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ENGLISH

FOR ECONOMISTS AND BUSINESS MEN

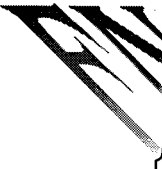


•Вища школа•

ENGLISH
FOR ECONOMISTS
AND
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MEN

АНГЛІЙСЬКА
ДЛЯ
ЕКОНОМІСТІВ
І БІЗНЕСМЕНІВ





ENGLISH
FOR ECONOMISTS
AND
BUSINESS
MEN

Edited by Academician
V. K. Shpak

For students
of economic departments
of universities

Kyiv
“Vyšča Škola”
2006

АНГЛІЙСЬКА

ДЛЯ ЕКОНОМІСТІВ І БІЗНЕСМЕНІВ

*За редакцією академіка
В. К. Шпака*

*Допущено Міністерством
освіти і науки України*

Підручник
для студентів економічних
спеціальностей вищих
навчальних закладів

Київ
«Вища школа»
2006

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А64 **Англійська для економістів і бізнесменів: Під-**
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Мета підручника — забезпечити розвиток навичок роботи з фаховою літературою та усного мовлення на теми, передбачені програмою з іноземних мов для економічних факультетів вищих навчальних закладів. Складається з 32 уроків і тематичного словника. Система вправ забезпечує швидке й ефективне засвоєння студентами необхідних знань і вироблення стійких навичок фахової, усної та письмової, комунікації, роботи з англійською економічною літературою.

Для студентів економічних спеціальностей вищих навчальних закладів.

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2004

ПЕРЕДМОВА

Існуючі до цього часу типові програми з іноземних мов для немовних вищих навчальних закладів та підручники й посібники для студентів економічних спеціальностей мають за мету лише розвиток навичок читання і перекладу фахової літератури іноземною мовою за допомогою словника. Слід зазначити, що багато з цих видань морально застаріли і не відповідають вимогам до зрослого рівня економічних знань.

Сучасний стан розвитку зовнішньоекономічних зв'язків потребує якісно нового підходу не тільки до проблем вивчення економіки взагалі, а й до мовної підготовки майбутнього економіста, якого вже не можна уявити без належного володіння іноземною мовою. Саме цей підхід зумовив структуру цього підручника, укладеного за принципами: від простого — до складного; від відомого — до невідомого (теоретичні знання, засвоєні студентами на заняттях з економічних теорій, бухгалтерського обліку тощо, закріплюються та поповнюються на заняттях з англійської мови за цим підручником); орієнтація на найновітніші досягнення світової економіки (підручник містить тексти з різних зарубіжних джерел, що стосуються проблем економічних теорій, прикладної економіки, західноєвропейської та американської мікро- і макроекономіки).

Широким є тематичний діапазон уроків. Вони охоплюють велике коло проблем розвитку науки, важливих для нинішнього стану народного господарства України.

Підручник розрахований на студентів I—III курсів економічних спеціальностей вищих навчальних закладів.

Мета його — розвиток навичок усного мовлення та робота з фаховою літературою. Цій меті підпорядковано структуру завдань кожного уроку: прочитати та вивчити нові слова і словосполучення; дібрати англійські еквіваленти до поданих слів і виразів; виконати вправи на підстановку пропущених слів у реченнях; прочитати та перекласти тематичний текст; відповісти на запитання; дати визначення словам; перекласти речення англійською мовою; інсценізувати тематичні діалоги, створити діалоги на базі нової лексики,

закріпленої в попередніх вправах; створити тематичні ситуації, максимально наближені до практичних (вихід засвоєного лексичного матеріалу в реальну фахову розмову), тощо.

Тексти служать не тільки для розвитку навичок читання та перекладу фахової літератури, а й несуть у собі нову важливу інформацію, необхідну для сучасного економіста. Кожен урок побудовано за принципом усного випередження. Перш ніж розпочати роботу над текстом, потрібно виконати усні та письмові тренувальні вправи на закріплення лексики і на розвиток навичок усного мовлення. Після цього текст буде логічним продовженням теми, що дасть змогу студентам використати матеріали в подальшій усній розмовній практиці.

У кінці підручника подано словник термінів і словосполучень з економічних спеціальностей, що вживаються в текстах уроків.

Підручником можуть з успіхом користуватися як студенти, аспіранти економічних спеціальностей вищих закладів освіти, так і всі, хто працює у сфері економіки, бізнесу, менеджменту зовнішньоекономічної діяльності підприємств.

У підручнику використано адаптовані текстові матеріали таких зарубіжних видань:

The Macro Economy Today/Ed. by Bradley R.Schiller. — N.Y.:Mc. Graw — Hill, Inc., 1991.

Applied Economics. A Programm of Junior Achievements. — Colorado: Junior Achievement Inc.,1990.

Contemporary Economics/Ed. by James R.Kearl. — Clenvien; Illinois; Boston; London: Scott, Foresman and Co., 1989.

Lesson 1

WHAT IS ECONOMICS?

I. Read and memorize the following words, word-combinations and word-groups:

scarcity — недостатня кількість, брак чогось

e.g. Every society is faced with identical problem, the problem of scarcity.

to make choice — зробити вибір

e.g. Everyone goes through life having to make choices.

resources — ресурси

to satisfy one's wants — задовольняти чийсь потреби

e.g. Human wants are unlimited, but the resources necessary to satisfy those wants are limited.

individual consumer — окремий споживач

e.g. Microeconomics is the study of individual consumers and the business firms.

to be faced with the problem — стикатися з проблемою

opportunity costs — можливі витрати

e.g. Business is faced with the problem of choices and opportunity costs.

private ownership — приватна власність

profit — прибуток

e.g. Private ownership gives people the incentive to use their property to produce things that will sell and earn them a profit.

II. Give English equivalents of the following:

приватна власність

прибуток

можливі витрати

недостатня кількість

окремий споживач

досягти мети

зробити вибір

задовольняти чийсь потреби

ресурси

витрачати гроші

стикатися з проблемою

виробляти товари

III. Fill in the blanks with appropriate words:

1. Everyone goes through life having to make | scarcity
2. The price paid for the use of land is called | wages

- | | |
|---|--|
| <ol style="list-style-type: none"> 3. The price paid for the use of labor is called 4. Traditional economic ... are usually found in the more remote areas of the world. 5. Payment for the use of someone else's money, or capital, is called 6. ... exists because human wants are virtually unlimited, whereas the necessities to satisfy those wants are limited. 7. The ... or factors of production as they are called, are land, labor, capital and entrepreneurship. | <p>interest
rent
choices
systems
resources</p> |
|---|--|

IV. Read and translate the text:

Human wants are unlimited, but the resources necessary to satisfy those wants are limited. Thus, every society is faced with the identical problem, the problem of scarcity. Since there is not enough of everything to go around, everyone — individuals, business firms, and government — needs to make choices from among the things they want. In the process they will try to economize, to get the most from what they have. With this in mind we can define economics as the social science that describes and analyzes choices from among scarce resources to satisfy its wants. The need to choose is imposed on us by our income, wealth and ability to borrow.

The food you eat, the home you live in, the clothes you wear, and the way you spend your leisure time are all affected, in part, by economic forces. The study of economics will help you to live a fuller life. Economic forces also affect decisions in the world of business. The more you know about the subject, the better career decisions you will be able to make.

The development of modern economics began in the 17th century. Since that time economists have developed methods for studying and explaining how individuals, business and nations use their available economic resources. Large corporations use economists to study the way they do business and to suggest methods for making more efficient use of their employees, equipment, factories, and other resources.

Economists have two ways of looking at economics and the economy. One is macro approach, and the other is the micro. Macroeconomics is the study of the economy as a whole. Microeconomics is the study of individual consumers and the business firm.

The resources that go into the creation of goods and services are called the factors of production. The factors of production include natural resources, human resources, capital and

entrepreneurship. Each factor of production has a place in our economic system, and each has a particular function. Our country is rich in natural resources. Economists also use the term «land» when they speak of natural resources as a factor of production.

The price paid for the use of land is called rent. Rent becomes income to the owner of the land. Economists call the physical and mental effort that people put into the creation of goods and services labor or human resources.

The price paid for the use of labor is called wages. Wages represent income to workers, who own their labor.

Capital is something created by people to produce other goods and services. A factory, tools and machines are capital resources. The term capital is often used by business people to refer to money they can use to buy factories, machinery and other similar productive resources.

Payment for the use of someone else's money, or capital is called interest.

Closely associated with labor is the concept of entrepreneurship, the managerial or organizational skills used by most firms to produce goods and services. The reward to entrepreneurs for the risks, innovative ideas and efforts that they have put into the business are profits, whatever remains after the owners of land, labor and capital have received their payments.

In exercising the choices imposed upon individuals, business firms and governments by their unlimited wants and limited resources, every society must come to grips with the fundamental economic questions:

- What goods and services are to be produced?
- How are they to be produced?
- Who will receive them?

The way in which a society goes about answering these fundamental questions is known as its economic system. Economic systems may be classified as traditional, command or market systems. As the names suggest, resources are allocated (distributed) in a traditional economy in accordance with tradition and in a command economy by government planners. Resources in a market economy are allocated in accordance with the laws of supply and demand (pp.1—10).*

* В уроках 1–17 подано посилання на видання: *Applied Economics. A Programm of Junior Achievements.* — Colorado: Junior Achievement Inc., 1990.

V. Answer the following questions:

1. Why must all societies deal with scarcity?
2. What is rent?
3. How can we define the term «economics»?
4. What is wages?
5. Why is the need to choose imposed on us?
6. What is interest?
7. What is microeconomics?
8. What is macroeconomics?
9. When did the development of modern economics begin?
10. What questions must every society provide answers to?
11. How do you understand the term «factors of production»?

VI. Define the terms:

economics	capital
interest	microeconomics
macroeconomics	wages
profit	labor and human resources

VII. Translate into English:

1. Бажання людини безмежні, а кошти, необхідні для здійснення цих бажань, надто обмежені. 2. Перед кожним суспільством постає проблема нестатку. 3. Економічні чинники впливають на рішення у світі бізнесу. 4. Ресурси, необхідні для утворення товарів і послуг, називають чинниками виробництва. 5. Заробітна плата — це та винагорода, яку отримують робітники за свою працю. 6. Купуючи фабрики, машини та інші засоби виробництва, ділові люди часто живляють термін «капітал». 7. Економіка — це наука, яка описує та аналізує вибір з-поміж недостатніх ресурсів, які мають задовольнити потреби населення. 8. Кожний чинник виробництва має місце в нашій економічній системі і кожний виконує відповідну функцію.

VIII. Read and dramatize the following dialogue:

P.: Hello, Bob!

B.: Oh, Peter, glad to see you. Haven't seen you for a long time. What have you been busy with, and what are you doing now?

P.: I'm a student of the Kyiv University. And what about you?

B.: You know, when I received my school leaving certificate, I decided to work at a plant and get a speciality.

P.: What speciality have you got?

B.: I'm a fitter now, I get good wages and I can support my mother. And now that I have become a skilled worker

I think already I can combine my job with studies by taking correspondence courses or attending the evening faculty of an institute.

P.: What institute do you want to enter?

B.: I have thought about the Cherkassy Engineering and Technological Institute, but I haven't yet decided. I'd like to become an economist.

P.: Is it really interesting for you?

B.: Oh, yes, of course. I know that the studying of economics will help us to understand the economic forces better and enable us to live a fuller life.

P.: Do you know what is the basic economic problem?

B.: I think I do. The central problem of economics is to determine the most efficient ways to allocate the factors of scarcity created by society's unlimited wants and limited resources.

P.: But in doing so, every society must provide answers to the following three questions:

— What goods and services are to be produced and in what qualities are they to be produced?

— How are those goods and services to be produced?

— Who will receive and consume (get to use) those goods and services?

B.: You are right. The way in which a society goes about answering these fundamental questions is known as its economic system. I'd like to study the economic system of our country.

P.: Now I understand you and I hope you will enter the institute and become a very good economist.

B.: Well, I am a bit hungry, why don't we have a snack together?

P.: Good idea. Let's go and have a snack in the cafe.

IX. Make up your own dialogue using the following expressions and word-combinations:

a limit to the resources

the problem of scarcity

to make choices

to purchase goods and services

to pay opportunity costs

economic forces

factors of production

the basic economic problem

X. Inform the group about your activities and find out if he or she does the same:

M o d e l : I decide to become an economist. And what about him? (too) He decides to become an economist too.

1. I pay for the use of land. And what about her? (regularly)
2. I negotiate a sale. And what about her? (too)
3. I want to know more about the subject. And what about him? (too)
4. I need to make choices from among the things I want. And what about her? (from time to time)
5. I expect you to use your property to produce things that will sell and earn you a profit. And what about him? (too)

XI. Express doubt concerning the truth of the following statements:

Model: He understands your question.

I'm afraid he doesn't understand your question.

1. You know his decision. 2. Everyone goes through life having to make choices. 3. Economic forces affect decisions in the world of business. 4. Large corporations use economists to study the way they do business and to suggest methods for making more efficient use of their equipment, factories, and other resources. 5. Each factor of production has a place in our economic system. 6. The study of economics helped me to understand the economic forces better.

XII. Ask about the following as in the model:

Model: Ask your friend if he knows what is the basic economic problem. Do you know what is the basic economic problem?

1. Ask your friend if John knows the answers to the fundamental economic questions. 2. Ask your friend if rent becomes income to the owner of the land. 3. Ask your friend if he wants to study economics. 4. Ask your friend if economic forces affect decisions in the world of business. 5. Ask your friend if the resources go into the creation of goods and services.

XIII. Translate into English:

1. Приватна власність дає людям стимул використовувати свою власність для отримання прибутку. 2. Економіка — це наука, яка вивчає специфіку розвитку економічних відносин в окремих сферах народного господарства. 3. Відношення власності на засоби виробництва утворюють основу економіки. 4. Мені цікаво знати, чи впливають економічні чинники на рішення у світі бізнесу. 5. Вивчення економіки дає мені можливість краще орієнтуватися в бізнесі. 6. Заробітна плата — це грошова винагорода за використану працю.

XIV. Communicative situations:

1. Assume that you have just received your first paycheck of \$135. Describe how the concepts of scarcity, opportunity costs, and the need to make choices will affect the way in which you spend your money.

2. If all people could have anything they wanted simply by rubbing a magic lantern, there would be no need to study economics. Explain this statement.

3. Suppose the United States Government decided to send every man, woman and child living in Ukraine a package containing 10,000 crisp new \$10 bills. What effect would this have on us all?

Lesson 2

THE AMERICAN ECONOMIC SYSTEM

I. Read and memorize following words, word-combinations and word-groups:

a pillar — опора, стовп

e.g. There are three «pillars» of economic system: private property, the price system and competition.

to use one's assets — використовувати (чиє-небудь) майно

e.g. According to the right to private property the owners of natural resources and capital can use their assets as efficiently as they can.

economic incentives — економічні стимули

e.g. Economic incentives influence our decisions about what and where to buy.

to switch one's deposits from one bank to another —

переводити депозити з одного банку в інший

to receive higher interest rates — одержувати вищі відсотки

за вкладом

e.g. Savers will switch their deposits from one bank to another to receive higher interest rates.

profit motive — мотив прибутку

e.g. The profit motive is the force that drives our economic system.

entrepreneur — підприємець

e.g. Profits drive entrepreneurs to risk capital, hire employees and purchase the things they need to produce goods and services.

to set the price — встановити ціну

e.g. Monopolies can set the price at which their goods are sold.

gross national product — валовий національний продукт

e.g. The total value of the goods and services produced by the economy in a single year is called the gross national product (GNP).

household — домашнє господарство; сім'я

e.g. We live in what economists like to call households.

II. Give English equivalents of the following:

економічні стимули

підприємець

кінцевий продукт

обмежувати діяльність

опора

використовувати (чиє-небудь)

майно

приймати рішення

домашнє господарство

стабільні ціни

наймати на роботу

валовий національний продукт

III. Fill in the blanks with appropriate words:

1. Property owners know they will make ... if they can produce goods and services that buyers want, at ... they are willing to pay.
2. Government in America functions at three
3. In our economic lives we spend ... to buy the things we want.
4. Price stability refers to time during which ... remain constant.
5. As a national goal, economic efficiency refers to the entire economy's ability to get the most out of its limited
6. ... are people who use goods and services to satisfy their wants.
7. The price system provides ... to the fundamental questions of what goods and services will be produced, how they will be produced, and who will receive them.

money
resources
a profit
the answers
prices
consumers
levels
a price

IV. Read and translate the text:

The «pillars» of economic system are private property, the price system and competition.

The right to private property gives the owners of natural resources and capital the incentive to use their assets as they can. The price system provides the answers to the fundamental questions of: «What goods and services will be produced?»; «How they will be produced?» and «Who will receive them?». Competition refers to the rivalry among buyers and among sellers.

Economic incentives influence our decisions about what and where to buy. The desire to achieve the greatest profit for our efforts is the principal economic incentive in the American and other market economies. Economists refer to this as economic self-interest.

Profits are what remains after the costs of production have been deducted from sales. The quest for profits, or the profit motive, as it is often called, is the force that drives our economic system.

People in business buy or sell land or other natural resources if they think they can profit from the transaction. They also put those resources to use in such a way as to make the greatest profit. Profits affect the allocation of labor, influence the allocation of capital resources. Profits drive entrepreneurs to risk capital, hire employees and purchase the things they need to produce goods and services. Profits also provide the incentive to improve products, reduce costs and outsell the competition.

Government in America functions at three levels:

federal, state and local.

Governments

— compel people to sell their property for public use through the power of eminent domain;

— decide who may sell electric power in a geographic region;

— control which medicines may be sold commercially;

— licence certain businesses (such as banks, barber shops, taxi cabs and restaurants);

— pay dairy farmers for not producing as much milk as they can;

— forbid export of certain machinery to specific foreign countries;

— establish the minimum wages employers must pay;

— issue permits for and inspect construction of homes and buildings.

The following economic responsibilities are best fulfilled by government:

— safeguarding the market system;

— providing public goods and services;

- dealing with externalities;
- assisting those in need;
- helping specific groups;
- stabilizing the economy.

The gross national product, or GNP, is the total value of all the goods and services produced by the American economy in a single year. Government transfer payments, payments like Social Security benefits, pensions, welfare, and interest on government debt represent a significant percentage of GNP.

In order to calculate the GNP, government economists add the amounts that were spent by the three elements of the economy (households, business and government) to purchase the finished products. We can express this mathematically as $C + I + G = \text{GNP}$, where:

- C — consumer household spending;
- I — investment, or business;
- G — government purchases of goods and services (pp.11—22)*.

V. Answer the following questions:

1. What are the «pillars» of economic system?
2. What does the right to private property give the owners of natural resources and capital?
3. How do prices influence American economic system? Give your own examples.
4. What does competition refer to?
5. How do you understand the term «profits».
6. What is the force that drives our economic system?
7. What is the role of profits in the economic system?
8. What economic responsibilities are best fulfilled by government?
9. What is «the gross national product»?

VI. Define the terms:

competition	GNP
economic self-interest	consumers
profit motive	profit
private property	price system

VII. Translate into English:

1. Приватна власність, цінова система, конкуренція — головні «опори» економічної системи. 2. Цінова система відповідає на такі питання: а) які товари та послуги виробля-

тимуться? б) як їх вироблятимуть? в) хто їх отримуватиме?
3. Економічні стимули впливають на наше рішення, що і де купити. 4. Бізнесмени купують або продають землю чи інші природні ресурси, якщо сподіваються на прибуток від цієї угоди. 5. Валовий національний продукт — це загальна вартість усіх товарів і послуг, вироблених за один рік. 6. Для того щоб купити щось, треба мати гроші. 7. Споживачі — це люди, які користуються товарами та послугами для задоволення своїх потреб.

VIII. Read and dramatize the following dialogue:

Mary (a student): Would it be troubling you too much, Mr. Brown, if I ask you some questions about economics?

Mr. Brown (an American teacher of economics): Not at all, dear. I'll answer all your questions with great pleasure, but what particulars are you interested in?

M.: I'm mostly interested in everything concerning the American economic system.

Mr. B.: Well, ask your questions and I'll do my best to satisfy you.

M.: Thank you. First of all I should like to know what is Adam Smith and why is he considered «the father of modern economics»?

Mr. B.: Well, you see, 1776' the year that we associate with the signing of the Declaration of Independence, also marked the publication in England of one of the most influential books of our time «The Wealth of Nations» written by Adam Smith. It earned the author the title «The father of economics».

M.: Did he describe the principal elements of the economic system in this book?

Mr. B.: Yes, he did. He differed with the physiocrats who argued that land was the only source of wealth. He also disagreed with the mercantilists who measured the wealth of a nation by its money supply, and who called for government regulation of the economy in order to promote a «favorable balance of trade».

M.: In Smith's view a nation's wealth was dependent upon production, not agriculture alone, wasn't it?

Mr. B.: Yes, it was. How much it produced, he believed, depended upon how well it combined labor and the other factors of production. The more efficient the combination, the greater the output, and the greater the nation's wealth.

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М. ВІННИЦЯ

The heart of Smith's economic philosophy was his belief that the economy would work best if left to function on its own without government regulation. In those circumstances, self-interest would lead business firms to produce only those products that consumers wanted and to produce them at the lowest possible cost. They would do this, not as a means of benefitting society, but in an effort to outperform their competitors and gain the greatest profit. But all this self-interest would benefit society as a whole by providing it with more and better goods and services, at the lowest prices.

M.: Now, I know why Adam Smith is considered «the father of economics». I think that the other sections dealing with the factors of production, money and international trade are as meaningful today as when they were first written.

Mr. B.: Yes, of course. Adam Smith gave the best description of the principles upon which our economic systems are based.

IX. Make your own dialogue using the following words, expressions and word-combinations:

the role of government
price system
private property
gross national product

free enterprise
the American economic system
competition

X. Open the brackets using the Present Indefinite Tense in the Passive Voice:

M o d e l: Every society (to face) with the identical problem of scarcity.

Every society is faced with the identical problem of scarcity.

1. Human wants (to unlimit), but the resources necessary to satisfy those wants (to limit). 2. The total value of the goods and services produced by the economy in a single year (to call) the gross national product (GNP). 3. Mr. Redd (to offer) an excellent price for selling his land. 4. The term capital (to use) often by business people. 5. Monopolies can set the price at which their goods (to sell).

XI. Read and change the sentences according to the model:

Model: Adam Smith describes the principal elements of the economic system in his book «The Wealth of Nations».

The principal elements of the economic system are described by Adam Smith in his book «The Wealth of Nations».

1. Everything concerning the American economic system interests me. 2. They consider Adam Smith «the father of modern economics». 3. Economic incentives influence our decisions about what and where to buy. 4. Economic forces affect decisions in the world of business. 5. Prices direct market economies.

XII. Translate into English:

1. Рентою називають ціну за користування землею. 2. Термін «капітал» часто вживається бізнесменами. 3. Економічні системи можуть бути класифіковані як традиційні, загальні та ринкові. 4. Людей, які користуються товарами та послугами для задоволення своїх потреб, називають споживачами. 5. Загальна вартість усіх товарів і послуг за один рік називається валовим національним продуктом.

XIII. Communicative situations:

Marta Redd owns a 10-acre plot of ground at the eastern edge of town. It is next to an area that is «going commercial». Last month Ms. Redd was offered an excellent price for selling her land to the Blue Manufacturing Company. Blue wanted to erect a new plant on the land. Ms. Redd knew that if she sold her acreage to the firm she would receive more than if she continued to lease it to Frank White, a farmer who is presently growing vegetables on the land.

a) Why did Blue Manufacturing want to buy Ms. Redd's land?

b) Why is Redd likely to accept Blue's offer?

c) How will these events affect White?

d) Explain how the story illustrates the ways that the opportunity cost of land, profits, and the profit motive affect the use of land.

e) Describe a situation in which the profit motive would affect the use of another productive resource (labor, capital, or entrepreneurship).

Lesson 3

SUPPLY, DEMAND AND MARKET PRICES

I. Read and memorize the following words, word-combinations and word-groups:

market economy — ринкова економіка

price — ціна

e.g. Market economies are directed by prices.

to ration — розподіляти, нормувати, видавати

e.g. Prices ration scarce resources, and they motivate production.

to attend an auction — відвідувати аукціон

e.g. Did you ever attend an auction?

rationing effect — раціональний вплив

e.g. What you saw at the auction was the rationing effect of prices.

items for sale — товари для продажу

bidder — покупець на аукціоні

e.g. The person leading the sale (the «auctioneer») offered individual items for sale to the highest bidder.

to drive out of the market — витіснити з ринку

e.g. Price decreases drive producers out of the market.

the level of output — рівень виробництва

e.g. Prices encourage producers to increase or decrease their level of output.

the law of demand — закон попиту

quantity of goods and services — кількість товарів і послуг

e.g. The law of demand describes the relationship between prices and the quantity of goods and services that would be purchased at each price.

elasticity — еластичність; гнучкість

e.g. Elasticity describes how much a change in price affects the quantity demanded.

supply — постачання; пропозиція

e.g. Supply refers to the number of items that sellers will offer for sale at different prices at a particular time and place.

