемый
swollen - раздуть
fiscal policy- бюджетно-налоговая политика
fiscal deficit -дефицит бюджета
fiscal relations- бюджетные отношения
fiscal federalism- бюджетный федерализм
revenue-raising powers - полномочия по сбору доходов
multilevel - многоуровневый
justify- оправдывать, (зд.) считать целесообразным
public goods- общественный товар
refuse collection - сбор мусора
incidence-сфера охвата
create - создавать
to administer taxes- управлять сбором налогов

Text. Balance of payment

balance of payments- платежный баланс
current account- текущий счет

capital account- счет движения капитала
visible trade -видимая торговля
invisible trade -невидимая торговля
transfer payments -трансфертные платежи
remittance -перевод (*денежный*)
unrequited exports -некоммерческий экспорт
to settle a debt -урегулировать долг
densely - плотно, густо
balancing- сбалансированность
invisible earnings - поступления от невидимого экспорта
mercantile marine -торговый флот
offset -компенсировать, сводить на нет

GLOSSARY

active money	Money going from man and used by the people in buying and selling goods and services.
to account for	to give or be a satisfactory explanation for, to provide a satisfactory record, especially of money received or paid out
to accept	to take or receive something offered or given, especially willingly, to recognize as being true or right
to affect	to cause some result or change in, influence, to cause feelings of sorrow, anger, love, etc.
advantage	1) smth that may help one to be successful or to gain a favorable result; 2) a favorable condition resulting from a particular course of action.
to adjust	to change slightly, especially in order to make right or make

	suitable for a particular purpose or situation
to alter	to make or become different, but without changing into something else.
aggregate demand	the amount to be spent by firms and households on goods and services.
to argue	to express disagreement in words often with strong feeling, quarrel, to provide reasons for or against something, especially clearly and in proper order
to anticipate	to think likely to happen, expect, to guess or imagine in advance and take the necessary action in order to be ready
association	an organization formed by the people having the same interests and help together by a system of management .
barter	a method of trading goods and services for other goods and services without the use of money.
black economy	nonmarket economic activity which is not included in the national income accounts .
bills	financial assets to be repurchased by the original borrower within a year or less.
bond	An interest-bearing security issued by businesses and by the government for the purpose of borrowing long-term funds.
business	1) the activity of buying and selling goods and services; 2) the amount or value of trade being done; 3) a particular money-earning activity or place, such as a shop or factory; 4) one's responsibility or concern; 5) an affair or matter.
budget	a plan of how to spend money, especially during a particular period or for a particular purpose, taking account of what one will earn or receive and of what one will probably have to spend
Budget deficit	The excess of the government spending over taxation and other revenues.
capital	Refers to goods and money used to produce more goods and money.
cash	Coins and bank-notes which are in circulation in a country
circular flow of payment	flow of payments between firms to households wages for using their labour, who in their turn use money to buy goods and services which they produced in the firms.
circulation	the movement of something, such as news or money from place to place or from person to person
cheque	A means of transferring or withdrawing money from a bank or building society current account.

choice	an act of choosing or a chance to choose, a person or thing chosen, the power or to choose, variety from which to choose
clearance	Settling liabilities through the Clearing House.
to cope with	to deal successfully with different situations
Copyright	an exclusive legal right, for a certain number of years, to print, publish, record, perform, sell an original text, work of art, or part of it.
Complement goods	Those goods which you cannot use one without the other, such as cars and petrol. As the price for petrol rises, the demand for cars reduces.
communism	political and economic doctrine which says that everything must belong to the state and the government is to organize all the production.
Corporation tax	A direct tax levied by the government of the profits of businesses.
Consumer group	a small group of people living in the same place who study the prices and the quality of consumer goods sold in shops, and make the information known to public.
condition	1) a state of being or existence; 2) a state of general health, fitness, or readiness for use; 3) smth that is stated as necessary in order for smth else to happen or exist.
constraint	a) something that limits one's freedom of action; b) a forced or unnatural manner, hiding one's natural feelings and behaviour
consumer	a person who buys and uses goods and services
Consumer demand	1.the quantities of a particular good that an individual consumer wants and is able to buy as the prices varies. 2.the relationship between the quantity demanded for the good and its price.
to compete	to try to win something in competition with somebody else
competition	a test of strength, skill, ability, etc.; the act of competing, the struggle between several people or groups to win something or gain an advantage
creditors	Persons or businesses to whom an individual or firm owes money for goods or services that they have supplied but for which they have not yet been paid, or because they have made a loan
Current account	Deposit which can be withdrawn on demand and which is used by depositors to finance day-to-day personal and