II. Give English equivalents of the following:

покупець на аукціоні

еластичність

вартість продукції

взаємодія

закон пропозиції

закон попиту

кількість товарів і послуг
зміни в постачанні
відвідувати аукціон

ринкова ціна
товари для продажу
рівень виробництва

III. Fill in the blanks with appropriate words:

1. Economists often use ... to illustrate and explain their work.
2. Market economics are directed by
3. ... is a consumer's willingness and ability to buy a product or service at a particular time and place.
4. More people can afford to buy ... at a lower price than at a higher price.
5. Buyers and sellers have full knowledge of the prices price quoted in the
6. In some countries prices are set by the
7. Many ... who are concerned about the environment are refusing to buy soft drinks in plastics.
8. ... will offer more of a product at a higher price and less at a lower price.

prices
sellers
demand
tables and graphs
consumers
market
auction
an item

IV. Read and translate the text:

Market economies are directed by prices. Prices ration scarce resources, and they motivate production. As a general rule, the more scarce something is, the higher its price will be, and the fewer people will want to buy it. Economists describe this as the rationing effect of prices.

Prices encourage producers to increase or decrease their level of output. Economists refer to this as the production-motivating function of prices. Prices send out «signals» to buyers and sellers, keeping the economy responsive to the forces of supply and demand.

In a free market economy, prices are determined by the interaction of the forces of supply and demand. Perfectly competitive markets are those in which many buyers and sellers, with full knowledge of market conditions, buy and sell products that are identical to one another.

Demand is a consumer's willingness and ability to buy a product or service at a particular time and place. If you would love to own a new pair of athletic shoes but can't afford them, economists would describe that your feeling as desire, not demand. If, however, you had the money and were

ready to spend it on shoes, you would be included in their demand calculations.

The law of demand describes the relationship between prices and the quantity of goods and services that would be purchased at each price. It says that all else being equal, more items will be sold at a lower price than at a higher price.

The degree to which price changes affect demand will depend upon the elasticity of demand for a particular item.

If total revenue increased following a price decrease, demand would be elastic. If the price decrease led to a decrease in total revenue, the demand for the item would be described as inelastic.

The demand for some goods and services will be inelastic for one or more of the following reasons:

- They are necessities.
- It is difficult to find substitutes.
- They are relatively inexpensive.
- It is difficult to delay a purchase.

Sometimes things happen that change the demand for an item at each and every price. When this occurs, we have an increase or a decrease in demand.

Supply, which is the quantity of goods or services that sellers offer for sale at all possible prices at a particular time and place, varies directly with price. In other words, at a higher price, more goods and services will be offered for sale than at a lower one, and vice versa.

The price at which goods and services actually change hands is known as the equilibrium, or market price. It is the point at which the quantity demanded exactly equals the quantity supplied. Market price can be represented graphically as the point of intersection of the supply and demand curves.

Shifts in demand or supply will affect market price. When everything else is held constant, an increase in demand will result in an increase in market price, and vice versa. Similarly, an increase in supply will result in a decrease in price, and vice versa.

The market price is the only price that can exist for any length of time under perfect competition conditions. Perfect competition exists when the following conditions prevail:

- Buyers and sellers have full knowledge of the prices quoted in the market.
- There are many buyers and sellers so that no individual or group can control prices.

— The products are identical with one another. Therefore, it would not make sense for buyers to pay more than the market price, nor for sellers to accept less.

— Buyers and sellers are free to enter or leave the market at will (pp.23 — 34).

V. Answer the following questions:

1. What is the rationing effect of prices?
2. What are the functions of prices?
3. How are prices determined in a free market economy?
4. What causes prices to rise and fall in a market economy?
5. What is demand?
6. What does the law of demand describe?
7. When is demand described as elastic?
8. Why is the demand for some goods and services inelastic?
9. What does supply refer to?
10. What is equilibrium or market price?

VI. Define the terms:

market price

rationing effect of prices

perfectly competitive markets

production-motivating function of prices

demand

buyers

sellers

VII. Translate into English:

1. Ціни управляють ринковою економікою. 2. Ціни спонукають виробників до збільшення або зниження рівня випуску товарів. 3. У вільній ринковій економіці ціни визначаються взаємодією чинників пропозицій і попиту. 4. Ціна, за якою фактично продають товари та послуги, називається ринковою ціною. 5. Зміни в попиті та пропозиції впливатимуть на ринкові ціни. 6. Ринкова ціна — єдина, яка може існувати протягом певного часу в умовах цілковитої конкуренції. 7. Попит — це бажання та спроможність споживача купити товар чи послугу в певний час і в певному місці.

VIII. Read and dramatize the following dialogue:

Maurice: Haven't seen you for a long time. What have you been busy with?

Lusy: I've been pretty busy. Do you know my friend Susan?

M.: Yes, I do.

- L.: I went into business with her.
 M.: Really? How is it going on?
 L.: Fine, thank you.
 M.: What kind of business is it?
 L.: We developed our own special recipe for homemade ice-cream, and we decided to sell ice-cream cones to students every day after school.
 M.: How much does your ice-cream cost?
 L.: It costs \$1.60 per cone.
 M.: How did you define the cost of your product?
 L.: Oh, it was not very difficult. First of all we decided to learn the demand of our consumers. For this purpose we conducted a survey to see if students were interested in the idea. Each student was asked the following question: «Would you spend \$.50 to have an ice-cream cone for and after school snack?» This question was repeated using higher and higher prices up to \$25 per cone. The results of the survey were assembled in a demand schedule, a table showing the quantities of a product that would be purchased at various prices at a given time.
 M.: Oh, it is very interesting. I'd like to see this demand schedule for ice-cream cones.
 L.: If you wonder I can show it to you. I've got it with me. Look here!

Demand schedule for ice-cream cones

<i>Price Per Cone</i>	<i>Quantity Demanded</i>
\$.50	190
.75	175
1.00	125
1.25	85
1.50	65
1.75	50
2.00	40

- M.: The survey results illustrated the law of demand in action, didn't they?
 L.: You are right. We also made the demand curve, which illustrated the demand for ice-cream cones. It also enabled us to estimate what the demand would be for those prices falling in between the prices we surveyed. Although the students were not questioned about how many cones they would buy if the selling price were \$1.60, the curve lets us estimate the number would be about 55.

M.: Nice for you. Now you seem to know a lot about business.
L.: Not everything yet. The subject becomes quite technical.
M.: I'm glad to hear it. It's time to go now. See you later.
Bye!

IX. Make up your own dialogue using the following words, expressions and words-combinations:

quantity of goods and services	market economy
rationing effect of price	auctioneer
to offer items for sale	elasticity
to attend an auction	bidder

X. Refer the following statements to the past:

Model: Economic incentives influence our decision about what and where to buy.
Economic incentives influenced our decision about what and where to buy.

1. What you see at the auction is the rationing effect of prices. 2. Prices encourage producers to increase their level of output. 3. The law of demand describes the relationship between prices and the quantity of goods and services. 4. They sell these goods because they want to have a profit from such transaction. 5. Adam Smith describes the principal elements of the economic system in his book «The Wealth of Nations».

XI. Ask questions to which the following statements are answers:

Model: This work seemed easy. Did this work seem easy?
1. The development of modern economics began in the 17th century. 2. Large corporations used economists to study the way to do business. 3. Peter received his first paycheck of \$135 yesterday. 4. I went into business last year. 5. First of all we decided to learn the demand of our consumers.

XII. Translate into English:

1. Йому було нелегко розпочати власну справу. 2. Зміни попиту та пропозиції вплинули на ринкові ціни. 3. Ціни вплинули на зменшення рівня випуску товарів. 4. Для того щоб вивчити попит споживачів, ми провели низку спостережень. 5. Ми переглянули результати спостережень і зробили для себе певні висновки.

XIII. Communicative situations:

1. If you owned an ice-cream shop at a seaside resort and additional ice-cream shops were opening in your area because of increasing prices, how would you take advantage of the use of substitute products to compete more effectively?
How would you make use of the concept of demand elasticity in making decisions whether or not to raise your prices for your specially items such as shakes, sundaes, and banana splits?
2. When the forces of supply and demand are at work in a market economy, the equilibrium price is the only one that matters. All other prices are irrelevant (beside the point).
Explain this statement.
3. The law of demand works because consumers have the ability to substitute. The law of supply works because producers have the ability to substitute.
Explain these statements.

Lesson 4

THE CONSUMER IN OUR ECONOMY

I. Read and memorize the following words, word combinations and word-groups:

to meet one's needs — задовольняти потреби

e.g. Many businesses work very hard to meet your need and wants.

wage(s) (*syn.* salary) — заробітна плата

e.g. In return for working, you will receive a wage or salary.

wealth — багатство

e.g. Wealth is the value of the things you own.

to deposit money in a savings account — класти гроші на ощадний рахунок

e.g. We decided to deposit money in a savings account.

to earn interest — одержувати відсотки

to loan — позичати, давати позику

e.g. Wealth, in the form of money that is loaned to others or deposited in a savings account, will earn interest.

expenditures — витрати

savings — заощадження

e.g. The Greens plan their expenditures and savings very carefully.

to make one's decision — приймати рішення

e.g. When the time comes to make a major purchase, we compare products and prices before making our decision.

to keep track — дотримуватися курсу

e.g. Most of the time, we are able to keep track of our expenditures (the money spent), so that we are able to meet our immediate needs.

to exceed — перевищувати

surplus — лишок

e.g. Budgets in which income exceeds expenditures will have a surplus.

rate of return — норма прибутку

e.g. The rate of return is expressed as a percentage of the amount on deposit for a period of a year.

compound interest — складні відсотки

e.g. Most accounts offer compound interest.

yield — прибуток

e.g. It is important to distinguish between rate of return and yield, the actual amount of interest earned.

to share risk — розподіляти страхову суму

e.g. Insurance enables people to share risk.

endowment insurance — страхування-вклад

e.g. Endowment insurance protects the insured for a specific number of years.

consumer credit — споживчий кредит

e.g. Consumer credit provides cash, goods, or services now, while spreading repayment into the future.

finance charge — фінансові витрати

e.g. Finance charge is the total amount you pay to use credit.

passbook loan — книжка займу

e.g. If you have a savings account, you may to apply for a passbook loan against your balance in that account.

II. Give English equivalents of the following:

класти гроші на банківський рахунок
одержувати відсотки
захист інтересів споживача
норма прибутку
джерело прибутку
споживчий кредит
задовольняти потреби

дотримуватися курсу
фінансові витрати
витрачати гроші
складні відсотки
страхування-вклад
приймати рішення

III. Fill in the blanks with appropriate words:

- | | |
|--|--|
| <ol style="list-style-type: none">1. ... refers to earning paid on a weekly or monthly basis.2. Interest and rent are two forms of ... that can be earned by wealth.3. ... is a financial plan that summarizes income and expenditures over a period of time.4. Banks and savings institutions protect your ... against fire, theft and other disasters.5. ... depends on the rate of return and the frequency of compounding.6. Property ... protects policyholders against the loss or damage of their property.7. Change accounts, credit cards, installment plans, car loans and household mortgages are some of the best known forms of | <p>credit
yield
income
insurance
salary
a budget
money</p> |
|--|--|

IV. Read and translate the text:

Most of the income you are likely to earn will come from work. In return for working, you will receive a wage or salary. (The term «wage» typically refers to the earning of workers paid by the hour or unit of production. «Salary» refers to earning paid on a weekly or monthly basis.) How much you earn will depend on your job, your abilities, your performance, and a number of other factors.

Wealth can be expressed as the value of the things you own. Adding the value of all your possessions by banks accounts, savings, and the like will give you the total amount of your wealth.

Used in certain ways, wealth can earn income. If you owned a motorcycle, you might be able to let others use it for a fee. In that instance economists would say that you used your wealth to earn «rent». Wealth in the form of money that is loaned to others or deposited in a savings account will earn interest. Interest and rent are the two forms of income that can be earned by wealth.

The number and value of things we are able to buy depends upon the size of our income and how wisely we spend it.

To help keep track of income and expenditures, many people use personal budgets. A **budget** is a financial plan that summarizes income and expenditures over a period of time. When a budget has expenses that exactly equal income, it is said to be balanced. When proposed expenses are greater than expected income, the budget is said to have a **deficit**.

Budgets in which income exceeds expenditures will have a surplus.

Although there are as many ways to prepare a budget as there are people who use them, the process usually involves three steps: setting financial goals, estimating income, and planning expenditures.

Bank and savings institutions protect your money against fire, theft and other disasters.

One of the main reasons people save their money is to earn interest, the income from allowing someone else to use one's capital. The amount that they earn is known as the **rate of return** which is expressed as a percentage of the amount on deposit for a period of a year. A deposit of \$100 in an account paying 5 percent, for example, would earn a total of \$5 in interest over a year. The \$5 is the return; the rate of return is 5 percent (\$5 divided by \$100).

Most accounts offer **compound interest**. This is interest computed on the principal and on the interest that was previously paid.

The rate of return offered by banks and savings institutions will vary with economic conditions and the length of time they hold your money. It is also important to distinguish between rate of return and yield, the actual amount of interest earned. Yield depends on the rate of return and the frequency of compounding.

Liquidity is a measure of the ease with which you can convert your savings to cash. The easier it is to withdraw your funds, the greater is the liquidity.

Theft, accident, sickness, and natural disasters are daily risks of life. Just as we do our best to avoid the physical consequences of these perils, we can also protect ourselves from their financial cost. We do this by sharing the risk of that loss with others through insurance. You can purchase insurance on your life and to pay your medical bills. You can purchase property insurance to protect your car, home, and other major possessions from damage or theft. Liability insurance protects you if you should injure others or damage their property.

One of the principal services offered by savings institutions and banks is the checking account. Some of the things that consumers need to know in using and maintaining a checking account are reviewed in the Study Guide.

Credit allows you to purchase the things you want now and pay for them over a special period of time. Credit can be useful but it does require good character, capital, and capacity to repay the loan. Credit can be expensive. Two of the most

important things to look for when shopping for a loan are the finance charge and the APR.

The purpose of advertising is to sell goods and services. While certain advertising techniques benefit consumers, others do not. Consequently, consumers ought to be familiar with the kinds of strategies that advertisers use to sell their products.

The principal responsibility for consumer protection lies with government agencies at the federal state and local levels. There are, however, a number of organizations, sponsored by the private sector, whose purpose is to protect consumers. These include such well-known institutions as the Better Business Bureau and local Chambers of Commerce.

Because consumers make up the largest economic sector (business and government are the other two), the level of consumer spending has a direct impact on the economy as a whole (pp. 35—48).

V. Answer the following questions:

1. What is the difference between «wage» and «salary»?
2. How can «wealth» be expressed?
3. How can you use your wealth to get income? Give your examples.
4. What is a budget?
5. When is a budget said to have a deficit and when a surplus?
6. What three steps are involved to prepare a budget?
7. What makes up your personal budget?
8. What is the rate of return?
9. What is liquidity?
10. What does credit allow you?
11. What is the purpose of advertising?

VI. Define the terms:

wage	budget
liquidity	the rate of return
salary	wealth
surplus	compound interest

VII. Translate into English:

1. Велика кількість підприємств старанно працюють, щоб задовольнити ваші потреби. 2. Ми вирішили покласти гроші на рахунок у банку. 3. Фінансові витрати — це загальна сума, яку ви сплачуєте, щоб скористатися кредитом. 4. Стра-

хування-вклад захищає страхувальника кілька років. 5. За свою роботу ви отримуєте заробітну плату. 6. Підсумовавши вартість вашої власності, банківських рахунків, заощаджень, ви отримуєте загальну суму вашого багатства. 7. Кількість і вартість речей, які ви спроможні купити, залежить від розміру вашого прибутку та від того, як розумно ви витратите його. 8. Банки та ощадні установи допоможуть захистити ваші гроші від пожежі, крадіжки та інших нещасних випадків.

VIII. Read and dramatize the following dialogue:

A.: Sorry, I will be very obliged to you if you will answer some of my questions.

B.: O.K. I'm at your disposal.

A.: I know that most of the nation's personal savings are held by the commercial banks, different types of savings institutions, and credit unions. The deposits held by these institutions are insured by agencies of the federal government. But I wonder what kinds of accounts can be offered by savings institutions?

B.: Well, savings institutions offer the following kinds of accounts: passbook and statement saving accounts, NOW (Negotiable Order of Withdrawal) accounts, money-market accounts, certificates of deposit, credit-union accounts. U.S. savings bonds and money-market bonds.

A.: O.K. It's very interesting. Can you tell me some more about passbook and statement accounts?

B.: Oh, yes, of course. I can. The safety of your money and high liquidity are the most important advantages of these accounts. Minimum balance requirements are usually quite low, and your savings can be withdrawn at any time.

A.: Is there any disadvantage to this kind of account?

B.: The disadvantage of them is that they pay relatively low interest rates.

A.: I see. And what about NOW and money-market accounts? Please, some words about them.

B.: Well, NOW accounts pay interest and allow the depositor to write checks. NOW accounts generally offer a slightly lower rate of return than savings accounts. Money-market accounts allow you to write a limited number of checks while participating in the «money-market» where banks and other businesses buy and sell short-term credit instruments and notes that come due in a year or less. The rate of return for money market accounts is usually higher

than for passbook savings accounts. Would you like me to tell you about certificates of deposit and credit-union accounts?

A.: Oh, no, thank you very much. But it seems to me I know everything about them. Certificates of deposit, or CD's, pay the highest rates of interest offered by banks and savings institutions. They require the money to be left on deposit for a specified period of time that can run from a few weeks to five or more years. The money can be withdrawn early, if necessary, but not without a penalty.

Credit unions often serve people who have the same employer, work in the same industry, or belong to a particular church, labor union, or club. The rate of return offered by credit unions is higher than that of the other institutions. But what do you know about U.S. savings bonds and money-market funds?

B.: U.S. savings bonds can be purchased at most savings institutions. Guaranteed by the United States government, they are one of the safest investments one can make. After five years bonds earn a variable rate adjusted every six months. And money-market funds use the resources of their investors to buy money-market certificates. Money-market funds generally pay a higher rate of return than savings and NOW accounts. Unlike other accounts at savings institutions, money-market fund accounts are not insured nor do they provide check-writing privileges.

A.: I'm more than grateful to you for such important information. Thank you ever so much.

B.: Don't mention it.

IX. Make up your own dialogue using the following words, expressions and word-combinations:

to deposit money in a savings account	wage
to make one's decision	wealth
to earn interest	to loan
finance charge	rate of return

X. Express the following in the Passive Voice:

Model: The health maintenance organization or HMO provided its members with complete medical coverage.

The members of the health maintenance organization were provided with complete medical coverage.

1. Partners brought additional funds to a proprietorship.
2. You received a wage in return for working.
3. The Greens planned their expenditure and savings very carefully.
4. We compared products and prices before making a decision.
5. Consumer credit provided cash, goods and services.
6. In 1990, consumers purchased over 60 percent of the GNP — more than \$3 trillion in goods and services.

XI. Ask questions to the following sentences:

Model: Almost everyone was covered by some form of insurance.

Who was covered by some form of insurance?

1. A direct relationship between the kinds of goods and services bought and the income of the purchaser was shown by a Prussian statistician by the name of Ernst Engel, back in the 19th century.
2. As consumers, all of us were limited by what we can spend.
3. Most of the nations' personal savings were held by the commercial banks, different types of savings institutions, and credit unions.
4. Consumers were tempted to spend money for products they did not really need.
5. Group policies were offered by employers, professional associations, unions, and other organizations to their employees or members.
6. At the end of the specific number of years the full amount was paid to the policyholders.

XII. Translate into English:

1. Гроші були покладені на банківський рахунок.
2. Кількість речей, які ми спроможні були купити, залежала від розміру нашого прибутку.
3. Ваші гроші були захищені від пожежі, крадіжки та інших нещасних випадків банками та ощадними установами.
4. Земля та інші природні ресурси були закуплені бізнесменами в надії на прибуток.
5. Майже всі члени нашої родини були застраховані.

XIII. Communicative situations:

1. As total consumption in the United States has gone up, the percent spent on different types of goods has changed. Spending for some goods has increased while that for others

has decreased. Explain the trends for each of the following goods:

- a) Spending as a percent of total consumption has decreased for good, clothing, household operation.
 - b) Spending as a percent of total consumption has increased for housing, medical care, transportation and travel.
2. Two hundred families live in the village of Middleville. Every year, for as long as anyone can remember, there has been one burglary. The average loss from the thefts has been \$5,000.
- a) How could the people of Middleville insure themselves against the financial costs of a burglary?
 - b) Why is insurance often described as a «method of sharing risk»?
3. Most states require drivers to have liability insurance. Why? You can choose whether you want collision insurance for a car. Why would someone choose not to buy collision insurance? Under what circumstances might you want to buy collision insurance?

Lesson 5

LAUNCHING A BUSINESS

I. Read and memorize the following words, word-combinations and word-groups:

to start a business (*syn.* to launch a business) — розпочати справу (бізнес)

e.g. Those thinking of starting a business should keep informed about the kinds of opportunities that exist, the personal qualities needed for success and the kinds of training available to prepare for the world of business.

to operate a business — керувати справою (бізнесом)

e.g. Many colleges now offer programs that teach students how to start and operate a business.

to face a problem — стикатися з проблемою

e.g. Small businesses face many problems.

to risk (*syn.* to run the risk) — ризикувати

e.g. Corporate leaders may risk their own jobs when they make major decisions that affect the future of corporation negatively.

sole proprietorship — одноосібне володіння

e.g. A sole proprietorship is a business owned by one person.

to pay taxes — сплачувати податки
e.g. Sole proprietors have minimal legal restrictions and do not have to pay the special taxes placed on corporations.

to assume the debts — брати на себе сплату боргів
e.g. If a business fails, the owner must personally assume the debts.

stockholder — акціонер, власник акцій
e.g. Ownership of a corporation is represented by shares of stock, and for that reason corporate owners are known as stockholders.

partnership — товариство, компанія
e.g. A partnership is a business organization that is owned by two or more persons.

II. Give English equivalents of the following:

приймати рішення	сплачувати податки
товариство	керувати бізнесом
стикатися з проблемою	акціонер
нестача чогось	брати на себе сплату боргів
мати успіх	досягти успіху
одноосібне володіння	ризикувати

III. Fill in the blanks with appropriate words:

- | | |
|--|-----------------------|
| 1. About 50 percent of entrepreneurs start their ... in industries in which they have some | experience |
| 2. People who come from families whose members were in business themselves are more likely to start their own | creditors |
| 3. In a large business the tasks of organizing and operating are done by many hired | stockholders |
| 4. ... is a business owned by one person. | managers |
| 5. All debts and all problems associated with the business belong to the | business |
| 6. ... is a business organization that is owned by two or more persons. | companies |
| 7. If the business were to fail, its ... would have the right to recover their money from any, or all, of the partners. | a sole proprietorship |
| 8. Ownership of a corporation is represented by shares of stock, and for that reason corporate owners are known as | a partnership owner |

IV. Read and translate the text:

There are numerous reasons that make people think about owning a business of their own. Personal independence, unlimited profit potential, the opportunity to work at something that they really love and at hours they choose are some of the reasons people have given for trying entrepreneurship. Many business leaders begin their careers as entrepreneurs after four years of undergraduate college training and even additional graduate school training. Others become successful entrepreneurs without special training.

Many colleges now offer programs that teach students how to start and operate a business. Basic information is combined with hands-on experience and the advice of successful business consultants. These programs help potential entrepreneurs decide whether their own ideas are good and how to follow through with them. With the high rate of business failure, this approach can prevent personal financial losses.

A common way to learn about a business, and the opportunities for starting one similar to it, is to learn while working for someone else. It provides a source of steady income to people while they are planning to start their own businesses. About 50 percent of entrepreneurs start their businesses in industries in which they have some experience.

Evidence shows that people who come from families whose members were in business themselves are more likely to start their own companies. Unfortunately, the record shows that two out of three new businesses fail within their first four years.

Small businesses face many problems. Bad economic times affect small business more than they do big business. In addition, small business profits tend to fall faster, and small businesses are more likely to fail.

What are the problems that face small business now? In January, 1985 the National Federation of Independent Business reported that the four top problems facing small business at that time were taxes, slow sales, the high cost of borrowing money and competition from other businesses.

In a large business the tasks of organizing and operating are done by many hired managers.

A corporation is one kind of business organization. Other kinds of business organizations are sole proprietorships and partnerships. Sole proprietorships are the most numerous kind of business organization, but most are very small. The reason for their popularity is that they are the easiest and least costly to organize.

Sole proprietors own all the profits of their enterprises, and they are their «own bosses», free to make whatever changes they please. They have minimal legal restrictions and do not have to pay the special taxes placed on corporations. Sole proprietors also have opportunity to achieve success and recognition through their individual efforts.

There are also disadvantages. A very serious one is the unlimited liability that each proprietor faces. All debts and all problems associated with the business belong to the owner. A second disadvantage of the sole proprietorship is that it has limited capital. The money that a proprietor can raise is limited by the amount of his or her savings and ability to borrow. Also, when the owner dies, the business dies. Other disadvantages may include lack of opportunities for employees, limitations of size and lack of management resources.

A partnership is a business organization that is owned by two or more persons. Partnerships offer certain advantages over sole proprietorships:

- * Partners bring additional funds to a proprietorship.
- * Partners can bring fresh ideas and talents to business organizations.
- * Like the sole proprietorship, partnerships are relatively easy to form and are not subject to special taxation. Partnerships have the following disadvantages:
- * In many cases, each of the partners is subject to unlimited liability. Partners are individually responsible for all the debts of the business. In other words, if the business were to fail, its creditors would have the right to recover their money from any, or all, of the partners.

A corporation is a business organization created under a government charter. Ownership of a corporation is represented by shares of stock, and for that reason corporate owners are known as stockholders. One feature of the corporation is that the courts treat it as a legal «person». It can, for example, sue or be sued and enter into contracts, and it must pay taxes.

There are some other types of business organizations. They are: the corporation for small business, not-for-profit corporation, government-owned corporations, cooperatives and franchises (pp.49—61).

V. Answer the following questions:

1. What makes people think about owning a business of their own?
2. How do many business leaders begin their careers as entrepreneurs?

3. What helps potential entrepreneurs to start and operate a business?
4. What problems do small businesses face?
5. Who does the tasks of organizing and operating in a large business?
6. What kinds of business organizations you know?
7. What are the advantages and disadvantages of sole proprietorship, partnership and corporation?
8. What other special types of business organizations do you know?

VI. Define the terms:

sole proprietorships	partnerships
corporations	creditors
stockholders	dividends
taxes	

VII. Translate into English:

1. Підприємці — це люди, які мають власний бізнес і керують ним, сподіваючись одержати прибуток. 2. Тепер багато вищих навчальних закладів пропонують програми, які вчать студентів, як розпочати бізнес і керувати ним. 3. Близько 50 відсотків підприємців розпочали свою справу (бізнес) у тих галузях виробництва, в яких вони вже мали певний досвід. 4. У великому бізнесі завдання, пов'язані з організацією та управлінням, виконуються багатьма найманими менеджерами. 5. Великий і малий бізнес для досягнення своєї мети організовують свою роботу по-різному. 6. Акціонерне товариство, одноосібне підприємство — це різні види бізнесових організацій. 7. Одноосібне підприємство — це бізнес, яким керує одна особа.

VIII. Read and dramatize the following dialogue:

Nick: Hello, Peter. It's so nice to see you. How are you getting on?

Pete: Quite all right, thank you. And what about you? Haven't seen you for a long time. What have you been busy with?

N.: I've been pretty busy. In fact I want to talk to you about my business.

P.: Oh, I'll be glad to do something for you.

N.: I'm glad you are not in a hurry and we have time to talk today.

- P.: Sure.
- N.: Well, Pete. I need some legal advice. John and I are thinking of incorporating. We are going to expand.
- P.: Really? It sounds interesting. It means that your partnership has been doing very well.
- N.: Oh, yes, we have a success. Now some businessmen are interested in investing with us.
- P.: Let me get this straight. You want to issue and sell stock in exchange for investment capital, don't you?
- N.: Exactly. By the way, does a corporation have limited liability?
- P.: It does. Unlike the owners of sole proprietorships and partnerships who can be held personally liable for the debts of their firms the most that corporate shareholders can lose (i.e. their liability) is limited to whatever they paid for their shares of stock. Corporations are so important because of the advantages they offer over sole proprietorships and partnerships.
- N.: Tell me a little about these advantages.
- P.: Well. Stockholders can enter or leave a corporation at will simply by buying or selling shares of stock in that corporation. When the corporate stockholders die, their shares of stock are passed on to their heirs. Meanwhile, the corporation is free to conduct business as usual. In certain instances individuals can reduce their tax liability by incorporating.
- N.: With all these advantages I wonder why there are so many more unincorporated business than incorporated ones?
- P.: The answer has to do with the disadvantages of the corporation.
- N.: Disadvantages? What can you tell me about them?
- P.: It's difficult and expensive to organize a corporation. The process of obtaining a charter usually requires the services of a lawyer. Most small firms prefer to avoid these by forming proprietorships and partnerships. Corporations are subject to special taxes. The federal government, along with many state and local governments, taxes corporate income in addition to the taxes paid by shareholders on their dividends.
- N.: What does «dividends» mean?
- P.: Dividends are the portion of a corporation's profit that are distributed to the stockholders.
- N.: Thank you. What other things should I know?
- P.: Well. Corporations whose stock shares are sold to the public give up their right to privacy. The law requires that

these large, open (or public) corporations disclose information about their finances and operations to anyone interested in reading about them. The purpose of this legislation is to give people information that helps investors and may also be of value to the competition. For that reason some corporations have chosen to remain closed (or private) corporations rather than disclose information they would prefer to keep secret. Now you seem to know a lot about business.

N.: Not everything yet, and the subject becomes quite technical.

P.: I'm glad to hear it. It's time to go now. See you later!

N.: Thank you very much for the information. Bye!

IX. Make up your own dialogue using the following expressions:

to distribute profits and losses	to make a right choice
to attract customers	to go into business
an amount of money	to get along with
to run a risk	to be liable

X. Inform the group about the future activities or states:

M o d e l : I have the right to expect uniform product quality.
I shall have the right to expect uniform product quality.

1. Many colleges offer programs that teach students how to start and operate a business. 2. I know a lot about this business. 3. This program helps potential entrepreneurs decide whether their own ideas are good and how to follow through with them. 4. About 50 percent of entrepreneurs start their own business in industries in which they have some experience. 5. Evidence shows that people who come from families whose members were in business themselves are more likely to start their companies. 6. Many business leaders begin their careers as entrepreneurs after four years of undergraduate college training (and even additional graduate school training).

XI. Ask for confirmations of the truth of the following statements:

M o d e l : You will call on us tomorrow.

You will call on us tomorrow, won't you?

The manager will not answer my questions on Saturday.

The manager won't answer my questions, will he?

1. A consumer will have the right to expect uniform product quality. 2. Voting won't take place at a corporation's annual meeting. 3. Small businesses will face many problems. 4. Large and small businesses will organize in different ways to meet their objectives. 5. Sole proprietors won't have to pay the special taxes placed on corporations. 6. I shan't know a lot about this business.

XII. Translate into English:

1. Батьки сподіваються, що він стане гарним підприємцем, матиме власний бізнес і керуватиме ним. 2. Вона вже має чудовий досвід у цій галузі виробництва і, можливо, розпочне власну справу. 3. Як менеджер, він буде виконувати завдання, пов'язані з організацією та управлінням виробництвом. 4. Ми знаємо, що корпорація завжди матиме переваги над одноосібною власністю та партнерством. 5. Рада директорів обере президента та інших посадових осіб для керівництва компанією.

XIII. Communicative situations:

1. Would you like to own your business? Why yes or why not? If so, would you prefer to buy an existing business or start from scratch? Explain.
 - a) What product or service would you provide?
 - b) What talents, interests, skills and abilities do you have, or likely will have, which would make you successful in this business?
 - c) Where would you want to locate the business and for what reasons?
 - d) What type of business organization would you prefer? (sole proprietorship, partnership, corporation)?
Explain your choice.
2. Do you have the personal characteristics that might help you become a successful entrepreneur? Read each question on the Rating Scale. Place a check mark on the line above at the point where you believe successful entrepreneurs would rate themselves. Repeat the exercise for yourself by placing an «X» closest to the answer that best describes you. The check mark need not be placed directly over one of the suggested answers if your rating lies somewhere between two answers. Be honest with yourself.
Are you a self-starter?
 - a) I do things my own way. Nobody needs to tell me to get going.

- b) If someone gets me started, I keep going all right.
- c) Easy does it. I don't put myself out until I have to.

How do you feel about other people?

- a) I like people. I can get along with just about anybody.
- b) I have enough friends and I don't need anybody else.
- c) Most people bug me.

Can you take responsibility?

- a) I like to take charge and see things through.
- b) I'll take over if I have to, but I'd rather let someone else be responsible.
- c) There's always some eager beaver around waiting to show off. I say, let him.

How good an organizer are you?

- a) I like to have a plan before I start. I'm usually the one who lines things up.
- b) I do all right unless things get too complicated. Then I lose interest.
- c) I just take things as they come.

How good a worker are you?

- a) I can keep going as long as necessary. I don't mind working hard.
- b) I'll work hard for a time, but when I've had enough, that's it.
- c) I can't see that hard work gets you anywhere.

Can you make decisions?

- a) I can make up my mind in a hurry if necessary, and my decision is usually O.K.
- b) I can if I have plenty of time. If I have to make up my mind fast, I usually regret it.
- c) I don't like to be the one decides things. I'd probably blow it.

Can you stick with it?

- a) If I make up my mind to do something, I don't let anything stop me.
- b) I usually finish what I start.
- c) If a job doesn't go right, I turn off. Why beat my brains out?

Can you keep records?

- a) Since they are needed I'll keep records even though I don't want to.
- b) I can, but it's more important to get the work out than to shuffle numbers.
- c) I would rather hire someone to keep records for me.

Lesson 6

FINANCING A BUSINESS

I. Read and memorize the following words, word-combinations and word-groups:

internal funds — внутрішні борги

external funds — зовнішні борги

e.g. Since the funds come from within the firm they are described as internal funds. The rest must come from outside, or external funds.

to meet one's expenses — покривати чийсь витрати

e.g. As a firm sells its products or services, it receives money which it uses to meet its expenses.

depreciation — знецінення, зниження цін

to wear out — зношуватися, спрацьовуватися

e.g. Depreciation represents the cost of replacing assets that wear out.

to cover the cost of smth. — покрити вартість чого-небудь

e.g. Businesses use internal funds to cover the cost of depreciation.

short-term loans — короткострокова позика

e.g. Short-term loans are used to finance the everyday costs of doing business.

long-term loans — довгострокова позика

e.g. Long-term loans mature (come due) in more than a year.

the principal — запозичена сума

e.g. Creditors expect to receive interest and the return of the principal at the end of a specific period of time.

common stock — спільні акції

preferred stock — привілейовані акції

e.g. All corporations issue common stock; some, however, also issue preferred stock.

to have voting rights — мати право голосу

e.g. Preferred stockholders do not have voting rights.

security exchange — фондова біржа

e.g. Security exchange is a market where brokers meet to buy and sell stocks and bonds for their customers.

default — невплата, невиконання договору

e.g. There is some risk of default on the bonds of even the strongest corporations.

mutual funds — спільні фонди

e.g. Mutual funds are corporations that sell stock and use the proceeds to invest or speculate in the securities markets.

balance sheet — балансовий звіт

income statement — звіт про прибуток

e.g. Two of the most important pieces of information contained in every prospectus and annual report are the balance sheet and the income statement.

assets — актив (балансу)

liabilities — пасив (балансу), борги, заборгованість

e.g. For every business the things that it owns are assets, and those it owes are liabilities.

net worth — вартість майна за винятком зобов'язань, власний капітал підприємства

e.g. The difference between assets and liabilities is its net worth.

II. Give English equivalents of the following:

покрити вартість чого-небудь	фондова біржа
пасив (балансу)	привілейовані акції
балансовий звіт	актив (балансу)
довгострокова позика	внутрішні борги
невиплата	мати право голосу
запозичена сума	

III. Fill in the blanks with appropriate words:

- | | |
|---|-------------|
| 1. ... is the difference between assets and liabilities. | «investors» |
| 2. Similarly, firms need ... to begin operation, to meet their day-to-day expenses and to expand. | capital |
| 3. ... charge purchases to their accounts for payment at a later date. | money |
| 4. ... is money that will be used for a year or more. | net worth |
| 5. Many large corporations raise long-term capital through the sale of their | customers |
| 6. Corporations sell stocks and bonds as a way of raising | bonds |
| 7. ... is a market where brokers meet to buy and sell stocks and bonds for their customers. | a security |
| 8. Those who buy stocks to share in the profits and growth of a corporation over a long period of time are described as | exchange |
| | long-term |
| | financing |

IV. Read and translate the text:

Most of the money used by business comes from the sale of its products and services. Since these funds come from within the firm they are described as internal funds. The rest must come from outside, or external funds.

As a firm sells its products or services, it receives money, which it uses to meet its expenses. One of these expenses, depreciation, represents the cost of replacing assets (like tools, machinery, and buildings) that wear out. Typically, businesses use internal funds to cover the cost of depreciation.

Business loans are generally classified as either short-term or long-term loans. For short-term loans, the principal (the amount borrowed) must be repaid within one year. Long-term loans mature (come due) in more than a year.

Short-term loans are used to finance the everyday costs of doing business, such as payrolls, raw materials and merchandise. Long-term loans are more likely to be used to purchase equipment, buildings and other high cost items.

All corporations issue common stock; some, however, also issue preferred stock. Unlike common stockholders, preferred stockholders usually do not have voting rights.

A security exchange is a market where brokers meet to buy and sell stocks and bonds for their customers.

The largest of the securities exchanges are the New York Stock Exchange and the American Stock Exchange.

There is some risk of default (failure to pay interest or principal) on the bonds of even the strongest corporations. For this reason many people invest in mutual funds. Mutual funds are corporations that sell stock and use the proceeds to invest or speculate in the security markets.

Two of the most important pieces of information contained in every prospectus and annual report are the balance sheet and the income statement. The balance sheet summarizes a corporation's assets, what it owns; its liabilities, what it owes; and its net worth, the difference between the two sums at a given time. The income statement summarizes a firm's revenues, costs, and the difference between the two (the profit or loss) over a period of time (pp. 61—70).

V. Answer the following questions:

1. Where does most of the money used by business come from?
2. What do we call internal funds?
3. What does depreciation represent?

4. What remains after paying expenses?
5. How do you understand the term «external funds»?
6. What can the firm do to get more money?
7. What rights have common stockholders?
8. What is the difference between common and preferred stockholders?
9. What is the reason for investing in mutual funds?
10. How do you read a balance sheet and income statement?

VI. Define the terms:

internal funds	preferred stock
common stock	depreciation
balance sheet	mutual funds
the principal	to have voting rights

VII. Translate into English:

1. Найбільша кількість грошей, що використовується бізнесом, надходить з продажу продукції та різних послуг.
 2. Оскільки фірма продає товари або послуги, вона одержує гроші та використовує їх з метою покриття своїх витрат.
 3. Бізнесові позики зазвичай класифікуються як довгострокові та короткострокові.
 4. Короткострокові позики використовуються для фінансування повсякденних вартостей для створення фірми (справи), таких як платіжні відомості, сировина, товари.
 5. Довгострокові позики існують для купівлі обладнання, будинків та інших цінних предметів.
 6. Фондова біржа — це ринок, де зустрічаються посередники для купівлі й продажу акцій та облігацій своїм клієнтам.
 7. Чи існує певний ризик невиплати за облігаціями найсильніших корпорацій?
 8. На відміну від власників спільних акцій, власники привілейованих акцій не мають права голосу.
 9. Спільні фонди — це корпорації, що купують акції та використовують виручені суми для інвестування або гри на фондових біржах.
 10. Звіт про прибуток підбиває підсумки річного прибутку, вартості фірми та різниці між прибутком і збитком.

VIII. Read and dramatize the following dialogue:

T.: Do you know anything about John Say and his works?

S.: As far as I remember, an admirer of Adam Smith, John Baptiste Say's «Treatise on Political Economy» (1803) helped to introduce «The Wealth of Nations» to his native France. In the course of explaining Smith's theories and the role of

markets in satisfying human wants, his statement came to be known as Say's Law.

T.: So, according to Say's Law, «production creates its own demand», in other words, people produce and sell goods and services in order to buy the things they want.

S.: No doubt. And if buyers no longer want certain products, sellers will stop producing them and shift into something that is in demand.

T.: Now, if only those goods and services actually in demand are produced, and the income received from the sale of those products is ultimately used by managers and workers to buy the things they want and need, it follows that supply created its own demand.

S.: Can we say in other words: there could be no such thing as overproduction, or long-term unemployment?

T.: Temporary overproduction and unemployment, yes. Long term, never. When was Say's Law put to rest?

S.: The onset of the Great Depression of the 1930-s with its widespread unemployment and overproduction that dragged on for years, finally put Say's Law to rest.

T.: Although some economists continued to agree with Say that «in the long run», the market would bring supply, demand and unemployment into balance, most agreed with the British economist J.M. Keynes who pointed out that «in the long run we are all dead».

S.: By that he meant pressing problems require immediate attention. Besides they couldn't wait for long-term solutions.

IX. Make up your own dialogue using the following expressions:

to meet one's expenses

to cover the cost of smth

the principal

security exchange

overproduction

depreciation

long-term loans

to have voting rights

mutual funds

to be in demand

X. Make the following sentences passive:

Model: A firm will use this amount of money to meet its expenses next week.

This amount of money will be used to meet expenses of a firm next week.

1. This business will use internal funds to cover the cost of depreciation.
2. A firm will sell its products and services soon.
3. He will use short-loan terms to finance the everyday costs

of doing his own business tomorrow morning. 4. The firms will produce these goods and services which are in demand in two days. 5. The couple will buy the things they want and need in this supermarket tomorrow.

XI. Translate the verbs in brackets in English using them in the necessary tense-form:

1. The principal (буде виплачено) by this business within a year. 2. When the funds come from within the firm they (будуть описані) as internal funds. 3. Long-term loans (будуть використані) to purchase equipment, buildings, etc. 4. In this case demand (буде створений) by supply. 5. Stock (буде продано) by mutual funds and the proceeds (буде використано) to invest or speculate in the security markets.

XII. Translate into English:

1. Коли борги надходять із зовнішніх джерел, вони будуть описані як зовнішні борги. 2. Для чого будуть використані короткострокові та довгострокові позики? 3. Відсотки та запозичена сума будуть отримані кредиторами наприкінці терміну. 4. Акції будуть продані корпораціями для використання грошей на фондових біржах.

XIII. Communicative situations:

1. Imagine that you have a great idea for a new popcorn popper. Explain how you would go about raising capital to develop your idea, manufacture and market your product?
2. There is a saying, «Neither a borrower nor a lender be». Explain why you agree or disagree with this advice with regard to business in our market economy.
3. Scanning the financial section of the newspaper, you notice that the price-earnings ratio of excellent bank stock range from 5 to 7, while other company stocks had P-E ratios over 100.
How do you explain this wide variation?

Lesson 7

PRODUCTION AND MARKETING. THE BUSINESS OF BUSINESS

I. Read and memorize the following words, word-combinations and word-groups:

standard of living — рівень життя

e.g. A nation's standard of living is measured by the amount of goods and services available to its citizens.

productivity — продуктивність праці

e.g. When you produce more or better products with the same time and resources, you have achieved a productivity increase.

input — витрати

e.g. Input can be any resource that goes into the production process.

output — продуктивність, випуск продукції

e.g. Productivity is usually measured in terms of output per worker per hour.

division of labor — розподіл праці

e.g. To use machinery efficiently, producers must use division of labor.

skilled workers — кваліфіковані робітники

e.g. Skilled workers perform their tasks more efficiently than those who are unskilled.

consumption — споживання

e.g. Everything that takes place between production and consumption falls into the category of marketing.

II. Give English equivalents of the following:

рівень життя

брати участь у чомусь

витрати

розподіл праці

продуктивність праці

добробут

піднесення і спад

випуск продукції

рекламувати

оптова торгівля

страхування

III. Fill in the blanks with appropriate words:

- | | |
|---|--------------------|
| 1. ... is a measure of how efficiently we work. | a market |
| 2. New ... can be used by business to improve productivity. | standard of living |
| | technologies |

- | | |
|--|---|
| <ol style="list-style-type: none"> 3. A nation's ... is measured by the amount of goods and services available to its citizens. 4. ... is a key part of marketing because it is the way business get their messages to consumers. 5. Societies obtain ... either by producing them themselves or by trading what they produce. 6. ... is where buyers and sellers come together. 7. ... is the maximum number of units it can produce. 8. ... are able to employ the optimum number of workers and productivity increases. | <p>promotion
productivity
firms capacity
employers
goods and
services</p> |
|--|---|

IV. Read and translate the text:

A nation's standard of living is measured by the amount of goods and services available to its citizens. One way to calculate living standard is to divide total production (the gross national product) by the population (Production % Population = per capita GNP). When production is increasing faster than the population, more goods and services are available per person, and living standards are likely to improve. Productivity is a measure of how efficiently we work. To measure productivity, economists determine the amount of goods and services produced for every unit of input. Input can be any resource that goes into the production process. Productivity is usually measured in terms of output per worker per hour. Among the principal ingredients of productivity are the education and training of workers. Well-educated and skilled workers perform their tasks more efficiently than those who are unskilled or poorly educated.

Another ingredient in productivity is the enthusiasm workers have for their jobs. Those who like their jobs and feel they gain dignity and respect from the work will produce more than those who lack motivation to do their best. To use machinery efficiently, producers must also use division of labor — the practice of breaking down large, complex tasks into a series of small ones so that each worker can become an expert in his or her particular task. To an economist, everything that takes place between production and consumption falls into the category of marketing. Marketing, then, includes the activities that bring the buyer and seller together. Marketing

includes buying and selling, transporting and storing, product planning, market research, product support, customer service, financing, insuring and other activities (pp. 71—86)*.

V. Answer the following questions:

1. What is a nation's standard of living measured by?
2. When are living standards likely to improve?
3. What is «input»?
4. What does the quality of labor force depend upon?
5. What is a key part of marketing?
6. What is the final part of marketing?

VI. Define the terms:

production process	consumption
productivity	standard of living
division of labor	input
skilled worker	market research

VII. Translate into English:

1. Один спосіб визначення рівня життя — це поділити всю продукцію на кількість населення. 2. Коли кількість продукції зростає швидше за кількість населення, рівень життя поліпшується. 3. Витратами можуть бути будь-які кошти, що використовуються у виробничому процесі. 4. Освіта та навчання робітників є головною складовою частиною продуктивності праці. 5. Люди, які люблять свою роботу та одержують насолоду від неї, виробляють більше за тих, які не мають такої мотивації. 6. Чого бракує некваліфікованим і неосвіченим робітникам для більш ефективного виконання своїх завдань? 7. За допомогою розподілу праці кожний робітник може стати майстром своєї справи. 8. Маркетинг — це купівля та продаж, транспортування, збереження, фінансування, страхування та інше.

VIII. Read and dramatize the following dialogue:

- B.: When did modern production methods take a giant leap forward, I wonder?
- C.: Modern production methods took a giant leap forward in 1913 when Henry Ford (1863—1947) introduced the use of the assembly line in the production of automobiles. In those days, automobiles were built in much the same way as a house.

- B.:** What do you mean?
- C.:** That is, workers simply picked a spot on the factory floor and assembled the car from the bottom up. As business grew Ford began manufacturing many of the component parts formerly purchased from suppliers. Typically the components were put together by one worker who performed all the operations necessary to assemble them.
- B.:** The method was likely to be costly, and so only the wealthy could afford to buy automobiles in those days.
- C.:** For sure. This did not please Henry Ford who wanted to bring the price of automobiles down to the point where most families could afford them.
- B.:** What was the key to achieving this goal?
- C.:** The key to achieving this goal, in Ford's view, was through the improvement of labor productivity. He needed to find a way to
- 1) limit the number of operations performed by each worker;
 - 2) bring the work to the worker rather, than the other way around;
 - 3) perform each operation in the most efficient sequence he could find.
- B.:** Thus he found what he was seeking in his new creation: the assembly line. Ford's first line, introduced in April 1913, was used to assemble generators. Working in the old way, one worker had been able to put together 25 to 30 generators in a 9-hour day. This translated to something around 20 minutes per assembly. The new line broke the operation into 29 steps performed by individual workers on parts that were brought to them by the steadily moving assembly line.
- C.:** And what about the price of automobiles?
- B.:** Assembly line methods brought the price of automobiles within the reach of millions of American families. As a result, automobile registrations jumped from 944.000 in 1912 to 2,5 million in 1915 and 20 million by 1925.
- C.:** So Henry Ford was not an economist, but his innovative production strategies had a revolutionary impact on American industry and living standards.
- B.:** Well, certainly. As automobiles, appliances and other labor saving goods of the new industrial age became less expensive and more affordable for the average family, it was clear that the assembly lines of a Michigan factory had changed American households as dramatically as its factories.