	business transactions.
Deficit	the amount by which something is less than what is needed, especially the amount by which money that goes out is more than money that comes in.
demand	the desire of people for particular goods or services; the ability and willingness of people to pay for them.
depreciation	the process when assets wear out in the production process either physically or become obsolete.
depressed	low in spirits, sad and without hope, suffering from low levels of business activity, unemployment
Direct tax	A tax levied by the government on the income or property of households or business.
Discount rate	the interest rate commercial banks have to pay when they want to borrow money.
To earn	to get money by working, to get something that one deserves because of one's qualities or actions
Economic growth	measured in term of an increase in the real GNP or GDP over time or an increase in income per head over time.
goodwill	This term means such items as knowledge, contracts or reputation that can have a financial effect on a business and are measured in financial terms.
economies	a science that analyzes what, how, and for whom society produces.
Efficiency	a state or quality of being able to produce a good result; the state of working well, quickly and without waste
to ensure	to make something certain to happen.
To employ	to use the services of a person or group to perform work in return for payment; to give a job to smb.
to emphasize	to give special force or attention given to something to show that it is particularly important.
to explain	to make something clear or easy to understand, usually by speaking or writing
environment	1) the physical and social conditions in which people live, especially as they influence their feelings and development; 2) the natural conditions such as air, water and land, in which people, animals and plants live.
Excess supply	a situation in which, at a certain price, the quantity of a good demanded by buyers is less than the quantity supplied by producers.
Excise duty	an indirect tax levied by the government on certain goods

	typically tobacco, oil, and alcoholic drink.
to expand	to increase in size, number, volume, degree; to make more detailed by addition.
to enable	to make able, give the power, means or right to do something, to make possible.
equipment	the set of things needed for a particular activity, especially an activity of practical or technical kind.
equilibrium	a state of balance between opposing forces, weights, influences; 2. balance of the mind, emotions.
expenses	the money used or needed for a purpose.
expenditures	an amount of money spent.
Exchange rate	the price of one currency in terms of some other currency , for instance, the price at which dollars might be exchanged to pounds.
Factors of production	resources used by firms as inputs for a good or service to be produced.
farming	the practice or business of being in charge of or working on the land for growing crops, raising animals.
fee	an amount paid for professional service or advice(as a doctor, lawyer, etc.)
Fiscal policy	an instrument of demand management which is used to influence the level of economic activity in an economy through the control of taxation and government expenditure.
To follow	to come, arrive, go or leave, move behind in the same direction; to happen, take place or come directly after something.
Foreign exchange market	a market where foreign currencies are sold and bought either through private exchange dealers or a country's central bank
household	a group of people who make economic decisions together.
hyperinflation	If the rise in prices is very large and quick, the situation is known as hyperinflation.
GDP	Gross domestic product is the total money value of all final goods produced in the domestic economy over a one year period.
GNP	Gross national product is the total money value of all final goods and services in an economy over a one year period and plus property income from abroad.
Government spending	the sum government purchases of goods and services and transfer payments.

Inferior goods	a good for which demand falls when incomes rise.
inflation	the rate of a continuing rise in prices, the act of inflating or state of being inflated.
Inflationary spiral	The rise in wages being high enough to raise costs of production, prices grow further resulting in a higher rate of inflation and, finally in an inflationary spiral.
Intermediate goods	Goods can be defined as finished goods used for producing other goods.
inputs	the factors of production(land, labour, capital, materials) that are put into a business to produce goods and services.
improvement	the act or the state of making better, bringing to a better or more acceptable state, getting better.
to implement a policy	to carry out or put into practice a course of action for dealing with a particular matter or situation, especially as chosen by a political party, government, etc.
To impose	to establish an additional payment officially
Indirect tax	A tax levied by the government on goods and services in order to raise revenue, such VAT and excise duty, sales tax.
investment	the state of putting money to a particular use by buying shares in a business in order to make profit
income	Money of all kinds coming in regularly to a person, family or organization.
Income elasticity of demand	the relationship between price, income, and quantity.
Income tax	A direct tax levied by the government on the income (wages, rent, dividends) received by households.
To include	to have as a part, contain in addition to other parts
To influence	to have an effect on a person or behaviour. Especially in causing or persuading someone, to act in a particular way but without the use of direct force or command.
labour	An effort needed to satisfy human needs.
Labour force	Included all people within the nation who are available for work, that is the working population.
Lease	a written legal agreement by which the use of a building or piece of land is given by its owner to someone for a certain time in return for rent.
lender	a person or institution that makes a loan to a borrower in

	order to finance the latter's consumption or investment.
liability	A form of debt, for instance, a loan.
liquidity	determined by the speed and certainty with which an asset can be converted into cash in order to be used as means of payments.
loan	a sum of money which is borrowed by a person or business from another person or business, a bank particular, and which is to be repaid within a certain period of time with interest.
Management	1) the act or practice of managing, especially of managing a business or money; 2) the people in charge of a company or industry.
Marginal utility	the additional utility obtained from consuming an additional unit of good.
Marginal cost	The increase in total cost when one additional unit of output is produced.
Marginal revenue	The corresponding change in total revenue from selling one more unit of output.
market	the process by which production and consumption are coordinated through prices.
Market demand	the quantities of a good that all consumers in a particular market want and are able to buy as price varies.
Market supply	defined in term of the alternative quantities of a commodity all firms in a particular market offer as price varies and as all other factors are assumed constant.
To manufacture	to make or produce, especially by machinery or other industrial processes and usually in large quantities.
Means of production	The same as factors of production
To meet requirements	to satisfy smth that is needed or that is demanded as necessary.
Middle price	The price for foreign currency or commodity which lies halfway between the actual buying price and the actual selling price quoted by dealers.
Mining	The action or industry of getting minerals out of the earth by digging.
Mixed economy	an economic system in which some industries are owned by the state and others owned by the private persons and firms.
Monetary policy	the control by the government of a country's currency and its system for lending and borrowing money through money supply in order to control the level of spending in the