IX. Make up your own dialogue using the following expressions:

principal ingredients of productivity	division of labor
to lack motivation to do one's best	skilled worker
to bring the price down to the point	consumption
to gain dignity and respect	to go into production
to perform one's task	process

X. Put questions to the italicized words:

1. Many appliances and other labor saving goods are becoming *less expensive* and more *affordable* for the average family. 2. The population is growing now *at a faster rate* than production in that country. 3. *Steps to restore full employment* are increasing. 4. They are producing more and better products *with the same time and resources*. 5. Union restrictions are *preventing* employers from laying off workers as quickly as they might prefer.

XI. Replace the infinitives in brackets by the Present Continuous Tense (the Active Voice):

1. What (to do) he now? He (to bring) the price of this commodity down to the point where most families can afford it. 2. Look! The new device (to break) the operation into 30 steps performed by individual workers. 3. Everyone who (to look for) work can find a job. 4. Studying the time and resources that go into production, you (to analyze) productivity. 5. Employers (to employ) the optimum number of workers.

XII. Translate into English:

1. У цих регіонах кількість продукції тепер зростає швидше за кількість населення. 2. Він знайде те, що шукає для ефективного використання обладнання. 3. Директори комерційних фірм використовують капітал і робочу силу, щоб максимально підвищити продуктивність праці. 4. Оптові торговці та виробники скорочують кількість товарів і рівень виробництва, щоб знизити ціни. 5. Вони знижують тверді ціни за одиницю товару, оскільки випуск продукції зростає.

XIII. Communicative situations:

1. Despite the tremendous gains in productivity in the United States in recent decades, the rate of increase has been declining. Discuss how each of the trends described below has affected productivity.

- In your opinion, which trend has had the greatest effect on productivity?
- a) High energy costs have shifted funds investment in research and development to exploration for new energy sources.
 - b) Although they may be necessary to protect the health and safety of the people, government regulations tend to increase production costs.
 - c) The growth in the numbers of young and inexperienced workers has reduced productivity in some industries.
2. Do you agree or disagree with the following statements on ways to improve productivity? Discuss these statements.
- a) Government can help to improve productivity by providing more money for medical research, the space program, and research in other highly technical areas rather than for education and other human services.
 - b) Business can improve productivity by investing in new machines and other equipment and by reducing its marketing efforts — even if profits decline for a time.
 - c) Labor can help improve productivity by agreeing to accept lower wages.
 - d) Government can help improve productivity by reducing or eliminating taxes on capital gains.
 - e) Government can help improve productivity by eliminating rules and regulations about safety and pollution.
 - f) If workers were involved in making decisions, they would try harder to increase productivity.
3. Identify which of the «Four P's of Marketing» the businesses in the following situations used or ignored. Explain your reasoning.
- a) Ford produced the Edsel, a large heavy automobile, when the public was more interested in smaller, sportier cars.
 - b) Ford emphasizes «quality» in the advertising campaigns.
 - c) Jose has always wanted to own and operate a Mexican restaurant. He is excited because he can get a good deal on a building with all the stoves, ovens, refrigerators and other things he needs. The building has housed four different restaurants in the last two years.
 - d) Jose made sure he put a large «Under New Management» sign in front of his new restaurant.
 - e) Coca Cola attempted to replace its traditional cola with a new, sweeter version.
 - f) Most soft drink bottlers now provide diet and caffeine-free drinks.

Lesson 8

HOW FIRMS COMPETE

I. Read and memorize the following words, word-combinations and word-groups:

to influence the market — мати вплив на ринок

e.g. No individual or group can influence the behavior of the market.

interchangeable — взаємозамінний

e.g. The individual securities of a particular firm are totally interchangeable.

at will — за власним бажанням

e.g. Traders can buy or sell individual securities at will.

collusion — домовленість; зговір

e.g. Collusion is a secret arrangement between two or more firms to fix prices or share the market.

utilities — підприємства громадського користування; комунальні послуги

e.g. Public utilities are privately owned firms that provide an essential public service.

merger — об'єднання (підприємств)

integration — інтеграція, об'єднання

e.g. The combination of two or more book publishing firms would be an example of a horizontal merger or horizontal integration.

trademark — торгова марка

e.g. Trademarks are special designs, names or symbols that identify a product, service or company.

II. Give English equivalents to the following:

комунальні послуги

ринок

торгова марка

об'єднання (підприємств)

надавати перевагу

угода

конкуренція

за власним бажанням

взаємозамінний патент

монополія

мати вплив на ринок

продавець

покупець

III. Fill in the blanks with appropriate words:

1. Economists often speak of the «structure»
of a

market price

- | | |
|--|---|
| <ol style="list-style-type: none"> 2. ... are able to enter or to leave the market at will. 3. A market in which there is only one seller is a 4. ... motivates producers to improve the quality and increase the variety of goods and services. 5. «Coke» is a ... of the Coca-cola Company. 6. In a monopoly supply is determined by a single 7. Under conditions of perfect competition ... could be found at the intersection of the supply and demand curves. 8. The products of certain industries such as aluminium, chemicals and electronics, are protected by | buyers and sellers
monopoly
trademark
patents
market
competition
firm |
|--|---|

IV. Read and translate the text:

Markets exist wherever people come together to buy and sell their goods and services. In economic systems during such hours, consumers and producers exchange their goods and services in many competitive markets.

A perfectly competitive market, according to economists, requires all of the following conditions:

*Many buyers and sellers; no individual or group can influence the behavior of the market.

*Identical goods or services offered for sale.

*No buyer or seller knows more than any other about the market.

Buyers and sellers are able to enter or leave the market at will. Few markets have all these characteristics. The New York Stock Exchange, the American Stock Exchange and other similar securities markets, however, are good examples of perfect competition. The individual securities of a particular firm are totally interchangeable.

Collusion is a secret arrangement between two or more firms to fix prices or share the market. These agreements are usually illegal.

Public Utilities are privately owned firms that provide an essential public service. They are granted a monopoly because it is felt that competition would be harmful to the public interest.

Trademarks are special designs, names or symbols that identify a product, service or company. Many businesses are naturally interested in growing and controlling as much of a market — or several markets — as possible. One way to accomplish this goal is through a merger.

Mergers fall into three categories: horizontal, vertical, or conglomerate.

The combination (or «integrating») of two or more companies engaged in the same business is a horizontal merger. The combination of two or more book publishing firms would be an example of a horizontal merger or horizontal integration.

A conglomerate merger combines two or more unrelated businesses under a single management (pp. 87—94).

V. Answer the following questions:

1. When do markets exist?
2. What does a perfectly competitive market require?
3. What are Public Utilities?
4. Why are they granted a monopoly?
5. What is a trademark?
6. In what way does the competition among producers benefit us all?
7. How can many businesses grow and control as much of a market as possible?
8. How many categories do mergers fall into? Name them.

VI. Define the terms:

interchangeable	to fix prices
to influence the market	conglomerate merger
single management	competitive market
behavior of a market	

VII. Translate into English:

1. Ринок існує скрізь, де люди збираються разом, щоб купити або продати свої товари та послуги. 2. Покупці та продавці можуть виходити на ринок або залишати його за власним бажанням. 3. Приватні цінні папери певної фірми цілком взаємозамінні. 4. Зговір — це секретна домовленість між двома або більше фірмами про встановлення цін і розподіл ринку. 5. Конкуренція в сфері підприємств громадського користування вважається шкідливою для громадського інтересу. 6. Одна з умов найбільш конкуренто-

спроможного ринку це те, що жодна приватна особа або група не можуть мати вплив на ринок. 7. Конгломерат об'єднує дві або більше незалежних фірм під єдине керівництво.

VIII. Read and dramatize the following dialogue:

L.: What of the world's well-known economists do you know?

A.: Well, Joan Robinson (1903—1983) taught economists at England's Cambridge University for more than 40 years. Her book «The Economics of Imperfect Competition» (1933), led her to be recognized as one of the world's foremost economists.

L.: Taking their cue from Alfred Marshall, economists of the 1930's based their theories on the concepts of perfect competition and monopoly.

A.: Did perfect competition often occur?

L.: No it didn't. Perfect competition, with its many buyers and sellers, all of whom had perfect knowledge of market conditions, rarely occurred. Neither for that matter, did perfect monopoly wherein buyers, unable to find substitutes paid a price selected by the monopolist. What usually happened was something in between the extremes of perfect competition and monopoly.

A.: In what way did Professor Robinson refer to this kind of trade?

L.: She referred to this kind of trade as imperfect competition. Robinson's «Imperfect Competition» described markets in which sellers had more freedom to determine prices than they would have under perfect competition, but less than they have under pure monopoly. They had this freedom either because their products were sold under conditions of monopolistic competition, or oligopoly. Are there any weaknesses of capitalism?

A.: Joan Robinson regarded imperfect competition as a major weakness of capitalism. Why? By commanding a higher price than they might have under perfect competition, she said, businesses earn higher returns while consumers have to find ways to do with less. Meanwhile, the economy operates at levels under its capacity to employ workers and produce goods and services.

L.: She concluded that conditions of underproduction and unemployment inevitably lead to periodic recessions and political unrest.

IX. Make up your own dialogue using the following expressions:

perfect competition	to enter the market
to accomplish a goal	single management
to be engaged in the same business	collusion
to be interested in controlling as	merger
much of a market	

X. Change the following sentences using the Passive Voice according to the model:

Model: The vertically integrated firms are now buying raw materials from the companies they own.
Raw materials are being bought now by the vertically integrated firms.

1. Patent protections are creating another barrier to trade.
2. Privately owned firms are providing an essential public service.
3. Consumers and producers are exchanging the goods in many competitive markets at this time.
4. Businesses are developing a service now.
5. The ice-cream company is driving down the prices.

XI. Replace the infinitives in brackets by the Present Continuous Tense (the Passive Voice):

1. Higher returns (to earn) by business.
2. The principal kinds of market structures (to describe) now.
3. The customers (to treat) in the best way.
4. The wealth (to use) to dominate the oil market at this time.
5. The patent holder (to pay) now for permission to use the process or find a new method of production not covered by existing patent.

XII. Translate into English:

1. Книжка друкується, доки він читає газету.
2. Ціни знижуються ними в цей час.
3. Його товар продається зараз в умовах монополістичної конкуренції.
4. Де той чоловік? Його наймають на роботу.
5. Однакові послуги надаються і товари продаються зараз різними фірмами.

XIII. Communicative situations:

1. Mergers of two or more competing firms, as well as of firms that are in competition with one another, have been increasing in recent years. We know that new investment adds capacity to the supply of goods and services. It also

may increase competition. Expansion by merger, on the other hand, does not add to supply or capacity, and it may reduce competition. Mergers, however may result in greater efficiency in the future.

- a) Explain how mergers may result in greater efficiency.
 - b) Support the argument that mergers lead to greater inefficiencies.
 - c) When would you favor, and when would you oppose, mergers?
2. General Mills is, among other things, a major producer of breakfast cereals, ALCOA produces aluminum, and Lovitt Farms, Inc. is a major wheat grower. With respect to each of these firms, compare:
- a) The market in which they operate.
 - b) The relative importance of price in their respective markets.
 - c) The extent to which product differentiation and price leadership are factors in their markets.

Lesson 9

MONEY

I. Read and memorize the following words, word-combinations and word-groups:

fluctuation — коливання

e.g. In societies where value of money fluctuates people spend it immediately thinking it will be worth less tomorrow.

to hoard — запасати, накопичувати

e.g. In societies where value of money fluctuates people hoard it in the hope that its value will increase.

portability — портативність

durability — міцність

uniformity — однаковість; однорідність

e.g. Money should possess such features as portability, durability, uniformity.

dollar bill — доларова банкнота

e.g. If dollar bills had no equal denominations of money that had the same value, things could be pretty confusing.

medium of exchange — спосіб обміну

e.g. Money serves us as medium of exchange.

measure of value — міра цінності

e.g. Money serves us as measure of value.

to enable — давати право або можливість (що-небудь робити)

e.g. Money enables us to state the price of something in terms that everyone can understand.

II. Give English equivalents of the following:

бути небезпечним для економіки
головна перевага грошей
накопичення цінностей
високоякісний папір
вартість грошей
мірило цінності

бартерна економіка
встановлювати ціну
робити покупку
засіб обміну
валюта

III. Fill in the blanks with appropriate words:

- | | |
|--|---|
| 1. Money can be anything, that is generally accepted in ... for goods and services. | denomination
payment
paper money
medium
advantages
barter economy
money economy |
| 2. Equal ... of money should have the same value. | |
| 3. One of the principal ... of money over barter is its ability to be divided into parts. | |
| 4. The principal difference between a ... and a ... is that in a barter economy you must find someone who has what you want and wants what you have. | |
| 5. Money, therefore, is the ... that enables exchanges to be made easily. | |
| 6. The money you are most familiar with, currency, consists of the ... and coins that you use almost daily. | |

IV. Read and translate the text:

What is money? Money can be anything that is generally accepted in payment for goods and services.

Although anything can serve as money, as a practical matter the material should possess the following qualities:

Stability. The value of money should be more or less the same today as tomorrow. In societies where value of money fluctuates (goes up and down) people will hoard it in the hope that its value will increase, or spend it immediately

thinking it will be worth less tomorrow. Either action could be harmful to the economy.

Portability. Modern money has to be small enough and light enough for people to carry. Bowling balls would not be a practical form of money.

Durability. The material chosen has to have a reasonable life expectancy. For that reason most countries use a very high quality paper for their money.

Uniformity. Equal denomination of money should have the same value. It's easy to see that if some quarters or dollar bills were worth more than others, things could be pretty confusing.

Divisibility. One of the principal advantages of money over barter is its ability to be divided into parts. In other words, while making change for a dollar is easy, making change for a chicken is more difficult.

Recognizability. Money should be easily recognized for what it is and hard to copy. The quality of the paper and the engravings make paper money extremely difficult to counterfeit.

We can also define money by what it does, which is to provide: A Medium of Exchange; A Measure of Value; A Store of Value.

A Medium of Exchange. The principal difference between a barter economy and a money economy is that in a barter economy you must find someone who has what you want and wants what you have. In a money economy people can sell what they have to anyone and use the money to buy what they want. Money, therefore, is the medium that enables exchanges to be made easily.

A Measure of Value. Money enables us to state the price of something in terms that everyone can understand. We can say the eggs we have for sale are worth 85 cents a dozen. That is far simpler than having to figure out how much milk or meat or clothing we would expect in payment for a dozen eggs.

A Store of Value. Money enables us to use the value of something that we sell today to make a purchase sometime in the future. For example, our egg seller could put the money from the day's sale toward a college education sometime in the future. You can imagine the difficulties if that person tried to save one or two year's worth of eggs toward a college education.

Currency. The money you are most familiar with, currency, consists of the paper money and coins that you almost use daily (pp. 125—127).

V. Answer the following questions:

1. What is money?
2. What qualities should the material for money possess?
3. What is the principal difference between a barter economy and a money economy?
4. What functions does money play in the society?
5. What is currency?

VI. Define the terms:

stability	durability
divisibility	portability
uniformity	recognizability

VII. Translate into English:

1. Більшість країн використовує високоякісний папір для виготовлення грошей. 2. Одна з головних переваг грошей над бартером — це те, що гроші можна ділити на частини. 3. Головна різниця між бартерною та грошовою економікою полягає в тому, що при бартерній економіці вам слід шукати когось, хто мав би те, що ви хочете, і хотів би те, що ви маєте. 4. Гроші дають нам змогу встановлювати ціну товару. 5. Гроші — це засіб, що дає нам можливість робити обмін. 6. Гроші дають змогу нам робити покупки коли-небудь у майбутньому, використовуючи вартість чогось, що ми продаємо сьогодні. 7. Валюта — це паперові гроші та монети, якими ми користуємося майже щодня.

VIII. Read and dramatize the following dialogue:

- A.: In what currency will payments be made?
B.: We'll provide for payments in local currency in our contract.
- A.: Is currency conversion allowed under your local legislation?
B.: Yes, it is.
- A.: How will currency fluctuations be taken into account?
B.: To avoid currency losses we shall provide for a currency clause in our contract.
- A.: How will the currency be exchanged?
B.: At the rate of the day.
- A.: To avoid currency losses we suggest including into the contract a currency clause pegging the currency of payments to SDRs in US dollars.
B.: No objections. And in what cases will payments be adjusted?
A.: Payments will be adjusted if the cost of one SDR changes.

B.: We believe that you will use the adjustments of the International Monetary Fund.

A.: Yes, certainly. Please note that if the amount of the letter of credit is not sufficient the Customer will have to increase the letter of credit accordingly.

IX. Make up your own dialogue using the following expressions:

local currency	currency fluctuations
to exchange currency	to make payments
to provide for payments	to take into account
to adjust payments	to avoid currency losses

X. Put the infinitives in brackets in the Past Continuous Tense:

M o d e l : The company (to raise) prices for the merchandise the whole year.
The company was raising prices for the merchandise the whole year.

1. The management (to consider) the outflow and inflow of capital, while they produced the new types of devices. 2. The company (to buy) currency from the foreign exchange department, when they dealt with the foreign firm. 3. Our partner (to provide) for payments in local currency, when currency conversion was allowed under the local legislation. 4. Our bank (to make) loans to corporations when they were in need. 5. The bank (to accept) money from depositors at that time.

XI. Paraphrase the following sentences as in the model:

M o d e l : He intended to convert American dollars to Swiss francs in foreign exchange departments.
He was going to convert American dollars to Swiss francs in foreign exchange departments.

1. We intended to buy merchandise from another country using the currency of that country. 2. Our bank intended to accept money from depositors. 3. This bank intended to make loans to corporations. 4. We intended to provide for a currency clause in our contract. 5. I intended to invest money into this corporation.

XII. Translate into English using the Past Continuous Tense (the Active Voice):

1. Цей банк надавав позики нашій компанії з 1995 по 1999 роки. 2. Я мав намір обміняти валюту в пункті обміну.

3. У цей час вони намагались уникнути грошових втрат. 4. Коли вона зателефонувала, ми розмовляли про фонди підприємства. 5. Ми мали намір виплатити всі борги до початку фінансового року.

XIII. Communicative situations:

1. Money is the root of all evil.
2. Money is the guarantee of security.
3. «Time is money». (B. Franklin)
4. Money put in a bank is as safe as anything in this world can be.

Lesson 10

ECONOMIC STABILITY

I. Read and memorize the following words, word-combinations and word-groups:

circumstance — обставина

e.g. In some circumstances the President and Congress can choose to increase taxes or reduce government spending or both.

to have serious drawbacks — мати серйозні недоліки

e.g. Fiscal policy solutions have several serious drawbacks.

revenue — прибуток

e.g. A budget deficit means that the government's revenues will be less than its expenditures, and the government's debt will increase.

fiscal policy — фінансова політика

e.g. Fiscal policy is applied by changing the level of tax receipts relative to federal spending.

monetary policy — грошова політика

e.g. Monetary policy refers to regulating the supply of money as a way of stabilizing the economy.

tax receipts — грошові надходження від оподаткування

e.g. It is the responsibility of the President to control the level of this tax receipts in the country.

budget deficit — дефіцит бюджету

e.g. Budget deficit occurs when government's revenues are less than its expenditures.

money supply — грошові надходження

e.g. A reduction in the money supply will serve to reduce demand and lower prices.

II. Give English equivalents of the following:

підвищувати податки	випускати гроші
зменшувати податки	попит на товари
стабілізувати економіку	дефіцит бюджету
контролювати податки та витрати	спад виробництва
застосовуватися в потрібний момент	
змінювати рівень грошових надходжень	
за рахунок податків	

III. Fill in the blanks with appropriate words:

- | | |
|---|------------------|
| 1. Fiscal policy is applied by changing the level of tax receipts relative to | reduced |
| 2. When taxes are ..., individuals and business firms will have more money available to spend for the things they want. | fiscal policies |
| 3. When properly applied, ... can provide effective tools with which to fight recession and | inflation |
| 4. Fiscal policy solutions have several serious | federal spending |
| 5. When government reduces taxes to fight a recession, it often creates a | timed |
| 6. The federal government can also finance its debts by printing | budget deficit |
| 7. Fiscal policies must be ... so that they are applied at the right moment. | money |
| 8. There is a direct relationship between the amount of money in ... and the level of business activity. | drawbacks |
| | circulation |

IV. Read and translate the text:

Ever since the days of the Great Depression, the federal government has sought to stabilize the economy.

To achieve these goals the government relies upon two sets of «tools» or strategies: fiscal policy and monetary policy.

Fiscal Policy. Fiscal policy is applied by changing the level of tax receipts relative to federal spending. It is the responsibility of the President and Congress because they control taxing and spending.

When taxes are reduced, individuals and business firms will have more money available to spend for the things they want. As business and consumer spending begins to increase, the

economy will enter the expansion phase. If taxes are increased consumers and business would have less to spend. This would create a contraction in the total demand for goods that should reduce inflation.

Fiscal Policy Has Its Critics: Many economists feel that when properly applied, fiscal policies can provide effective tools with which to fight recession and inflation. Others, however, believe fiscal policy solutions have several serious drawbacks.

— When government reduces taxes to fight a recession, it often creates a budget deficit. That is its revenues will be less than its expenditures, and the government's debt will increase. When taxes are reduced, the government can still spend because it can borrow or print money.

If the government chooses to borrow from the public to offset a tax reduction, the money it borrows cannot be spent by the lenders.

— The federal government can also finance its debts by printing money.

Unfortunately, such increases in the money supply tend to fuel inflation by pushing up prices. For that reason a number of economists are opposed to this strategy.

Fiscal policies must be timed so that they are applied at the right moment.

Monetary Policy. Monetary policy refers to regulating the supply of money as a way of stabilizing the economy. Monetary policy is the responsibility of the Federal Reserve System.

There is a direct relationship between the amount of money in circulation and the level of business activity. When the money supply is increased, consumer spending and business spending tend to increase with it. It follows that in time of contraction and recession, an increase in the money supply will help to bring about economic recovery. When the opposite situation prevails and the booming economy is pushing up prices in an inflationary spiral, a reduction in the money supply will serve to reduce demand and lower prices (pp. 139—147).

V. Answer the following questions:

1. What strategies does government rely upon to promote maximum employment, production and purchasing.
2. What is fiscal policy?
3. How is fiscal policy applied?
4. In what ways could the recession be reversed?
5. What will happen when business and consumer spending begins to increase?

6. Can fiscal tools be used to slow the economy?
7. What serious drawbacks have fiscal policy solutions?
8. What is monetary policy?

VI. Define the terms:

revenue	fiscal policy
receipts	monetary policy
inflation	budget deficit
recession	tax
regulating the supply of money	

VII. Translate into English:

1. Економісти шукають шляхів, щоб стабілізувати економіку. 2. Для того щоб досягти мети стабілізації економіки, уряд звертається до двох стратегій: фінансової та грошової політики. 3. Коли податки зменшуватимуться, фірми та приватні особи матимуть у розпорядженні більше грошей, щоб витратити їх на речі, які вони хочуть придбати. 4. Деякі економісти стверджують, що фінансова політика має кілька серйозних недоліків. 5. Коли уряд зменшує податки, він може створити дефіцит бюджету. 6. Дефіцит бюджету означає, що прибутки будуть меншими за витрати, і заборгованість уряду зростає. 7. Уряд може покривати дефіцит бюджету, роблячи позички або випускаючи нові гроші. 8. Прикро, що збільшення грошової маси є поштовхом до інфляції. 9. Існує прямий зв'язок між наявною в обігу кількістю грошей та рівнем виробництва.

VIII. Read and dramatize the following dialogue:

- A.: Can you tell what times we are living through. As I know when people speak of prosperity and depression, they think of things like business cycles.
- B.: Yes! The business cycle is the pattern of periodic ups and downs of business activity.
- A.: And how does the government try to stabilize the ups and downs of the economy?
- B.: In its efforts to stabilize the economy and achieve its goals the government relies on the fiscal and monetary policy.
- A.: Do you know anything about fiscal policies?
- B.: Certainly, I do. Fiscal policies seek to adjust total demand through the appropriate use of the government's powers to tax and to spend. Fiscal policy is in the hands of the President and Congress.

- A.: Then monetary policies must be quite different.
- B.: Not exactly. Monetary policies seek to achieve similar goals by regulating the money supply. Monetary policies are determined by the Board of Governors of the Federal Reserve System.
- A.: And how do fiscal policies influence the events in times of recession?
- B.: In times of recession fiscal policies would call for some combination of tax reductions and increases in government spending.
- A.: And what about monetary policies?
- B.: Monetary policies in those times would seek to increase the money supply through strategies such as the increased purchasing of government securities by the Open Market Committee, a lowering of discount rate, and a reduction in the reserve ratio.
- A.: And what happens in the times of inflation?
- B.: In times of inflation both fiscal and monetary policies would follow an opposite course.
- A.: Oh! I came to know very much about some things I've never heard before. Thanks a lot.
- B.: You're welcome.

IX. Make up your own dialogue using the following expressions:

- | | |
|----------------------------------|---------------------|
| to stabilize the economy | to reduce inflation |
| to enter the expansion phase | to fuel inflation |
| to fight recession and inflation | to increase taxes |
| to control taxing and spending | fiscal policies |
| to provide effective tools | to reduce taxes |
| monetary policies | |

X. Change the following sentences using the Passive Voice:

Model: At that time the government was controlling taxing.
 Taxing was being controlled by the government at that time.

1. They were stabilizing the economy during the last two years.
2. Congress was reducing inflation the whole year.
3. The President was applying fiscal policy, while they controlled taxing and spending.
4. They were providing effective tools to fight recession and inflation.
5. When the government borrowed money, it was reducing taxes.

XI. Ask *when* and *what*-questions using the Passive Voice:

M o d e l : The company was being managed extremely well, when he was president.

When was the company being managed extremely well?

1. Fiscal policy was being applied by the government successfully at that time. 2. Taxing was being controlled by the Congress. 3. Money was being spent by individuals and business firms for the things they wanted, when taxes were reduced. 4. Effective tools were being provided, when government fought recession and inflation. 5. Debts were being financed by the federal government, while they printed money.

XII. Translate into English using the Past Continuous Tense (the Passive Voice):

1. Рівень податку змінювався з липня по вересень минулого року. 2. Витрати цього підприємства зростали, тоді як економіка вступала в нову фазу. 3. За час інфляції провадилася фіскальна політика. 4. Коли уряд робив позики та випускав нові гроші, податки збільшувалися. 5. Під час оздоровлення економіки урядом випуск грошової маси зменшувався.

XIII. Communicative situations:

1. Although economists know a great deal about how to stabilize the economy, our system still goes through periods of expansion and contraction. Describe some of the problems facing decision makers who are trying to use fiscal and monetary policies to keep the economy growing steadily but smoothly.
2. As the economy moves from «recession» to «expansion», what is likely to happen to wages, investment, employment, profits?
3. During which phase of the cycle («recession» or «expansion») is production increasing? Why?

Lesson 11

THE GLOBAL ECONOMY

I. Read and memorize the following words, word-combinations and word-groups:

to benefit — отримувати користь

e.g. The countries benefit because trade enables them to exchange things they don't need for the things they do need and want.

transaction — справа, угода; ведення ділових операцій

e.g. Nations trade with one another for the same reason that individuals and business firms within a country trade: both sides expect to benefit from the transaction.

advantage — перевага

e.g. A nation has a comparative advantage in the production of an item when its opportunity costs to produce the item are lower than those of other nations.

to restrict — обмежувати

e.g. Despite the many advantages of trade between nations, most countries, including our own, often restrict that trade in a number of ways.

revenue — прибуток; джерело прибутку

e.g. Through most of its history (until 1910), the United States looked to the revenue tariff as its principal source of income.

to levy — оподаткувати

e.g. Protective tariffs are levied to protect a domestic industry from foreign competition.

surplus — надлишок

e.g. Both countries expect to benefit from the transaction, because trade enables them to exchange their surplus goods and services.

revenue tariff — тариф на прибуток

e.g. Revenue tariff are levied as a way to raise money as a principal source of income.

protective tariff — пільговий тариф для вітчизняного виробника

e.g. The goal of the protective tariff is to make the foreign product more expensive than a similar item produced in the country.

dumping — демпінг; розвантажування

e.g. Selling the same product for a lower price abroad than at home is called dumping.

administrative red tape — адміністративне регулювання
e.g. Administrative red tape is the deliberate use of governmental rules and regulations to make it difficult to import goods from abroad.

II. Give English equivalents of the following:

отримувати прибуток від операцій	мати переваги
спеціалізація з виробництва деяких товарів	природні ресурси
виробляти товар з меншими витратами	джерело прибутку
імпортувати товар із-за кордону	обмежувати торгівлю
транспортні засоби	вести торгівлю

III. Fill in the blanks with appropriate words:

- | | |
|---|----------------|
| 1. Manufacturing can also be performed more ... in some parts of our country than in others. | transportation |
| 2. Natural resources, an adequate labor ..., and ... facilities have promoted the development of certain industries in particular regions of the country. | supply |
| 3. Nations will ... because of differences in terms of climate, natural resources, ..., capital, and technology. | labor supply |
| 4. Differences make it sensible to ... in the production of some products. | quotas |
| 5. A nation has a comparative ... in the production of an item when its ... to produce the item of an item are lower than those of other nations. | specialize |
| 6. A ... is a duty, or tax, on imports. | opportunity |
| 7. Restrictions on the numbers of certain specified goods that can enter the country from abroad are called | costs |
| 8. Another tactic that has been used to restrict foreign trade can be classified as | tariff |
| | efficiently |
| | gain |
| | advantage |
| | administrative |
| | red tape |

IV. Read and translate the text:

Nations trade with one another for the same reason that individuals and business firms within a country trade: both sides expect to benefit from the transaction. They benefit

because trade enables them to exchange things they don't need (their surplus goods and services) for the things they do need and want. Some areas can produce things that others cannot. Because of its warm climate and the type of soil it has, Florida grows oranges but not wheat. Kansas grows no oranges, but it does grow wheat. The people in Florida and Kansas would like to have wheat and oranges, and so each specializes in one of those crops and trades its surplus with the other.

Manufacturing can also be performed more efficiently in some parts of our country than in others. Natural resources, an adequate labor supply, and transportation facilities have promoted the development of certain industries in particular regions of the country. For example, the computer industry is concentrated in northern California, the steel industry developed in western

Pennsylvania, and large automobile factories were first built in southern Michigan.

Absolute Advantage. Nations will gain because of differences in terms of climate, natural resources, labor supply, capital, and technology. These differences make it sensible for them to specialize in the production of some products and to buy the other things they need from other countries.

Despite the many advantages of trade between nations, most countries, including our own, often restrict that trade in a number of ways. Some of these ways are discussed below.

Tariffs. A tariff is a duty, or tax, on imports. There are two basic types of tariffs. *Revenue Tariffs* are levied as a way to raise money. Through most of its history (until 1910), the United States looked to the revenue tariff as its principal source of income. *Protective Tariffs* are levied to protect a domestic industry from foreign competition. The goal is to make the foreign product more expensive than a similar item produced in the United States. Then people will stop buying the foreign made item and purchase its domestic counterpart.

Quotas. Restrictions on the numbers of certain specified goods that can enter the country from abroad are called quotas. Like protective tariffs, quotas limit the amount of foreign competition a protected industry will have to face. In the 1980's, for example, the government protected the U.S. automobile industry by placing a quota on the number of automobiles that could be imported from Japan.

Other Tactics. There are a number of other devices that directly affect the flow of trade among nations. One of these is the export subsidy — a payment by a country to its exporters

that enables them to sell their products abroad at a lower price than they could sell them for at home. Selling the same product for a lower price abroad than at home is called *dumping*.

Still another tactic that has been used to restrict foreign trade can be classified as «administrative red tape». This is the deliberate use of governmental rules and regulations to make it difficult to import goods from abroad (pp. 151—155).

V. Answer the following questions:

1. Why do countries trade with each other?
2. What is absolute advantage?
3. Why do nations gain when they specialize?
4. How can you explain the term «comparative advantage»?
5. What does the law of comparative advantage explain?
6. Why do most countries restrict trade?
7. In what ways do some countries restrict trade?
8. What is tariff?
9. How can quotas restrict trade?

VI. Define the terms:

transaction	revenue tariff
to specialize	protective tariff
to restrict trade	quota
revenue	export subsidy
absolute advantage	dumping
tariff	administrative red tape

VII. Translate into English:

1. Держави ведуть торгівлю з тих самих причин, що й приватні особи та фірми. 2. Держави отримують зиск від торгівлі тому, що вона дає їм можливість обмінювати надлишок товару, який вони виробляють, на товар, у якому вони мають потребу. 3. Природні багатства, транспортні засоби, трудові ресурси дали поштовх розвиткові окремих видів промисловості. 4. Різниця в кліматичних умовах, природних багатствах, трудових ресурсах зробила можливою спеціалізацію з виробництва окремих видів товарів. 5. Незважаючи на значні переваги торгівлі, більшість країн запроваджує обмеження на торгівлю. 6. Упродовж історії свого існування США розглядали фіскальні тарифи як головне джерело надходжень. 7. Для того щоб захистити вітчизняну промисловість від іноземної конкуренції, існують тарифи,

мета яких — зробити зарубіжний товар дорожчим за такий самий товар, виготовлений у країні. 8. Квоти знижують рівень конкуренції, з якою може зіткнутися вітчизняна промисловість, обмежуючи кількість імпортованого товару.

VIII. Read and dramatize the following dialogue:

A.: It's amazing!

B.: What's amazing?

A.: We had an assignment the other day to discover how much we depend on foreign trade.

B.: What's so amazing about that?

A.: I found that my clock radio was made in Japan, my slippers came from Taiwan, my robe from India, my comb was made in Mexico, my sweater was from Scotland and my shoes from Italy.

B.: And I want to treat you to the hot chocolate made by a Swiss company out of cocoa beans from Ghana and sweetened with sugar from Ecuador.

A.: I see that we are all dependent upon the goods and services from other countries, and imports have risen steadily almost every year in the past.

B.: But why do countries trade with each other?

A.: Trade among nations takes place for the same reasons that it does within a nation; to obtain goods and services that a region could not produce itself, or to obtain them at a lower cost than they could be produced for at home. This is explained by the principle of comparative advantage.

B.: But I've heard that some countries put up barriers to trade and what is the reason for that?

A.: Despite the advantage of international trade, most nations have erected artificial barriers to that trade. These barriers are usually in the form of tariffs or quotas.

B.: And how are payments made in international trade?

A.: Imports must be paid for in a currency that is acceptable to the seller. In order to facilitate these transactions, there is a market for the currencies of all trading nations. The selling price of one nation's currency in terms of the currencies of other nations is known as its «exchange rate». Exchange rates fluctuate in accordance with the laws of supply and demand.

B.: How do exchange rates' fluctuations influence the nation's exports and imports?

A.: When the value of a nation's currency is decreasing in terms of other currencies, its exports are likely to increase because they will be less expensive to people in foreign

countries. Imports, in these circumstances, are likely to decrease because foreign goods will become more expensive. When a nation's currency is appreciating in terms of other currencies, the opposite is likely to occur.

B.: I see. And why do economists look to the balance of payments?

A.: The balance of payments summarizes the transactions that have taken place in international trade over a given period of time, usually one year. Economists look to the balance of payments for clues to future trends in the value of a nation's currency and other consequences of its foreign trade.

IX. Make up your own dialogue using the following expressions:

to levy protective tariffs

to benefit from the transaction

to specialize in the production of

to limit the amount of foreign

competition

to place a quota

to exchange things

to be concentrated

to restrict trade

X. Put questions to the italicized words:

M o d e l : Our nations will be trading with one another *when governments of the two countries limit quotas.*

When will our nations be trading with one another?

1. They will be exchanging their products at the international fair *at this time* tomorrow. 2. *Our company* will be manufacturing new devices *from September to November* the following year. 3. *The factory* will be specializing in the production of automobiles when they change the management. 4. The government of the country will be promoting *trans- portation facilities* for a number of reasons. 5. *Using the expect subsidy*, the government will be affecting the flow of trade among nations.

XI. Change the following sentences from direct into indirect speech:

M o d e l : He said: «They will be producing machines during the next two years».

He said that they would be producing machines during the next two years.

1. He said: «They will be growing vegetables the whole season». 2. The manager said: «From now on we shall be

promoting the development of certain industries in particular regions». 3. She remarked: «We shall be specializing in the production of new products from October this year to October next year». 4. The President said: «We shall be restricting trade in a number of ways from now on». 5. He said: «We shall be limiting the amount of foreign competition during the following years».

XII. Translate into English using the Future Continuous Tense (the Active Voice):

1. Ми будемо спеціалізуватися з виробництва певних видів товарів упродовж кількох наступних років. 2. Ця країна з початку й до кінця наступного року обмежуватиме зовнішню торгівлю. 3. Це фермерське господарство вирощуватиме овочі впродовж усього року. 4. Вони застосуватимуть квоту на деякі види імпортих автомобілів з наступного місяця цього року до червня наступного року. 5. Тарифи захищатимуть вітчизняну промисловість протягом певного часу.

XIII. Communicative situations:

1. Trade among people and nations has occurred for thousands of years. What are the advantages of trade? Why do many people seem to fear trade with other countries?
2. American steel production is down. Many steelworkers are unemployed. The equipment sits idle. A bill before Congress proposes high tariffs and quotas to protect the steel industry from imported steel.
 - a) Explain how each of the following parties might respond to the issue.

Steel industry	Iron and steelworkers
Consumers	Auto industry
 - b) Considering the position of different groups in the economy, do you believe it would be a wise or unwise economic decision to protect the steel industry from foreign producers? Explain your position.
3. Describe the position you would take on high tariffs, quotas or voluntary restraints on automobiles manufactured in Japan if you were:
 - a) the owner of an American automobile company;
 - b) a worker in that automobile plant;
 - c) a consumer interested in buying a new automobile;
 - d) an American manufacturer of computer parts to be sold in Japan.

Lesson 12

OTHER ECONOMIC SYSTEMS

I. Read and memorize the following words, word-combinations and word-groups:

to share — ділити, розподіляти

e.g. The utopian socialists wanted to create ideal communities in which the factories would be owned by the workers and profits shared by all.

to allocate resources — розподіляти ресурси

e.g. In a capitalist or free enterprise economy, property is privately owned, businesses compete to earn profits and resources are allocated by the market according to the laws of supply and demand.

living standard — життєвий рівень

e.g. Many economists feel that the most effective way to improve living standards in developing nations is to increase farm productivity.

free enterprise — вільне підприємство

e.g. American free enterprise is not the only economic system.

II. Give English equivalents of the following:

закон постачання та попиту
поліпшувати робочі умови
підвищувати життєвий рівень
забезпечувати основні послуги
підвищувати рівень освіти

головні питання
соціалісти-утопісти
розподіляти прибутки
розподіляти ресурси
отримувати прибутки

III. Fill in the blanks with appropriate words:

- | | |
|---|---|
| 1. In a capitalist or ... economy, property is ... owned. | profits
production
privately
supply
demand
provides
free enterprise
standards
services
carried out |
| 2. Business competes to earn ... and resources are allocated by the market according to the laws of ... and | |
| 3. In socialist economies the principal means of ... are owned by the state. | |
| 4. Production in socialist countries was ... in strict accordance with a government prepared plan. | |

5. The most effective way to improve living ... in developing nations is to increase farm productivity.
6. Physical infrastructure refers to the facilities needed to provide basic ... like transportation, communication, sanitation and power.
7. Increasing output ... people with the goods and services needed to improve their living standards.
8. In order for living standards to ..., a country's economic growth must increase faster than its population.

improve

IV. Read and translate the text:

In this chapter we will learn something about socialism and other economic systems. In a capitalist or free enterprise economy, property is privately owned, businesses compete to earn profits, and resources are allocated by the market according to the laws of supply and demand. In socialist economies the principal means of production are owned by the state, and resources are allocated according to a plan.

Communism is the form of socialism based on the writings of Karl Marx practiced in the Soviet Union, China and other countries. Socialism had its origins in Europe during the 19th century. Working conditions in the factories of those times were very poor. Wages were low; hours were long; and the work was often performed by men, women and children under physically dangerous conditions. For one group of thinkers, who came to be known as utopian socialists, the solution to these problems lay in the creation of small, ideal communities in which the factories would be owned by the workers and profits shared by all.

The process of transforming a less-developed country into a modern state typically involves some or all of the following activities:

- Modernizing the agricultural sector.
- Adding to the physical infrastructure.
- Increasing output and foreign trade.
- Improving education and training.
- Slowing population growth.

In order to improve living standards, a country's economic growth must increase faster than its population. In other words, if a nation's output over a period of time increased by 10 percent, while its population increased by 15 percent, living

standards would be worse at the end of the period than they were at its beginning (pp.163—176)*.

V. Answer the following questions:

1. What are the differences between capitalist and socialist economies?
2. What is «communism»?
3. When and where had socialism its origin?
4. Who are «utopian socialists»?
5. What do the less developed countries need to increase production?

VI. Define the terms:

farm productivity	capitalist economy
to allocate resources	socialist economy
government prepared plan	free enterprise
physical infrastructure	living standard

VII. Translate into English:

1. Економіка вільного підприємництва передбачає існування приватної власності. 2. Умови праці на фабриках за тих часів були дуже поганими. 3. Розв'язання цих проблем полягало у створенні маленьких ідеальних товариств, у яких фабриками володіли 6 робітники, а прибуток розподіляли між усіма. 4. Робота часто виконувалася чоловіками, жінками та дітьми у фізично небезпечних умовах. 5. При соціалізмі основні засоби виробництва належать державі, ресурси розподіляються за планом. 6. Що передбачає процес трансформації з низьким рівнем розвитку країни в сучасну державу? 7. Для підвищення життєвого рівня розвиток економіки країни має передувати зростанню кількості населення. 8. Якщо випуск продукції за певний період часу зріс на 10 відсотків, а чисельність населення збільшилася на 15 відсотків, то життєвий рівень буде гірший, ніж був на початку цього періоду.

VIII. Read and dramatize the following dialogue:

A.: Look, in 1986, my relatives as well as many other music lovers were treated to an extended daylong concert featuring many rock and jazz greats. The Live Aid concert staged simultaneously in London's Wembley Stadium and Philadelphia's JFK Stadium was beamed via satellite to millions of viewers in Europe and America.

- C.: I remember the purpose of the concert. It was to raise funds for the starving people of Africa. The sight of the desperately hungry in Ethiopia a few years ago, and before that in the West African region of the Sahel, shocked and helped sensitize television viewers to the tragedy in these lands.
- A.: Certainly. Some scholars place the major blame for these conditions on runaway population growth in nations of the undeveloped world.
- C.: In what way do they explain it?
- A.: They explain that standards of living in many developing nations continue to decline because the growth in population is greater than economic growth.
- C.: No doubt. And if world economic growth continues to average about two percent annually, nearly half the world's people will live in countries where population growth exceeds economic growth.
- A.: Much of what these writers had to say was foretold by an 18th — century English economist, Thomas Malthus. In his «Essay on Population» (1798) Malthus warned of the dire consequences of uncontrolled population growth.
- C.: What was his argument?
- A.: His argument was direct and simple. While food supplies can be increased through the addition of land and labor, the rate of growth is in an arithmetic progression (2, 4, 6, 8, 10 and so on). But population growth expands in a geometric progression.
- C.: As far as I understood, given the difference between the rate of population growth and that of production, Malthus concluded that a large portion of humanity was doomed to a life of misery.
- A.: Worse yet, as the arithmetically increasing food production fell short of satisfying the geometrically increasing population, malnutrition and disease would take their toll until the rising death rate restored the balance between food and population.
- C.: Critics of Malthusian theory argue that the focus on population misses the main causes of hunger and starvation. The fact is that the agricultural nations grow enough to feed themselves and the rest of the world. However, not enough food reaches those in need because poor nations do not have the international currency with which to purchase it from world suppliers.

IX. Make up your own dialogue using the following expressions:

to allocate resources
to be increased through
rate of growth
to be doomed to uncontrolled
population growth

economic growth
enormous increase in
free enterprise

X. Transform the negative form of the Present Continuous Tense into the affirmative form of the Present Perfect Tense (the Active Voice):

Model: They are not improving the quality of life in that country.

They have improved the quality of life in that country.

1. The firm is not increasing output and foreign trade.
2. They are not providing basic services like transportation, communication, sanitation and power.
3. I am not performing the work under physically dangerous conditions.
4. People are not producing modern goods and services in today's offices and factories.
5. The manager is not coming to the conclusion to create a small community.

XI. Put the infinitives in brackets in the Present Perfect Tense (the Active Voice):

1. Enterprises of that socialist country (to carry out) production in strict accordance with a government-prepared plan.
2. They (to increase) farm productivity in some developing countries.
3. You (to share) profits gained at the community owned factories.
4. Agricultural firms (to try) to increase productivity by introducing more modern farming techniques, fertilizers and equipment.
5. He (to find) the way to expand farm output.

XII. Translate into English:

1. Вони зосередили свою увагу на життєвому рівні в країнах, що розвиваються.
2. Чи стало вже вільне підприємництво головною економічною системою в цілому світі?
3. Уряд та освітянські заклади поліпшили цього року систему освіти й навчання.
4. Це забезпечило робочі місця та товари для експорту.
5. Міністерство сільського господарства ще не модернізувало сільськогосподарський сектор.

XIII. Communicative situations:

1. Explain why you agree or disagree with the following theories:
 - a) Historical trends can be explained in economic terms alone.
 - b) Labor is the only source of value.
2. Assume that you have been hired as an economic advisor to the mythical Kingdom of Glipp. Glipp has a tropical climate and its farmers grow bananas and other fruits much as they have for generations. To increase production Glipp's farmers must have modern equipment and training in new farming methods. Glipp also has rich uranium deposits in its interior mountains. There are no railroads or highways into these mountains.
 - a) What are the basic economic problems typically facing LDC's like the kingdom of Glipp?
 - b) Would you recommend any kind of central planning to deal with these problems? Explain it.
 - c) Illiteracy and poverty are problems. How would you propose dealing with these problems?
 - d) Would you favor any nationalization in the Kingdom of Glipp?
Explain.

Lesson 13

SOME CURRENT ECONOMIC PROBLEMS

I. Read and memorize the following words, word-combinations and word-groups:

environment — навколишнє середовище

e.g. Many companies acting as good citizens make efforts to protect the environment.

pollution — забруднення

e.g. The costs of cleaning up the damage caused by pollution do not naturally fall on those who cause it.

acid rainfall — кислотний дощ

e.g. Dust and moisture combine in the atmosphere to form acids in clouds, and eventually there is an acid rainfall or snowfall.

pesticides — пестициди

chemical fertilizers — хімічні добрива

e.g. Pesticides and chemical fertilizers used by farmers and home owners pollute streams, rivers, and ground water when they are transported by rain-water runoff.

prohibition — заборона

e.g. The prohibition of burning waste in incinerators, or the dumping of sewage in a river, and the banning of a pesticide are examples of this form of pollution control.

effluent fees — збір за скидання відходів

e.g. Effluent fees were levied on a factory pumping its waste into the atmosphere and a nearby stream.

incinerator — сміттєспалювальна піч

e.g. Pollution control includes the prohibition of burning waste in incinerators.

tax credits — пільги з оподаткування

e.g. Tax credits stimulate the producers to reduce the amount of pollution.

II. Give English equivalents of the following:

робити зусилля, щоб захистити	відходи виробництва
навколишнє середовище	безпосереднє регулювання
збиток, завданий забрудненням	забруднювати річки
здавати шкоди урожаю	податковий кредит

III. Fill in the blanks with appropriate words:

- | | |
|---|--|
| 1. The costs of cleaning up the damage caused by ... do not naturally fall on those who cause it. | pollutants
pollution
fuel
polluted
acid rain
direct regulation
tax credits |
| 2. Burning fossil ... in cars and factories releases pollutants into the air. | |
| 3. ... kills fish and plants in lakes. | |
| 4. Acid rain caused by ... in our country may fall on other countries. | |
| 5. Water is considered ... when it cannot be used for its intended purpose. | |
| 6. Government efforts to control pollution have taken three forms: ..., effluent fees, | |

IV. Read and translate the text:

By the mid-twentieth century the air over urban and industrial centers had become foul and the waters filthy.

The costs of cleaning up the damage caused by pollution do not naturally fall on those who cause it. Though many com-

panies acting as good citizens make efforts to protect the environment, there is little economic incentive for them to do so.