	economy.
money	money which one receives regularly, usually as payment for one's work or interest from investments
Money supply	The whole amount of money in an economy.
National income	The GNP minus depreciation.
Non-renewable resources	resources which are exhausted in production process.
Normal goods	a good for which demand increases when income rises.
To obtain	to get, to become the owner of, especially by means of effort or planning
to occur	to take place, happen especially of unplanned events, to be found, exist
Opportunity costs	the amount an input can obtain in its alternative use.
particular	a) deserving special notice or attention, unusual; b) single and different from others, considered separately
to participate	to take part or have a share in an activity or event.
patent	An official document that gives the holder the sole right to make, use or sell an invention and prevents others from copying it, usually for a fixed period.
pay	This general term means money given to an employee by the an employer in return for work.
permanent	lasting or intended to last for a long time or forever.
producer	1. a person, company or country that produces goods, food or materials; 2. a person who has general control especially of the money for a play, film or broadcast but who doesn't direct the actors.
Production costs	The costs of making factor input into higher value outputs of goods and services.
profit	1. money gained by trade or business, advantage gained from some action, to be of advantage to somebody 2. revenue minus costs
to promote	to give somebody a higher position or rank, to help actively in forming or arranging; to bring goods to public notice in order to encourage people to buy.
Public goods	Those goods that even they are consumed by one person, can

	still be consumed by other people.
preferences	<ol style="list-style-type: none"> 1.the act of preferring. 2.the state of being preferred. 3.that which is preferred; choice: His preference is vanilla, not chocolate. 4.a practical advantage given to one over others. 5.a prior right or claim, as to payment of dividends or to assets upon dissolution. 4. synonyms-selection, pick, choice.
ratio	a figure showing the number of times one quantity contains another, used to show the relationship between two amounts.
resources	the things or services that are used to produce goods which can satisfy people's demands.
Reserve requirements	the minimum ratio of cash reserves to deposits that banks must hold.
responsibility	the condition or quality of having the duty of looking after someone or something so that one can be blamed if things go wrong.
rent	a sum of money paid regularly for the use of a room, building, television set, piece of land.
to retail	to sell the goods in shops to customers for their own use and not for selling to anyone else.
revenue	income, especially that which the government receives as tax
salary	A regular fixed payment for work or services, especially when clerical or professional, which is paid at longer intervals, often monthly.
Sales tax	An indirect tax which is based on the difference between the value of the output over the value of the input used to produce it.
shortage	a condition of having less than is needed; an amount lacking.
stock	A document showing a fixed unit of a company's share capital that provides a profit related to the total profits of the company. Owners of this document also have the voting rights.
Stock exchange	A market where company stocks and shares as well as government bonds are bought and sold.
Stock –in-trade	the goods or services that a business has for sale at a given time.
subsidy	A money given by a government to some producers, for example farmers, to help them to produce at a low price the

	goods or services needed by the public.
subvention	To be money given by the government , a person or organization to help somebody do smth for the good of the public, for example, in education or science.
securities	Means of borrowing money and raising new capital issued by companies, financial institutions, governments.
supply	the quantity of a good that sellers wish to sell at each prices.
surplus	an amount additional to what is needed or used.
swap	process of exchanging one kind of financial asset or liability fro another.
tastes	In economics, in the sense of attitudes toward different goods
Tax burden	The total amount of taxation paid by the population of a country in the form on income tax, corporation tax, VAT and etc.
Tax rates	The percentage rate at which a tax is levied on income or expenses.
Tax revenue	The money raised by the government through imposing taxation.
Taxable income	The amount of an individual's income on which a tax is levied.
trademark	A name or symbol that is used on the products of a particular company.
To transfer	1) to move from one place, job, position to another; 2) to move or change from one vehicle to another in the course of journey.
Transfer payment	Payment by the government, for which no corresponding service is provided in return.
tenant	a person who pays rent for the use of a room, building, land.
utility	An economic term referring to the total satisfaction received from consuming a good or service. b) A company that generates, transmits and/or distributes electricity, water and/or gas from facilities that it owns and/or operates.
value	1) the usefulness, helpfulness or importance of smth., especially in comparison with other things; 2) the worth of smth in money or as compared with other goods for which it might be exchanged
VAT	Value added taxis a form of indirect tax which included in the selling price of a product and which is eventually paid by consumers.
To vary	a) to be different, to have qualities that are not the same as

	each other; b) to become different, change, especially continually
wages	a payment made for work done calculated by the hour, day or week or by the amount produced and usually received daily, weekly or monthly.
wholesale	the business of selling goods in large quantities, especially to shopkeepers, usually at low prices.

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