Modern technology produces massive amounts of wastes. Burning fossil fuel in cars and factories releases pollutants into the air. Then dust and moisture combine in the atmosphere to form acids in clouds, and eventually there is an acid rainfall or snowfall. The results are deadly. Acid rain kills fish and plants in lakes. It also builds up in the soil and damages crops. It wears away building surfaces. Blown by winds, the acid rain may fall far from the source of pollution. Acid rain caused by pollutants in our country may fall on other countries. In fact, studies indicate that about half the acid rainfall in Canada may originate in the United States.

Water is considered polluted when it cannot be used for its intended purpose, such as drinking, recreation, farming, or manufacturing. Pesticides and chemical fertilizers used by farmers and home owners pollute streams, rivers, and ground water when they are transported by rain-water runoff.

Government efforts to control pollution have taken three forms: direct regulation, effluent fees and tax credits.

— *Direct regulation* refers to government rules to protect the environment. The prohibition of burning waste in incinerators, or the dumping of sewage in a river, and the banning of a pesticide (such as DDT) are examples of this form of pollution control. Those who fail to obey government regulations are subject to fine, imprisonment, or both.

— *Effluent fees* are charges levied on polluters for discharging waste. For example, a factory that pumps its waste into the atmosphere or a nearby stream will be charged on the basis of the quantity of waste discharged.

— *Tax credits* enable firms to reduce their taxes in exchange for investing in equipment that will enable them to reduce the amount of pollution they generate (pp.187—191).

V. Answer the following questions:

1. What has created thousands of hazardous dumpsites all across the country?
2. What forms acid rainfall or snowfall?
3. What is the damage caused by acid rainfall?
4. May acid rain caused by pollutants in our country fall on other countries?
5. When is water considered to be polluted?
6. What forms have government efforts taken to control pollution?

VI. Define the terms:

pollution	environment
direct regulation	effluent fees
tax credits	pollution control
wastes	economic incentive

VII. Translate into English:

1. Сучасна промисловість залишає велику кількість відходів. 2. Повітря забруднюється внаслідок автомобільних викидів під час згоряння пального. 3. Кислотні дощі згубно діють на рибу та рослинний світ; потрапляючи у ґрунт, вони завдають шкоди врожаю. 4. Кислотні дощі можуть випадати далеко від джерела забруднення. 5. Вода вважається забрудненою, якщо її не можна вживати за прямим призначенням: пити, використовувати в фермерському господарстві та у виробництві. 6. Пестициди, хімічні добрива, які використовують фермери та власники землі, забруднюють ріки, ґрунтові води. 7. Зусилля уряду з контролю забруднення набувають трьох форм: безпосереднього регулювання, збір за скидання відходів, податкового кредиту. 8. Тим, хто не дотримується державного регулювання, загрожують штраф, ув'язнення або те й інше. 9. Податковий кредит дає фірмам можливість зменшити свої податки в обмін на інвестування в обладнання, яке дасть їм змогу зменшити кількість відходів.

VIII. Read and dramatize the following dialogue:

- A.: What do you think about the events that influenced the population shift?
- B.: Industrialization following World War I led to a population shift from farms to the cities. In the period since World War II, however, technological change has deprived the cities of many of the advantages that they once held. This has led to the growth of suburbs and to a number of economic problems for the cities.
- A.: Do you see the ways of solving the problems of the cities?
- B.: Proposals to solve economic problems of the cities generally call for some combination of federal, state and local approaches to the problems. Other proposals have called for the involvement of the business community, in partnership with government, as a way of solving some of the problems of the cities.

- A.: I see. And economic growth, as well as everything in this world, has its advantages and drawbacks. Am I right?
- B.: Yes, certainly. The principal advantage of economic growth is that it enables the nation to increase living standards. But economic growth also exacts a price in terms of resources consumed and wastes that must be disposed of.
- A.: So economic growth causes sometimes harmful externalities and who is to answer for that and take measures?
- B.: Unfortunately the market system does not have a way to charge those who cause harmful externalities (such as air and water pollution) for the costs of cleaning them up. For that reason it has been left to government to allocate these costs and find ways to limit the effects of harmful externalities.
- A.: I think it's the duty of everybody.
- B.: I fully agree with you. As polluted air dirties our clothing, our buildings and our homes.
- A.: Does this cost society money?
- B.: The EPA estimated that pollution causes the average city family to pay up to 57 dollars per year to clean and replace soiled clothes and 20 dollars per year to repair houses and cars. Air pollution reduces agricultural productivity and adds to the price people must pay for food.
- A.: In addition many firms are working to make more efficient use of resources by recycling paper, aluminum and other raw materials, while others are redesigning products to be biodegradable or reusable.

IX. Make up your own dialogue using the following expressions:

- | | |
|---|----------------------|
| to solve the problem of | economic growth |
| to cause harmful externalities | to take measures |
| to limit the effects of harmful externalities | acid rain |
| to make efforts to protect the environment | to damage crops |
| to release pollutants into the air | to control pollution |

X. Ask questions as in the model:

M o d e l : Ask your friend if chemical fertilizers have been used by farmers.

Have chemical fertilizers been used by farmers?

Ask your friend:

1) if water has been polluted in this region; 2) if massive amounts of wastes have been produced by modern technology;

- 3) if building surfaces have been worn by acid rain; 4) if those who fail to obey government regulations have been fined; 5) if effluent fees have been levied on polluters for discharging waste.

XI. Ask when and where-questions using the Passive Voice:

Model: Massive amounts of wastes have been produced by this plant this year.

When have massive amounts of wastes been produced by this plant?

1. Acid has been formed in clouds and followed by acid rainfall. 2. The acid rain has been blown by winds far from the source of pollution. 3. Chemical fertilizers have been used by farmers very intensively in this part of the country. 4. People who failed to obey government regulations have been fined this year. 5. The factory that pumped its waste into the atmosphere has been charged by the group of experts this week.

XII. Translate into English, using the Present Perfect Tense (the Passive Voice):

1. Велику кількість відходів було продуковано та знешкоджено цим підприємством. 2. Водні та земельні ресурси були забруднені внаслідок кислотних дощів. 3. Донедавна вода в цій річці вважалася забрудненою, оскільки її не можна було використовувати для фермерства, виробництва та з іншою господарською метою. 4. Використання пестицидів і хімічних добрив у великій кількості було заборонено урядом країни. 5. На підприємства та фермерів, які тривалий час забруднювали навколишнє середовище, було накладено штраф.

XIII. Communicative situations:

1. Protecting the environment is important.
 - a) identify and describe potential sources of pollution in your community;
 - b) describe what is being done to protect the community from the efforts of pollution.
2. Industrialized countries produce many dangerous substances (toxic wastes) while manufacturing the goods consumers need and want.
 - a) Is it government's responsibility to control toxic waste disposal?
Why or why not?

- b) What basic strategies have governments used to regulate industrial pollution?
- c) What are «pollution credits»?
How can they be used to reduce pollution?

Lesson 14

THE ECONOMY

I. Read and memorize the following words, word-combinations and word-groups:

economy — господарство

e.g. Economy refers to the sum of all our individual production and consumption activities.

factors of production — чинники виробництва

e.g. In order to produce anything we need resources, or factors of production.

opportunity costs — оптимальні витрати

e.g. Opportunity costs exist in all situations where available resources are not abundant enough to satisfy all desires.

economics — економіка

e.g. Economics is often defined as the study of how to allocate scarce resources.

production possibilities — виробничі можливості

e.g. Production possibilities are the alternative combinations of final goods and services that could be produced in a given time period with all available resources and technology.

law of increasing opportunity costs — закон зростання оптимальних витрат

e.g. According to the law of increasing opportunity costs we must give up everincreasing quantities of other good and services in order to get more of a particular good.

economic growth — економічне зростання

e.g. Economic growth is an increase in output, an expansion of production possibilities.

market mechanism — ринковий механізм

e.g. Market mechanism is the use of market prices and sales to signal desired outputs.

II. Give English equivalents of the following:

згідно з законом зростання оптимальних витрат
важлива особливість ринкового механізму
кількість наявних ресурсів обмежена

відмовлятися від можливості
бути змушеним робити вибір
випускати кінцевий товар

задовольняти бажання
розподіляти ресурси

III. Fill in the blanks with appropriate words:

- | | |
|---|---|
| <ol style="list-style-type: none">1. Factors of production are the ... — land, labor and capital we use to produce final goods and services (...).2. Unfortunately the quantity of ... is limited.3. Production possibilities are the alternative combinations of ... and services.4. Over time the quantity of resources available for ... has also increased.5. Market mechanism is the use of ... and sales to signal desired outputs. | <p>available resources
inputs
final goods
market prices
production
output</p> |
|---|---|

IV. Read and translate the text:

The economy is for us. «The economy» is simply an abstraction that refers to the sum of all our individual production and consumption activities. In order to produce anything, we need resources, or factors of production. Factors of production are the inputs — land, labor, and capital (buildings and machinery) we use to produce final goods and services (output).

Unfortunately, the quantity of available resources is limited. We cannot produce everything we want in the quantities we desire. Resources are scarce relative to our desires. This fact forces us to make difficult choices. Hence the more missiles we build, the less of other goods and services we can produce at the same time.

Opportunity costs exist in all situations where available resources are not abundant enough to satisfy all our desires.

Indeed, economics is often defined as the study of how to allocate scarce resources. The study of economics focuses on «getting the most from what we've got», on making the best use of our scarce resources.

Production possibilities are the alternative combinations of final goods and services that could be produced in a given time period with all available resources and technology.

According to the law of increasing opportunity costs we must give up everincreasing quantities of other goods and services in order to get more of a particular good.

Economic growth is an increase in output; an expansion of production possibilities.

Over time the quantity of resources available for production has also increased. Each year our population grows a bit, thereby enlarging the number of potential workers. Our stock of capital equipment has increased even faster. In addition the quality of our labor and capital resources has improved, as a result of more education (labor) and better machinery (capital).

Market mechanism is the use of market prices and sales to signal desired outputs (or resource allocations).

Thus the essential feature of the market mechanism is the price signal. If you want something and have sufficient income, you buy it. If enough people do the same thing, the total sales of that product will rise, and perhaps its price will as well. Producers, seeing sales and prices rise, will be inclined to increase production (pp.187—191).

V. Answer the following questions:

1. What is «the economy»?
2. What do you need to produce the textbook and what are these inputs called?
3. Why are we compelled to choose among goods?
4. How is economics often defined?
5. What do we call the law according to which we must give up everincreasing quantities of other goods and services in order to get more of a particular good?
6. What are the essentials of the market mechanism?
7. What is economics all about?

VI. Define the terms:

law of increasing opportunity costs
production possibilities
factors of production
opportunity costs

economy
economics
economic growth
market mechanism

VII. Translate into English:

1. Економічна наука вивчає виробництво та споживання.
2. Чинники виробництва — це земля, трудові ресурси, основний капітал (обладнання та будівлі), якими ми користуємося для виробництва товарів і послуг.
3. Ми не можемо виготовляти все, що ми бажаємо, і в кількостях, які нам потрібні, оскільки ресурси завжди обмежені.
4. Обмеженість ресурсів ставить нас перед вибором.
5. Економічна

наука займається питаннями розміщення ресурсів, яких немає в достатній кількості, та тим, як їх краще використовувати. 6. Нам доводиться відмовлятися від випуску певного виду товару, щоб забезпечити випуск іншого. 7. Головним у ринковому механізмі є чинник цін, який впливає на розширення або скорочення виробництва. 8. Якщо товаровиробники бачитимуть, що продаж певного виду товару і ціни на нього зростають, вони збільшуватимуть випуск цього товару.

VIII. Read and dramatize the following dialogue:

- A.: People worry about love, the weather, and the economy. But not necessarily in that order. According to public-opinion polls, the economy is always one of our foremost concerns.
- B.: Yes, people worry about such questions as:
- what forces shape the economy;
 - what determines how many jobs will be available;
 - how much income people will receive;
 - what goods will be produced;
 - how much pollution will be created.
- A.: And I was always wondering what, if anything, we can do to improve the economy's performance?
- B.: I see. And when asked what the country's most important problem was, three out of four Americans pointed to the drug problem. However four out of ten cited economic concerns, including unemployment, government spending, budget deficits and inflation.
- A.: But for many people, of course, concern for the economy goes no further than the price of tuition or the fear of losing a job.
- B.: I can't agree with you, because many others, however, are becoming increasingly aware that their job prospects and the prices they pay are somehow related to national trends in prices, unemployment, and economic growth.
- A.: So you think that most of us now recognize the importance of major economic events.
- B.: Yes, and that is why so many people worry about such abstractions as unemployment rates, inflation, economic growth, trade deficits, and budget deficits.
- A.: But despite the widespread concern for the economy, few people really understand how it works. And you can hardly blame them.
- B.: Certainly. The significance of billion dollar changes in output is easily lost on people who are trying to figure out how to pay this month's rent or next semester's tuition.

- A.: You see, «the economy» as it abstract might seem, as very much a part of our everyday lives. We spend most of our lives working to produce the goods and services that flow from our factories and offices.
- B.: Oh! And we spend a good part of the remaining time consuming those same goods and services. During much of the time left over, we worry about what to produce or consume next.
- A.: Interest in the workings of the economy intensifies when we have some immediate stake in its performance. The loss of a job, for example, can rivet one's attention on the causes of unemployment. A tuition increase may start you thinking about the nature and causes of inflation.
- B.: And high rents can start you thinking about the demand for housing in relation to its supply.
- A.: So what we seek to determine, then, is not simply whether we are involved in the economy — a fact nearly everyone can accept with a shrug — but more important, how we are involved and where our interests lie.
- B.: Right you are.

IX. Make up your own dialogue using the following expressions:

- | | |
|--|------------------------------|
| to satisfy desires | available resources |
| to make difficult choices | to allocate scarce resources |
| to get the most from what one has got | economic growth |
| to make the best use of scarce resources | trade deficit |
| an expansion of production possibilities | inflation |
| unemployment rates | |

X. Change from direct into indirect speech:

M o d e l : He said: «We used buildings and machinery rather effectively to produce final goods and services.»
 He said that they had used buildings and machinery rather effectively to produce final goods and services.

1. Our manager said: «We produced everything in the quantities we desired.»
2. He said: «This fact forced us to make difficult choices.»
3. The vice-president of marketing said: «We did much to advertise our product.»
4. The president of the company said: «We gave up the production of automobiles to produce agricultural machinery.»
5. The vice-president of production said: «We made the best use of our resources.»

XI. Ask questions as in the model:

Model: Ask your manager if the quantity of resources available for production had increased.

Had the quantity of resources available for production increased?

Ask your manager:

1) if quality of labor and capital resources had improved; 2) if total sales of that product had risen; 3) if the enterprise had increased the production of agricultural machinery; 4) if the firm had allocated scarce resources so as to get the highest income; 5) if the firm had expanded its production possibilities.

XII. Translate into English using the Past Perfect Tense (the Active Voice):

1. Це підприємство вдало розмістило свої ресурси до того, як розпочало виробництво цього товару. 2. Наша фірма відмовилася від випуску цього товару, щоб розпочати випуск іншого. 3. Коли ціни на цей товар зросли, підприємство збільшило його випуск. 4. Вони підраховали свої майбутні прибутки до того, як розпочали випуск своєї продукції. 5. Він сказав, що їхнє підприємство вдало провело рекламну кампанію і тому обсяги продажу цього товару зросли. 6. Президент компанії повідомив, що брак ресурсів змусив їх зробити вибір.

XIII. Communicative situations:

1. What opportunity costs did you incur reading this chapter?
2. If all consumers desire air, why doesn't a market mechanism produce it?
3. What would happen to the production possibilities if additional factors of production became available?

Lesson 15

AGGREGATE SPENDING

I. Read and memorize the following words, word-combinations and word-groups:

aggregate demand — загальний попит

e.g. Aggregate demand is the total quantity of output demanded at alternative price levels in a given time period.

aggregate supply — загальна пропозиція

e.g. Aggregate supply is the total quantity of output producers are willing and able to supply at alternative price levels in a given time period.

equilibrium — збалансування

e.g. Equilibrium is the combination of price level and real output that is compatible with both aggregate demand and aggregate supply.

aggregate spending — загальні витрати

e.g. Aggregate spending is the rate of total expenditure desired at alternative levels of income.

derived demand — похідний попит

e.g. Derived demand is the demand for labor and other factors of production. It results from the demand for final goods and services produced by these factors.

consumption — споживання

e.g. Consumption is expenditure by consumers on final goods and services.

disposable income (DI) — чистий прибуток

e.g. Disposable income is aftertax income of consumers.

saving — накопичення

e.g. Saving is that part of disposable income not spent on current consumption.

investment — інвестиція

e.g. Investment is expenditure on new plants and equipment in a given time period, plus changes in business inventories.

II. Give English equivalents of the following:

купувати з метою розширення
та поліпшення виробничих
можливостей
передбачення майбутнього
збуту та прибутків
задовольнити потреби споживача
учасники ринкових відносин

наймати робітників
особистий прибуток
рівень зайнятості
загальні витрати
рівень цін
у цьому розумінні

III. Fill in the blanks with appropriate words:

- | | |
|--|---|
| <ol style="list-style-type: none">1. Aggregate demand is the total ... of output demanded at alternative price levels in a given time period.2. Equilibrium is the ... of price level and real output that is compatible with both ... and aggregate supply.3. ... is the total quantity of output producers are willing and able to supply at alternative price levels in a given time period.4. Aggregate spending is the rate of total ... desired at alternative levels of income.5. The role of business firms in factor markets is ... available workers and other factors of production to produce ... and6. In fact all of the income spent in product markets ends up as income for7. Firms will ... more labor only if the demand for the goods and services such labor producer is ... strong.8. Consumption decisions are influenced by a variety of forces, including ..., prices, ..., wealth and expectations.9. Investment is ... on new plant and equipment in a given time period, plus changes in business inventories. | <p>aggregate supply
combination
market participants
expenditures
aggregate demand
quantity
to hire
goods
services
demand
sufficiently
expenditure
income
interest rates</p> |
|--|---|

IV. Read and translate the text:

Producers have some notion of how much output they are willing and able to produce at various price levels. Likewise, consumers, businesses, governments, and the rest of the world have some notion of how much output they are willing and able to buy at different price levels. These forces of aggregate demand and aggregate supply confront each other in the market place. Eventually, buyers and sellers discover that only one «price-output» combination is acceptable to both sides. This is the «price-output» combination we designate as (macro) equilibrium.

At equilibrium, the aggregate quantity of goods demanded exactly equals the aggregate quantity supplied. In the absence of macro disturbances, the economy will gravitate toward equilibrium — and stay there.

Dollar expenditures (total spending) are directly related to the flow of real goods and services; the level of employment depends on the willingness of people to spend their incomes. Businesses hire workers only if the goods and services such workers produce can be sold in product markets. Firms will demand more labor only if the demand for goods and services such labor produces is sufficiently strong.

In this sense we say that employers have a derived demand for labor, a demand that is derived from demands for final goods and services.

Consumer expenditures account for two-thirds of total spending in the U.S. economy. We need to determine what factors influence the rate of consumption and thus the potential for achieving full employment.

Consumption decisions are influenced by a variety of forces, including income, prices, interest rates, wealth and expectations.

Disposable income (DI) represents the amount of income consumers can actually choose to spend or not spend (save) in a given time period.

Business firms purchase a new plant and equipment for the purpose of expending or improving their output capabilities; such purchases are called fixed investment. Firms also acquire inventories of goods that can be used to satisfy consumer demands; such expenditures are called inventory investment. Both forms of investment represent a demand for output and are therefore counted as part of aggregate spending.

V. Answer the following questions:

1. What forces confront each other in the market place?
2. What is the aggregate spending?
3. How do we call the demand, that is derived from demands for final goods and services?
4. What factors influence the rate of consumption?
5. What does disposable income represent?
6. What do we call saving?
7. What is investment?

VI. Define the terms:

alternative price level	real output
aftertax income	equilibrium

total expenditure
current consumption

final goods
business inventories

VII. Translate into English:

1. Загальний попит і загальна пропозиція протистоять одне одному. 2. Зрештою покупці та продавці з'ясовують, що тільки єдина комбінація «ціна — продукція» прийнятна для обох сторін. 3. Збалансування — це комбінація рівня цін і реального випуску продукції, що поєднується з загальним попитом і загальним постачанням. 4. Похідний попит — це потреба в робочій силі та інших чинниках виробництва, що залежать від попиту на кінцеву продукцію і послуги. 5. Споживання — це витрата готових товарів і послуг споживачами. 6. Наявний прибуток становить певну суму прибутку, яку споживачі можуть витратити або ні за певний період. 7. Накопичення — та частина чистого прибутку, що не витрачається на поточне споживання.

VIII. Read and dramatize the following dialogue:

A.: Tell me please, when were many Americans out of work?

C.: During the Great Depression of the 1930 as many as 13 million Americans were out of work. They were capable people and eager to work. But no one would hire them. As sympathetic as employers might have been, they simply could not use any more workers. Consumers were not buying the goods and services already being produced. Employers were more likely to cut back production and lay off still more workers than to hire any new ones. As a consequence, an «army of the unemployed» was created in 1929 and continued to grow for nearly a decade. It was not until the outbreak of World War II that enough jobs could be found for the unemployed, and most of these «jobs» were in the armed forces.

A.: You see, the Great Depression was known to be the springboard for the Keynesian approach to economic policy. John Maynard Keynes concluded that the growing ranks of unemployed persons were caused by problems on the demand side of product markets.

C.: What was the reason?

A.: People simply were not able and willing to buy all the goods and services the economy was capable of producing. As a consequence, producers had no incentive to increase output or to hire more labor. So long as the demand for goods and services was inadequate unemployment was

inevitable. What did Keynes seek to explain?

C.: Keynes sought to explain how a deficiency of demand could arise, then to show how and why the government had to intervene. Keynes was convinced that government intervention was necessary to ensure optimal macro outcomes. And what can you say about Keynes's theory of macro instability?

A.: His theory of instability was developed in nominal terms, not the real values used in aggregate supply and demand graphs. Keynes focused on how many dollars we spend, not on the quantity of output we purchase. Keynes asked how many dollars people will spend and how that rate of expenditure is related to (dollar) income. This is Keynesian concept of aggregate spending.

IX. Make up your own dialogue using the following expressions:

to have some notion of	derived demand
to be acceptable to	in a given time period
to increase output	the rate of total expenditure
to result from	disposable income

X. Make up one complex sentence according to the model:

Model: A job was found. He lost an incentive to work.
A job had been found before he lost an incentive to work.

1. They were hired by managers. They made up their mind to leave the city. 2. More workers were used by employers. They produced the goods and services. 3. Hired workers were laid off. Employers cut back production. 4. The «army of unemployed» was created. Enough jobs were found. 5. Many dollars were spent. They could produce their services.

XI. Make the following sentences passive:

1. You had laid off more workers by that time. 2. He had developed this theory by the end of the fiscal year. 3. They had spent a half of their saving before they returned to the hotel. 4. People had produced much output at various price levels by the end of the month. 5. He said that a variety of forces had influenced consumption decisions by that time.

XII. Translate into English:

1. Певна сума грошей була витрачена перед тим, як вони вирішили її заощадити. 2. Він сказав, що минулого тижня фірмою було багато вироблено товарів і надано послуг. 3. Ми сказали, що достатню кількість робочих місць було знайдено для безробітних. 4. Чи багато продукції було вироблено до того часу? 5. Вони інформували, що не всі товари були експортовані.

XIII. Communicative situations:

1. What factors other than current income might influence consumer spending? How would changes in these factors affect the consumption function? Explain your reasoning.
2. Are current sales really ignored in investment decisions? How might changes in current sales affect expectation or rate of desired investment? Discuss it.

Lesson 16

INFLATION

I. Read and memorize the following words, word-combinations and word-groups:

inflation — інфляція

e.g. Inflation is an increase in the average level of prices, not a change in any specific price.

deflation — дефляція

e.g. A decline in average prices is a deflation.

relative price — відносна ціна

e.g. Relative price is the price of one good in comparison with the price of other goods.

nominal income — номінальний дохід

e.g. Nominal income is the amount of money you receive in a particular time period.

real income — реальний дохід

e.g. Real income is the purchasing power of that money, as measured by the quantity of goods and services your dollars will buy.

money illusion — грошова ілюзія

e.g. Money illusion is the use of nominal dollars rather than real dollars to gauge changes in one's income wealth.

Consumer Price Index — індекс споживчих цін
e.g. The most common measure of inflation is the Consumer Price Index.

inflation rate — темп інфляції

e.g. Inflation rate is the annual rate of increase in the average price level.

price stability — стабільність цін

e.g. Price stability is the absence of significant changes in the average price level.

demand-pull inflation — інфляція, спричинена попитом

e.g. Demand-pull inflation is an increase in the price level initiated by excessive aggregate demand.

cost-push inflation — інфляція, спричинена вартістю

e.g. Cost-push inflation is an increase in the price level initiated by an increase in the cost of production.

II. Give English equivalents of the following:

підвищення ціни

середній рівень цін

отримати великий прибуток

стабільні ціни

перебувати в пригніченому настрої

відрізнити явище інфляції від підвищення цін на окремі товари

мати сенс

купувати речі на продаж (для перепродування)

темп інфляції

виробництво йде на спад

III. Fill in the blanks with appropriate words:

- | | |
|---|---|
| <ol style="list-style-type: none">1. Most people associate inflation with ... on goods and services.2. Inflation is an increase in the ..., not a change in any specific price.3. A decline in average prices— ... — occurs when price decreases on some goods and services outweigh price increases on all others.4. ... is the price of one good in comparison with the price of other goods.5. ... is the amount of money you receive in a particular time period; it is measured in current dollars.6. ..., by contrast, is the purchasing power of that money as measured | <p>average level of prices
nominal income
price increases
relative price
income
a deflation
real income</p> |
|---|---|

by the quantity of goods and services your dollars will buy.

7. Money illusion is the use of nominal dollars rather than real dollars to gauge changes in one's ... or wealth.

IV. Read and translate the text:

Most people associate inflation with price increases on specific goods and services. The economy is not necessarily experiencing an inflation, however, every time the price of a cup of coffee goes up. We must be careful to distinguish the phenomenon of inflation from price increases for specific goods. Inflation is an increase in the average level of prices, not a change in any specific price.

We first determine the average price of all output — the average price level — then look for changes in that average. A rise in the average price is referred to as inflation.

The average price level may fall as well as rise. A decline in average prices — a deflation — occurs when price decreases on some goods and services outweigh price increases on all others. Relative price is the price of one good in comparison with the price of other goods.

Because inflation and deflation are measured in terms of average price levels, it is possible for individual prices to rise or fall continuously without changing the average price level. Nominal income is the amount of money you receive in a particular time period; it is measured in current dollars. Real income, by contrast, is the purchasing power of that money, as measured by the quantity of goods and services your dollars will buy. If the number of dollars you receive every year is always the same, your nominal income doesn't change — but your real income will rise or fall with price changes.

There are two basic lessons about inflation to be learned:

— Not all prices rise at the same rate during an inflation. Typically, some prices rise very rapidly, others only modestly, and still others not at all.

— Not everyone suffers equally from inflation. Those people who consume the goods and services that are rising faster in price bear a greater burden of inflation; their real incomes fall more. Other consumers bear a lesser burden, or even none at all, depending on how fast the prices rise for the goods they enjoy.

Money illusion is the use of nominal dollars rather than real dollars to gauge changes in one's income or wealth.

The most common measure of inflation is the Consumer Price Index (CPI). As its name suggests, the CPI is a mechanism for measuring changes in the average price of consumer goods and services.

Inflation Rate is the annual rate of increase in the average price level.

Price stability is the absence of significant changes in the average price level; officially defined as a rate of inflation of less than 3 percent. Our goal of «full» employment is defined as the lowest rate of unemployment consistent with stable prices.

The most familiar form of inflation is called demand-pull inflation. Demand-pull inflation is an increase in the price level initiated by excessive aggregate demand. The name suggests that demand is pulling the price level. If the demand for goods and services rises faster than production, there simply won't be enough goods and services to go around.

Cost-push inflation is an increase in the price level initiated by an increase in the cost of production. In 1979, for example, the Organization of Petroleum Exporting Countries (OPEC) sharply increased the price of oil. For domestic producers, this action meant a significant increase in the cost of producing goods and services. Accordingly, domestic producers could no longer afford to sell goods at prevailing prices. They had to raise prices. The result was a cost-push inflation (pp.157—179).

V. Answer the following questions:

1. What is inflation?
2. What is deflation?
3. What is referred to as inflation?
4. What do we call the price of one good in comparison with the price of other goods?
5. What is the influence of price changes on your nominal and real income?
6. What are the two basic lessons about inflation?
7. What phenomenon do economists call money illusion?
8. What phenomenon do we observe when speculative profits become too easy?
9. What is the most common measure of inflation?
10. How can we calculate the inflation rate?
11. What do we call the absence of significant changes in the average price level?
12. What do we observe when the demand for goods and services increases faster than production?

VI. Define the terms:

inflation rate	inflation
cost-push inflation	price stability
deflation	Consumer Price Index
money illusion	real income
demand-pull inflation	nominal income

VII. Translate into English:

1. Явище інфляції треба відрізнати від підвищення цін на окремі товари. 2. Впродовж останнього місяця інфляція на споживчі товари зросла на 5 відсотків. 3. Відносна ціна — це ціна одного товару в порівнянні з ціною інших товарів. 4. Інфляція найчастіше має місце в країнах із нестабільною економікою. 5. Номінальний дохід — це кількість грошей, які ви отримаєте за певний період. 6. Він досліджує проблеми інфляції у цій країні вже протягом двох років. 7. Не всі ціни підвищуються однаково під час інфляції: деякі зростають дуже швидко, інші — помірно, а деякі зовсім не змінюються. 8. Темп інфляції — це щорічний середній темп підвищення рівня цін.

VIII. Read and dramatize the following dialogue:

- T.:* Haven't seen you for a long time. What are you busy with?
D.: I am making preparations for my exam in economics. By the way I know you are competent in questions concerning inflation. Will you help me to distinguish the phenomenon of inflation from price increases for specific goods.
T.: With pleasure. The first thing you should take into account is that inflation is an increase in the average level of prices, not a change in any specific price.
D.: And what about deflation? Have you any idea about it?
T.: Well, deflation occurs when price decreases on some goods and services outweigh price increases on all others.
D.: Thank you, Tom, there is one more point to be cleared up. What is the difference between nominal income and real income?
T.: Nominal income is the amount of money you receive in a particular time period, and real income, by contrast, is the purchasing power of that money as measured by the quantity of goods and services your dollars will buy.
D.: I see you are really a specialist in problems connected with inflation.
T.: Thank you for the compliment, but I'd like to draw your attention to the fact that there are two basic lessons about

inflation to be learned: not all prices rise at the same rate during an inflation and not everyone suffers equally from inflation.

D.: What do you mean by that?

T.: Typically some prices rise very rapidly, others only modestly and still others not at all. Those people who consume the goods and services that are rising faster in price bear a greater burden of inflation; other consumers bear a lesser burden, or even none at all, depending on how fast the prices rise for the goods they enjoy.

D.: And do you know anything about the measure of inflation?

T.: Well, the most common measure of inflation is the Consumer Price Index. As its name suggests the CPI is a mechanism for measuring changes in the average price of consumer goods and services.

D.: I'm very much obliged to you for your exhaustive explanation. I think with your help I'll pass my exam in a good way. Thanks a lot.

T.: Not at all. Good luck!

D.: Why don't we go to the cafe and have a snack together?

IX. Make up your own dialogue using the following expressions:

- | | |
|--|-----------------|
| to experience an inflation | price stability |
| nominal income and real income | to suggest |
| to be measured in terms of average | inflation rate |
| price levels | to mean |
| to be the most familiar form of inflation | money illusion |
| to be initiated by excessive aggregate | |
| demand | |
| to be initiated by an increase in the cost | |
| of production | |

X. Change the following sentences using the Future Perfect Tense:

Model: Inflation will increase by 3% next month.
Inflation will have increased by 3% by the end of the month.

1. Average price level will fall next month.
2. His nominal income won't change next year.
3. She will finish her report on inflation tomorrow.
4. Inflation rate will change next month.
5. Prices on specific goods and services will increase next week.

XI. Complete the following sentences using the Future Perfect Tense:

Model: By that time tomorrow

By that time tomorrow he will have finished his report devoted to the problems of inflation and deflation.

1. At this time tomorrow 2. By the end of the month 3. By the time you call on me 4. By this summer 5. By the end of the year

XII. Translate into English:

1. Наш номінальний прибуток зміниться до кінця року.
2. Ціни на деякі товари та послуги зростуть до кінця тижня.
3. Виробництво цих товарів зросте на 5 відсотків до кінця місяця.
4. Ціни на споживчі товари не зміняться до кінця року.
5. Реальний прибуток компанії збільшиться на 10 відсотків до кінця бюджетного року.

XIII. Communicative situations:

1. Can you identify any groups of who are particularly helped or hurt by inflation? Explain.
2. Does an increase in the price level automatically lower society's real income? Explain.
3. Would it be advantageous to borrow money if you expected prices to rise? Why, or why not? Provide a numerical example.

Lesson 17

NATIONAL-INCOME ACCOUNTING

I. Read and memorize the following words, word-combinations and word-groups:

national-income accounting — облік національного доходу

e.g. National-income accounting is the measurement of aggregate economic activity, particularly national income and its components.

gross national product (GNP) — валовий національний продукт (ВНП)

e.g. Gross national product (GNP) is the total market value of all final goods and services produced in a given time period.

GNP per capita — валовий національний продукт у розрахунку на душу населення

e.g. GNP per capita is total population: average GNP.

intermediate goods — проміжний продукт

e.g. We must focus on the value of final goods and services and exclude intermediate goods from our calculation.

nominal GNP — номінальний валовий національний продукт

e.g. Nominal GNP is the value of final output measured in that year's prices.

real GNP — реальний валовий національний продукт

e.g. When we calculate real GNP, we value goods and services at constant prices.

inflation — інфляція

e.g. Inflation is an increase in the average level of goods and services.

production possibilities — можливості виробництва

e.g. Production possibilities are the alternative combinations of final goods and services that could be produced in a given time period with all available resources and technology.

depreciation — амортизація

e.g. Depreciation is the consumption of capital in the production process; the wearing out of plant and equipment.

net national product (NNP) — чистий національний продукт

e.g. NNP is the amount of output we could consume without reducing our stock of capital.

gross investment — валові капіталовкладення

e.g. Gross investment is positive as long as some new plants and equipment is being produced.

net investment — чисті інвестиції

e.g. Whenever gross investment exceeds depreciation, net investment is positive.

exports — експортовані товари

e.g. Exports are goods and services sold to foreign buyers.

imports — імпортовані товари

e.g. Imports are goods and services purchased from foreign countries.

II. Give English equivalents of the following:

облік національного доходу

чистий національний продукт

валовий національний продукт

брати до уваги зміни в рівні цін

перекручувати розуміння

можливості виробництва

вимірювати в цінах

додана вартість

виробництво готових товарів і послуг
валовий національний продукт у роз-
рахунку на душу населення

проміжні товари
амортизація

III. Fill in the blanks with appropriate words:

- | | |
|--|---|
| <ol style="list-style-type: none">1. ... is the measurement of aggregate economic activity, particularly national income and its components.2. ... is total population: average GNP.3. When we focus on domestic market activity we ... in calculating GNP.4. ... are goods or services purchased for use as input in the production of final goods or services.5. ... is the value of final output produced in a given period, measured in the prices of that period.6. ... is an increase in the average level of prices of goods and services.7. ... is the consumption of capital in the production process.8. ... are goods and services purchased from foreign countries. | <p>GNP per capita
nominal GNP
national-income ac-
counting
intermediate goods
inflation
depreciation
imports
encounter problems</p> |
|--|---|

IV. Read and translate the text:

National-income accounting is the measurement of aggregate economic activity, particularly national income and its components. The measurement of aggregate economic activity by national-income accounting serves two basic functions. First, it enables us to identify economic problems. The second function of national-income accounting is to provide an objective basis for evaluating policy.

National-income accounts help us not only to measure the economy but also to understand how it functions.

Gross national product (GNP) is the total market value of all final goods and services produced in a given time period.

GNP per capita is total population: average GNP. GNP per capita relates the total value of annual output to the number of people who share that output; it refers to the average GNP per person.

Even when we focus on domestic market activity we encounter problems in calculating GNP. A very basic problem arises from the fact the production of output typically involves a series of distinct stages. Consider the production of bread,

for example. For bread to reach the supermarket, the farmer must grow some wheat, the miller must convert it to flour, and the baker must make bread with it.

We must focus on the value of final goods and services and exclude intermediate goods from our calculation.

Intermediate goods are goods or services purchased for use as input in the production of final goods or services.

Nominal GNP is the value of final output produced in a given period, measured in the prices of that period (current prices).

To distinguish increases in the quantity of goods and services from increases in their prices, we must construct a measure of GNP that takes into account price level changes. We do so by distinguishing between real GNP and nominal GNP. Nominal GNP is the value of final output measured in that year's prices, whereas calculating real GNP, we value goods and services at constant prices.

Inflation is an increase in the average level of prices of goods and services.

Production possibilities are the alternative combinations of final goods and services that could be produced in a given time period with all available resources and technology.

Depreciation is the consumption of capital in the production process; the wearing out of plant and equipment. This calculation leaves us with yet another measure of output; net national product (NNP). This is the amount of output we could consume without reducing our stock of capital.

The distinction between GNP and NNP is thus mirrored in a distinction between gross investment and net investment. Gross investment is positive as long as some new plants and equipment are being produced. But our stock of capital — our total collection of plant and equipment — will not grow unless gross investment exceeds depreciation. That is, the flow of new capital must exceed depreciation, or our stock of capital will decline. Whenever gross investment exceeds depreciation, net investment is positive.

Exports are goods and services sold to foreign buyers.

Imports are goods and services purchased from foreign countries.

International trade is not a one-way street. While we export some of our own output, we also import goods and services from other countries. Whatever their use, imports represent purchases of goods and services that were not produced in their country.

The GNP accounts subtract imports from exports. The difference represents net exports (pp. 85—103).

V. Answer the following questions:

1. What are the two basic functions of national-income accounting?
2. How can we determine last year's GNP?
3. What is GNP per capita used for?
4. What is the easiest way to calculate GNP?
5. What is the difference between nominal GNP and real GNP?
6. What is inflation?
7. What do our production possibilities depend on?
8. Where is the distinction between GNP and NNP mirrored?
9. What represents net exports?

VI. Define the terms:

national-income accounting	real GNP
nominal GNP	gross national product (GNP)
inflation	GNP per capita
net national product (NNP)	depreciation

VII. Translate into English:

1. Облік національного доходу допомагає нам не тільки оцінити економіку, а й зрозуміти, як вона функціонує. 2. Додана вартість — це збільшення ринкової вартості продукції, яке відбувається на кожній стадії виробничого процесу. 3. Як зміни цін впливатимуть цього року на валовий національний продукт? 4. Для того щоб обчислити реальний валовий національний продукт, необхідно оцінити товари та послуги за постійними цінами. 5. Для того щоб підтримати наші виробничі можливості, ми повинні повернути капітал, який ми витрачаємо. 6. Щоразу, коли валові капіталовкладення перевищують амортизацію, чисті інвестиції є позитивними. 7. Виробничі можливості залежать від кількості землі, праці, капіталу та наших знань, як використати нову технологію. 8. Кількість імпортованих товарів на українському ринку впродовж кількох останніх років зростає.

VIII. Read and dramatize the following dialogue:

- S.: As a future economist you ought to know certain things about gross national product.
- B.: That's what I want. I hope to make my career in economics.
- S.: What do you know about GNP?

- B.: GNP is the total market value of all final goods and services produced in a given time period.
- S.: It is something. But you should distinguish between nominal GNP and real GNP.
- B.: What do you mean by that?
- S.: Nominal GNP is the value of final output produced in a given period, measured in the prices of that period, whereas real GNP is the value of output measured in constant prices.
- B.: Although prices serve as a convenient measure of market value, they can also distort our perceptions of real output.
- S.: You are right. Imagine what would happen to our calculations of GNP if all prices were to double from one year to the next. Suppose, for example, that the price of oranges rose from 20 cents to 40 cents, the price of bicycles to 100 dollars and the price of airplanes to 2 million dollars each.
- B.: How would such price changes affect this year's GNP?
- S.: Obviously, the price increases would double the value of final output. Measured GNP would rise from 1.400 million dollars to 2.800 million dollars. Such a rise in GNP does not reflect an increase in the quantity of goods and services available to us. We are still producing the same quantities only the prices of those goods have changed.
- B.: Now I understand, changes in GNP brought about by changes in the price level can give us a distorted view of economic reality.
- S.: Surely we would not want to assert that our standard of living had improved just because price increases raised measured GNP from 1.400 million dollars to 2.800 million dollars.
- B.: Thank you very much for your help. It's very useful information.
- S.: Not at all. See you later.

IX. Make up your own dialogue using the following expressions:

- | | |
|---------------------|--------------------------|
| intermediate goods | net investment |
| to determine | production possibilities |
| gross investment | to depend |
| standards of living | to exceed |
| international trade | exports |
| to be mirrored | imports |

X. Change the following sentences using the Future Perfect Tense (the Passive Voice):

Model: Gross national product will be calculated next month.

Gross national product will have been calculated by the end of the month.

1. Prices on these goods will be set tomorrow. 2. Production of consumer goods of this company will be reduced next month. 3. The calculation of net national product will be done next week. 4. International trade will be rapidly developed in this country next year. 5. New technology will be sold to this company next year.

XI. Use the verbs in brackets in the Future Perfect Tense (the Passive Voice):

Model: GNP per capita (to calculate) by the end of the week.

GNP per capita will have been calculated by the end of the week.

1. Intermediate goods (to purchase) by that time tomorrow. 2. Nominal GNP (to measure) by the end of the month. 3. These goods (to export) by the end of the month. 4. Purchases (to do) by tomorrow morning. 5. Production possibilities (to reduce) by that time.

XII. Translate into English:

1. Додану вартість цієї продукції буде обчислено до кінця тижня. 2. Нові інвестиції будуть вкладені в цей проект до кінця року. 3. Реальний валовий національний продукт буде обчислений економістами до кінця місяця. 4. Ці товари будуть доставлені посередниками до кінця тижня. 5. Угоду про купівлю обладнання відомої німецької фірми буде підписано українськими партнерами до кінця тижня.

XIII. Communicative situations:

1. Can we increase consumption in a given year without cutting back on either investment or government services? Under what conditions?
2. If gross investment is not large enough to replace the capital that depreciates in a particular year, is investment greater or less than zero? What happens to our production possibilities?

Lesson 18

COSTLY TRANSACTIONS

I. Read and memorize the following words, word-combinations and word-groups:

transaction — угода, операція

e.g. They made transaction on buying this equipment.

commodity — товар, предмет (широкого) вжитку

e.g. From the publications we observe that you are handling the export of a number of commodities.

consumption — споживання, витрати

e.g. The consumption of beer didn't go down when the tax was raised.

pervasive — що поширюється, проникає скрізь

e.g. Transaction costs are pervasive.

gains — дохід, прибуток; вигреш; вигода, зиск

e.g. They obtained gains from exchange of goods.

to evolve — розвивати(ся), розгортати(ся); створювати

e.g. He has evolved a new plan.

indirect trade — непряма торгівля

e.g. When transactions are costly, indirect trade rather than direct trade will lower transaction costs.

intermediary — посередник

e.g. The important social arrangements that set up indirect trade are the use of money and the use of intermediaries.

household — сім'я, домашнє господарство

e.g. Firms and households also lower certain kinds of transaction costs by organizing economic activity in particular ways.

to undermine — підривати, руйнувати

e.g. The President's enemies are spreading rumours to undermine his authority.

uncertainty — невизначеність

e.g. Uncertainty about what can and cannot be done undermines the gains from exchange or specialization.

to exclude — виключати

e.g. We can exclude the possibility that the money won't arrive.

restriction — обмеження

e.g. Are there restrictions in the consumption of alcohol in your country?

appropriate — належний, відповідний

e.g. Every economy whether capitalist, socialist, communist, or traditional, has to decide how it will create the appropriate sort of expectations about future use.

property rights — права власності

e.g. Every economy has to develop something like property rights.

II. Give English equivalents of the following:

обмежені ресурси	пряма торгівля
люди, що діють у власних інтересах	непряма торгівля
перевозити товари	знижувати витрати
продуктивні ресурси	створювати правила
зменшувати вигравш	права власності
витрати, пов'язані з угодою	

III. Fill in the blanks with appropriate words:

1. Resources used ... from one location to another cannot be used to produce commodities that individuals might consume.	social arrangements
2. ... are the opportunity costs of using productive resources in making trades rather than in producing goods and services for consumption or an intermediary other services.	self-interested individuals
3. The two important ... that set up indirect trade are the use of money and the use of intermediaries.	to transport commodities
4. ... is a person or organization that specializes in trading rather than producing goods.	an intermediary
5. The gains from exchange and specialization can only be fully realized if ... have future interests or expectations.	transaction costs
6. These kinds of expectations are referred to as	property rights
7. Firms and households also ... by organizing economic activity in particular ways.	lower transaction costs

IV. Read and translate the text:

Transacting often takes more time; scarce resources that might have been used to produce goods services are frequently

used in transacting. For instance, resources used to transport commodities from one location to another cannot be used to produce commodities that individuals might consume. In this case, exchange will have an opportunity cost in terms of the other uses to which these resources could have been put.

Transaction costs are the opportunity costs of using productive resources (including time and effort) in making trades rather than in producing goods and services for consumption or other purposes.

Transaction costs are so pervasive and the gains from exchange and specialization so great, however, that social arrangements have evolved in order to lower transaction costs for everyone. In general, when transactions are costly, indirect trade rather than direct trade will lower transaction costs. The two important social arrangements that set up indirect trade are the use of money and the use of intermediaries. Money is the thing that is commonly used in virtually all transactions consequently, it is frequently referred to as the medium of exchange. An intermediary is a person or organization that specializes in trading rather than producing goods, thereby lowering the costs of transactions for any non-specialists who use the services of the intermediary. Frequently intermediaries are called middlemen. Firms and households also lower certain kinds of transaction costs by organizing economic activity in particular ways. Finally, when uncertainty about what can and cannot be done undermines the gains from exchange or specialization a society may evolve rules in an effort to lower the costs associated with uncertainty.

The gains from exchange and specialization can only be fully realized if self-interested individuals have future interests or expectations. These expectations are of three sorts:

- expectations about the right to exclude;
- expectations about the right to consume with minimal restrictions;
- expectations about the right to transfer.

These kinds of expectations are referred to as property rights. Every economy, whether capitalist, socialist, communist, or traditional, has to decide how it will create the appropriate sort of expectations about future use.

In this sense every economy has to develop something like property rights (pp. 53—70)*.

*В уроках 18—20 подано посилання на видання: *Contemporary Economics*/ Ed. by James R. Kearl-Clenvien, Illinois, Boston, London. Scott, Foresman and Co., 1989.

V. Answer the following questions:

1. What are transaction costs?
2. Why have social arrangements evolved?
3. What are the important social arrangements that set up indirect trade?
4. What is money?
5. What is an intermediary?
6. What may a society evolve in an effort to lower the costs?
7. What other social arrangements lower transaction costs?
8. What kinds of expectations are referred to property rights?

VI. Define the terms:

direct trade	intermediary
commodity	firm
property rights	indirect trade
consumption	

VII. Translate into English:

1. Гроші — це те, що використовується практично в усіх угодах. 2. Посередник одержав 10 відсотків від продажу цього товару. 3. Фірми та домашні господарства також знижують певні види витрат шляхом особливої організації економічної діяльності. 4. Двома важливими чинниками, що забезпечують непрямую торгівлю, є гроші і посередники. 5. Угоду про купівлю обладнання британської фірми буде підписано наприкінці тижня. 6. Загалом, коли ціна угоди є великою, непрямая торгівля, більш, ніж пряма торгівля, знижуватиме витрати, пов'язані з угодою. 7. Будь-яка економіка має вирішити, як виправдати сподівання на майбутнє. 8. Ця фірма укладає угоди прямо, без посередників.

VIII. Read and dramatize the following dialogue:

Mr. Brown: Good morning, Mr. Popovych.

Mr. Popovych: Good morning, Mr. Brown. The weather is fine today, isn't it? I couldn't help enjoying a bit of fresh air walking to the office. Do you always have this kind weather in February?

Mr. B.: Yes, as a matter of fact we do.

Mr. P.: You're lucky to have so much warmth. I hear it's 15°C of frost in our country these days.

Mr.B.: Oh, is it? Then let's make use of all this warmth to the benefit of our two companies. By the way we discussed our transaction yesterday afternoon but didn't clear up some points. Do you find our prices competitive?

Mr.P.: Not quite, I'm afraid. First of all let's start from the very beginning. There is no objection to the price being fixed and payment being effected in dollars.

Mr.B.: Of course not.

Mr.P.: Secondly, all prices should be firm and we're going to pay cash. That's very beneficial to you, isn't it?

Mr.B.: Yes, quite so. But can we revert to the matter later?

Mr.P.: Tomorrow?

Mr.B.: May be tomorrow or this afternoon.

Mr.P.: O.K.

Mr.B.: What about the down payment?

Mr.P.: I think there's nothing to discuss; it stands as is given in the draft contract: 5% against the documents specified in the contract.

Mr.B.: I agree.

Mr.P.: And the last but not the least point. I'll be frank with you, Mr. Brown. I was going to ask for an 8% discount off the price. Bearing in mind the above however, and if you agree to all the prices remaining firm, I'm prepared to have only a 5% discount, that is to cut it almost by half. See?

Mr.B.: Well, Mr. Popovych, I must admit you've taken me somewhat by surprise, but I see your point and I can say if you give us time to study your draft contract and all your suggestions, I hope we could settle all the outstanding problems concerning the price and the terms of payment satisfactory to both parties.

Mr.P.: Agreed. There's nothing left for us to do but go on, is there?

Mr.B.: I'm of the same opinion, Mr. Popovych.

Mr.P.: Our next meeting will be tomorrow at 10 as usual. Good-bye.

Mr.B.: Good-bye.

IX. Make up your own dialogue using the following expressions:

to transact	property rights
commodities	to suggest
indirect trade	to settle down
middleman	beneficial
restrictions	to fix the price

X. Combine the given two sentences into one using the Present Perfect Continuous Tense:

Model: Partners began to make the transaction on buying this equipment 20 minutes ago. They are still making it.

Partners have been making the transaction for 20 minutes.

1. They began to obtain gains from the realization of these goods a month ago. They are still obtaining them. 2. They began to raise taxes on some commodities two weeks ago. They are still raising them. 3. Intermediaries began to lower transaction costs a few hours ago. They are still lowering them. 4. This company began to make restrictions on buying some goods a year ago. It is still making them. 5. They began to develop indirect trade some years ago. They are still developing it.

XI. Complete the following sentences as in the model:

Model: They have been making the transaction

They have been making the transaction for an hour (since the manager come, since 8 o'clock, etc.).

1. They have been transporting commodities 2. This company has been realizing its goods through middlemen 3. Ukrainian economy has been developing property rights 4. This firm has been lowering the costs of transaction 5. Both partners have been making important arrangements

XII. Translate into English:

1. Непряма торгівля розвивається в Україні вже протягом кількох років. 2. Ця компанія отримує вигоду від купівлі обладнання впродовж двох місяців. 3. Західні держави постачають в Україну різноманітні споживчі товари, починаючи з 1992 року. 4. З самого ранку вони обговорюють витрати на купівлю необхідних технологій. 5. Він працює посередником у цій компанії вже впродовж трьох років.

XIII. Communicative situations:

1. Computer software frequently comes packaged with an agreement attached to the outside that reads something like the following:

«The purchaser agrees, upon opening this package, not to copy or distribute the enclosed materials to anyone else».

- Why is this kind of message attached to software boxes but not to boxes of cereal?
 How effective do you suppose this agreement is?
 What kinds of arrangement would make it more effective?
2. Middlemen or intermediaries are frequently the burnt of charges that they do nothing except contribute to high prices.
 Are prices higher or lower because of middlemen?
 If prices were higher because of middlemen would it still make sense to trade through them rather than engaging in direct trade?

Lesson 19

MEASURING ECONOMIC ACTIVITY

I. Read and memorize the following words, word-combinations and word-groups:

measures of economic activity — показники економічної діяльності

e.g. Understanding how an economy works and carefully examining different perspectives on the economy frequently require quantitative measures of economic activity.

to lower — знижувати(ся)

e.g. The stocks lowered in value.

unit of account — одиниця обчислення

e.g. Money is frequently used as a unit of account.

to quote a price in terms of smth. — визначати ціну в чомусь

e.g. When prices are quoted in terms of the domestic unit of account it is easy to determine how many units of one good trade for another.

implicit — не виражений прямо, прихований

exchange ratio — мінове відношення

e.g. This implicit exchange ratio of goods for goods is the relative price.

relative price — відносна ціна

e.g. Relative prices play an important role in the decisions that individuals make.

purchase — купівля

e.g. I have some purchases to make.

microeconomics — мікроекономіка

e.g. The study of what determines relative prices and what happens when relative prices change is called microeconomics.

aggregate price level — загальний рівень цін

e.g. It is often useful to have a measure of the general or aggregate price level in addition to measures of specific relative prices.

price index — індекс цін

e.g. The price level is measured using a price index.

market prices — ринкові ціни

e.g. A price index is usually created by pricing a basket of goods at market prices in a base year.

to normalize expenditures — нормувати витрати

e.g. The expenditures at each subsequent date are also normalized, using the base period expenditures.

current prices — існуючі ціни

e.g. The same basket of goods is priced at current market prices at subsequent dates.

aggregate output — сукупний обсяг виробництва

e.g. Aggregate output is the way to measure the dollar value or the total production of goods and services in an economy.

to evaluate — оцінювати

e.g. These goods were evaluated at current market prices.

to deflate — знижувати ціни

e.g. A price index can be used to create a measure of real aggregate output, real GNP, by deflating nominal GNP.

II. Give English equivalents of the following:

визначати ціну в чомусь
приховане мінове відношення
мати ціну на існуючому ринку
нормалізувати витрати
сукупний обсяг виробництва
індекс цін зростає або зни-
жується (падає)

одиниця обчислення
визначати відносні ціни
загальний рівень цін
за ринковими цінами
індекс цін

III. Fill in the blanks with appropriate words:

- | | |
|--|--|
| 1. Money often becomes a convenient way of ... | are quoted in terms
microeconomics |
| 2. When prices ... of the domestic unit of account it is easy to determine how many units of one good trade for another. | measuring economic
activity
the relative price |

- | | |
|--|--|
| <ol style="list-style-type: none"> 3. The implicit exchange ratio of goods for goods is 4. The study of what determines relative prices and what happens when relative prices change is called 5. It is often useful to have a measure of the general or ... in addition to measures of specific relative prices. 6. ... is usually created by pricing a basket of goods at market prices in a base year. 7. ... or national income are ways to measure the dollar value or the total production of goods and services in an economy. 8. A common measure of aggregate output, domestic product, or national income is ..., which is the dollar value of output in an economy over a one-year period evaluated at current dollar prices. | aggregate price level
aggregate output
a price index
the Gross National Product |
|--|--|

IV. Read and translate the text:

Understanding how an economy works and carefully examining different perspectives on the economy frequently require quantitative measures of economic activity.

Money is important to an economy because it lowers transaction costs, thereby increasing the gains to individuals from exchange and specialization. Once money has developed in an economy, however, it serves other very useful roles. One of the most important of these roles is that money often becomes a convenient way of measuring economic activity. That is, money is frequently used as a unit of account.

When prices are quoted in terms of the domestic unit of account it is easy to determine how many units of one good trade for another. This implicit exchange ratio of goods for goods is the relative price.

The study of what determines relative prices and what happens when relative prices change is called microeconomics (or, sometimes, price theory). While relative prices are of great importance, in an economy that produces tens of thousands of goods, it is useful to have some idea of what is happening to the prices of all goods taken together, particularly when comparing changes in prices through time. That is, it is

often useful to have a measure of the general or aggregate price level in addition to measures of specific relative prices.

The price level is measured using a price index. A price index is usually created by pricing a basket of goods at market prices in a base year and normalizing the expenditures on those goods to 100. The same basket of goods is priced at current market prices at subsequent dates. The difference in the expenditures on the basket from those made in the base year indicates the changes that have occurred in the price level. The expenditures at each subsequent date are also normalized, using the base period expenditures so that the price index begins at 100 and then moves upward or downward depending upon whether there is inflation or deflation.

Aggregate output, domestic product, or national income are ways to measure the dollar value of the total production of goods and services in an economy. A common measure of aggregate output, domestic product, or national income is the Gross National Product (GNP), which is the dollar value of output in an economy over a one-year period evaluated at current dollar prices. A price index can be used to create a measure of real aggregate output, real GNP, by deflating nominal GNP. If an economy imports goods and services, the individuals within the economy have more goods and services to consume than those produced within the economy, while if an economy exports goods and services, the individuals within the economy have fewer goods and services to consume. Therefore, whether more or fewer goods and services are available than those produced within the economy will depend upon whether exports exceed imports or imports exceed exports (pp. 89—103)*.

V. Answer the following questions:

1. Why can money be used to measure economic activity?
2. What is the relative price?
3. What do relative prices measure?
4. What is called microeconomics?
5. Why is it useful to have a measure of the aggregate price level?
6. What is price index usually created by? What is the Gross National Product? What can a price index be used for?

VI. Define the terms:

commodity	aggregate output
microeconomics	relative prices
price index	imports
market prices	exports

VII. Translate into English:

1. Ціна, яка була визначена на цей товар, виявилася дуже високою. 2. Якби у них був вибір, вони закупили б обладнання за твердими цінами. 3. Споживання палива зменшилось у зв'язку з підвищенням податків. 4. Як ви оцінюєте купівельну спроможність цієї компанії? 5. Затримка у постачанні споживчих товарів перевищила два тижні. 6. Гроші — вигідний засіб вимірювання результатів економічної діяльності. 7. Зміни у відносних цінах відображають зміни в альтернативних цінах. 8. Він вивчає мікроекономіку вже впродовж двох років.

VIII. Read and dramatize the following dialogue:

- A.: You know that the radical reform of our national economy may be realized on the basis of a new price formation system, setting up a single market.
- B.: Yes, I know it perfectly. What's beyond me is why we should try to invent the bicycle when it was already done ages ago. Why can't we study the experience of the common market thoroughly and apply it to our reality with corresponding alterations. Surely it may be much easier and help avoid possible mistakes and miscalculations.
- A.: I agree with you. They have a wide experience in this field. And it took them over 40 years at that. Since the EEC was created in 1957 they have had several stages in developing their collective currency unit.
- B.: One thing's absolutely clear. We can't do it in a day. It may take quite a long time.
- A.: Again I agree with you there.
- B.: And we must have a really common currency unit for our trading community instead of the existing currency.
- A.: Naturally our existing currency should be covered by the amount of goods produced, i. e. we should check, fight down so to say, the inflationary process first of all.
- B.: How serious is it in our country?
- A.: Some say 2%, others up to 6%. No one knows exactly.
- B.: There're many terms in our economic literature concerning currency. Let's see which is which. First, what is hard currency and soft currency?
- A.: Hard currency is defined as one that is reliable and stable, which is why it is readily accepted by foreign countries in payment for goods or of debt. Soft currency is defined as one that is not convertible to gold or into certain other currencies which are more in demand as it is likely to fall in value usually because of an adverse trade balance.

- B.: What foreign exchange belongs to hard currency?
- A.: Currencies of almost all advanced industrialized countries and even of some developing or as they are now called newly-industrialized countries like Singapore or South Korea. I can't enumerate them all, but one thing's quite clear, that the US dollar, the Japanese yen and the Deutsche mark are most popular and more or less reliable at that.
- B.: I'm not an expert in financial matters, but I think that the real exchange rate is necessary not only in respect of hard currencies but in respect of clearing currencies as well.
- A.: What does a real exchange rate imply?
- B.: Perhaps I won't be able to answer your question properly but I know that monetary exchange is impossible without the real exchange rate; and there must be several stages; but first is the convertibility of our currency inside this country.
- A.: What does that mean?
- B.: That means that our enterprises must have a chance to buy foreign currency for our currency to pay for their machinery imports to modernize their factories.
- A.: How can that be achieved?
- B.: A domestic monetary market should be created or a currency exchange should be allowed.
- A.: That's a good prospect but it seems far away to me.
- B.: I don't think it'll take much time.

IX. Make up your own dialogue using the following expressions:

measures of economic activity	price index
to consume	relative prices
market prices	to export
to be measured	expenditures
opportunity costs	to normalize
unit of account	to exceed
useful	prices
to import	current

X. Complete the following sentences as in the model using the Past Perfect Continuous Tense:

Model: He had been studying microeconomics for 2 years
 He had been studying microeconomics for 2 years before he passed the exam (by that time, etc.).

1. They had been quoting prices on these goods for an hour
2. This company had been lowering stocks in value

for 2 hours 3. They had been discussing current prices for 20 minutes 4. We had been talking about the aggregate output for half an hour 5. They had been establishing price index for an hour

XI. Ask questions to which the following statements are answers:

Model: They had been discussing market prices for half an hour before he came.

How long had they been discussing market prices?

1. He had been calculating expenditures for 20 minutes before the manager came. 2. We had been discussing current prices on this equipment for an hour by that time. 3. They had been talking about the contract on different commodities for 15 minutes before the chief came. 4. I had been making purchases for half an hour before he came. 5. They had been talking about different measures of economic activity for 15 minutes before I came back.

XII. Translate into English:

1. Вони обговорювали загальний рівень цін упродовж 20 хвилин перед тим, як повернувся шеф. 2. Вони знижували ціни на товари вже впродовж місяця до того часу. 3. Він підраховував витрати компанії впродовж двох годин перед тим, як повернувся завідувач відділу. 4. Ми обговорювали існуючі ціни на товари протягом півгодини до того часу. 5. Він ретельно вивчав ринкові ціни на обладнання протягом години перед тим, як повернувся його шеф.

XIII. Communicative situation:

If the price index increases from \$50 to 180 in a single year, are the individuals living within the economy worse off or better off?

Lesson 20

EXCHANGE AND SPECIALIZATION

I. Read and memorize the following words, word-combinations and word-groups:

gain — прибуток, виграш, зиск

e.g. An economy exists because there are gains from exchange and specialization.

exchange — обмін

e.g. We would like to continue this trend of an educational exchange among teachers of our 2 countries.

specialization — спеціалізація

e.g. Generally specialization leads to an increase in the production of goods and services.

to value — оцінювати

e.g. He valued the house for me at 20,000 pounds.

well-being — добробут

e.g. Exchange and specialization between individuals increase the well-being of individuals within an economy.

to interact — взаємодіяти

e.g. Individuals sometimes interact in cooperative ways with other individuals.

explicit — чіткий, точний

e.g. He was quite explicit about the matter.

to facilitate — полегшувати, допомагати, сприяти

e.g. Modern inventions have facilitated housework.

measurable — вимірний

e.g. We came within measurable distance of success.

subjective — суб'єктивний

e.g. Gains from exchange are not merely subjective.

to provide an incentive — забезпечувати стимул, заохочувати

e.g. It provides an incentive for individuals to facilitate the exchanges among other individuals.

preference — уподобання; перевага

e.g. I should choose this in preference to any other.

to enhance — збільшувати, посилювати, підвищувати

e.g. That someone's well-being is enhanced by exchange does not imply that another person's well-being is undermined.

to induce — спонукати, стимулювати

e.g. What induced you to do such a thing.

to take advantage of smth. — скористатися з чогось

e.g. We shall take advantage of the situation.

comparative advantage — відносна перевага

e.g. An individual will be relatively better or have a comparative advantage.

share — частка, пай

e.g. We shall all have a share in the profits.

benefit — приносити/отримувати користь

e.g. The new railway will benefit the district.

to imply — означати, мати на увазі; передбачати

e.g. Silence sometimes implies consent.

II. Give English equivalents of the following:

приносити користь партнерам по угоді	частка прибутків
зиск від обміну та спеціалізації	підвищувати добробут
обмінюватися ресурсами та товарами	забезпечувати стимул
взаємодіяти шляхом співпраці	скористатися з при- бутків
виразне бажання співпрацювати	передбачати залежність
сприяти обміну та спеціалізації	збільшуватися завдяки обміну

III. Fill in the blanks with appropriate words:

1. Exchanges or trades of this sort increase ...	interact in apparently coo- perative ways
2. If individuals can freely ..., they can specialize in particular production activities.	to facilitate the exchanges individual well-being
3. Individuals sometimes ... with other individuals even though there is no explicit intention to cooperate.	implies dependence exchange resources and goods
4. It provides an incentive for individuals ... among other individuals.	to take a dvantage of the gains
5. It is impossible ... from speciali- zation without being willing to exchange.	benefit all trading partners
6. Trade between nations will also ... and will depend upon com- parative advantage.	
7. Specialization ... on others for the goods that one might have produced but for which one trades.	

IV. Read and translate the text:

An economy exists because there are gains from exchange and from specialization that link individuals together in extraordinarily important ways. There are two kinds of gains.

First, if individuals are free to exchange goods and resources, they can give up those things they value relatively less in exchange for those things that they value relatively more. Exchanges or trades of this sort increase individual well-being.

Second, if individuals can freely exchange resources and goods, they can specialize in particular production activities. Generally, specialization leads to an increase in the production of goods and services even if the resources that an economy has do not change. As a consequence, specialization will also increase individual well-being.

These two ideas, exchange and specialization, are the topics of this chapter. It is simply not possible to understand how possibly a market economy works without a clear understanding of why it is that individuals sometimes interact in apparently cooperative ways with other individuals even though there is no explicit intention to cooperate. But simply, exchange and specialization are the bases of economic activity for any society, although there may be a number of different ways that societies can choose to organize so as to facilitate exchange and specialization.

Individuals are better-off when they have opportunities to trade. While well-being is not always measurable, some of the gains from exchange can be measured; they are not merely subjective. This is important because it provides an incentive for individuals to facilitate the exchanges among other individuals. The more different individual tastes and preferences are, the greater will be the potential gains from exchange between the individuals.

Just because someone's well-being is enhanced by exchange does not imply that another person's well-being is undermined.

Exchange induces individuals to specialize so as to minimize the costs of producing goods.

So long as individuals are different from one another, each will have a comparative advantage relative to some other person in at least one activity.

The gains from exchange and specialization need not be equally divided among those who trade and specialize. Indeed, as relative prices change, the division of the gains will also change. Higher relative prices for the goods you are specialized in producing will increase your share of the gains, while lower relative prices for the same goods will decrease your share.

Specialization implies dependence on others for the goods that one might have produced but for which one trades. In this important sense, specialization and exchange link individuals together creating an economy (pp. 24—37).

V. Answer the following questions:

1. What is exchange?
2. What is specialization?
3. Why do exchange and specialization increase individual well-being?
4. Are exchange and specialization the bases of economic activity for any society?
5. In what sense does exchange make an economy better-off?
6. What do gains from exchange and specialization depend on?
7. What does specialization imply?

VI. Define the terms:

market economy	exchange
better-off	specialization
explicit intention	incentive
preference	relative prices

VII. Translate into English:

1. Розподіл потенційних прибутків між індивідами залежатиме від угод, які кожен з них зможе укласти. 2. Якщо людині пощастило з угодою, то вона отримає більше прибутків від обміну. 3. Що більше різняться індивідуальні смаки та уподобання, то більшими є потенційні прибутки від обміну між індивідами. 4. Відносна ціна товару визначається як коефіцієнт, за яким один товар обмінюється на інший. 5. Індивіди можуть мати користь від обміну, якщо навіть немає спеціалізації. 6. Якщо індивіди вільні обмінюватися товарами та послугами, то вони можуть також спеціалізуватися з тих видів діяльності, у яких вони мають відносну перевагу. 7. Зиск від обміну та спеціалізації не обов'язково має рівномірно розподілятися між тими, хто веде торгівлю. 8. У складній економіці загальний обсяг виробництва буде змінюватися зі змінами у відносних цінах.

VIII. Read and dramatize the following dialogue:

A.: We've discussed already exchange and specialization and now let's proceed with relative prices and their role in exchange and specialization.

B.: Surely. Prices are among the most visible characteristics of an economy. What is a relative price by the way?

A.: The relative price of a commodity is defined as the ratio at which one good exchanges for another good. That is, a relative price is the amount of one good an individual must give up if he chooses to consume one unit of another good.

B.: As far as I understood, the relative price of a good is the amount of some other good that must be given up to get an additional amount of the first good.

A.: Yes, sure. For example, if shirts are priced at twenty-four dollars and oranges at two dollars per pound, the relative price of a shirt is twelve pounds of oranges or, conversely, the relative price of a pound of oranges is one-twelfth of a shirt.

B.: Would the relative price be the same if a shirt, for example, costs twenty-four French francs and oranges sell for two francs per pound?

A.: Yes, it would be the same. Relative prices do not depend upon what an economy calls its money or even if it has money. Relative prices depend only upon the willingness of individuals to trade one good for another although money may facilitate these trades.

B.: Are relative prices closely related to opportunity costs?

A.: Indeed, once Crusoe finds that he is not alone on the island, his production costs may be determined by the availability of resources, effort and technology; but his opportunity costs of producing and consuming are determined by the relative price of coco-nuts and palm leaves.

B.: Oh, I remember this story. If I am not wrong, his opportunity costs are determined by the ratio at which palm leaves and coco-nuts exchange when he and Friday trade.

A.: You're quite right. Now I see you caught the main idea concerning relative prices.

B.: I'm very much obliged to you for your explanation.

A.: Not at all.

IX. Make up your own dialogue using the following expressions:

to trade	incentive
relative prices	well-being
exchange	share
advantage	gains
to interact	to benefit
to enhance	

X. Change the following sentences into subordinate clauses by making them depend upon one of the principal clauses given below: *they knew; he found out; she was sure; we decided; it was clear; etc.*

M o d e l : These figures will speak for themselves.

I was sure that those figures would speak for themselves.

1. Ukraine is developing trade with many European countries. 2. This company will get great gains from selling these goods. 3. The new manager of the plant provided incentives for its workers. 4. They all get equal share in the profits. 5. This contract will benefit both partners.

XI. Change the verbs in the principle clause into the Past Indefinite Tense and make all the necessary changes in the subordinate clause:

M o d e l : He says that he is interested in developing economic relations with Ukraine.

He said that he was interested in developing economic relations with Ukraine.

1. I am informed that the meeting of directors will not take place today. 2. He says that he is specializing in producing summer clothes. 3. The manager says that the contract will be signed tomorrow. 4. I know that exchange induces individuals to specialize. 5. He is sure that economy exists because there are gains from exchange and from specialization.

XII. Translate into English:

1. Він був упевнений, що компанія отримає великі прибутки від продажу цього обладнання. 2. Я була впевнена, що добробут населення з кожним роком зростає. 3. Ми знали, що торгівля сприяє розвитку економічних відносин між нашими країнами. 4. Він був упевнений, що спеціалізація вестиме до збільшення виробництва товарів і послуг. 5. Я не знала, що обидві компанії взаємодіяли на вигідних умовах.

XIII. Communicative situations:

1. If another country refuses to allow Ukrainian goods to be imported but wants to export to the Ukraine, should this matter to the Ukraine?

2. If the world price of rice increases, is a country exporting rice likely to be hurt or helped?
What about a country that imports rice? Why?
Will everyone within the economy be affected in the same way? Why?

Lesson 21

PUBLIC GOODS, INFORMATION AND UNCERTAINTY

I. Read and memorize the following words, word-combinations and word-groups:

public goods — суспільні товари

e.g. Goods are called public goods, not because they are provided by the government, but because they differ from the usual goods and services that we privately enjoy.

nonexclusive consumption — споживання без винятку

e.g. Consumption of a public good is nonexclusive.

(positive) externalities — (позитивні) зовнішні вияви, екстерналії

e.g. The production of public goods is accompanied by positive externalities.

noncompetitive consumption — неконкурентне споживання

e.g. Consumption of a public good by one individual is noncompetitive with consumption by another individual.

free riding — безоплатне користування, проїзд «зайцем»

e.g. Free riding occurs when a person consumes a valuable good or service without having to pay.

searching for information — пошук інформації

e.g. Searching for information is a very important way for individuals to gain the information necessary for individual economic choice.

reputation — репутація

e.g. Company has a good reputation at the international market.

brand name — торговельна марка

e.g. Reputation becomes associated with a label or brand name.

patent — патент

e.g. For technological innovations we have patents.

copyright — авторське право

e.g. For other kinds of ideas in printed or recorded form we have copyrights.

registered trademark — зареєстрована торгова марка

e.g. We protect the information about quality of goods associated with brand names by allowing for legally registered trademarks.

II. Give English equivalents of the following:

створювати проблеми для ринку	безоплатне користування
вимагати колективних рішень	проблема нормування
знижувати витрати на пошук	мати зиск з купівлі
споживання без винятку	технологічні новини
супроводжуватися позитивними зовнішніми ефектами	втілити ідею

III. Fill in the blanks with appropriate words:

- | | |
|---|---------------------------|
| 1. ... is any good or service whose consumption by one person is not affected by the consumption of the same good or service by someone else. | searching for information |
| 2. ... occurs when a person consumes a valuable good or service without having to pay. | patents |
| 3. ... is a very important way for individuals to gain the information necessary for individual economic choice. | free riding |
| 4. ... is important because it lowers search costs by allowing information gathered in the past to be used in the future. | a public good |
| 5. For technological innovations we have ... and for other kinds of ideas in printed or recorded form we have | reputation |
| 6. ... is not merely a matter of costly search however. | uncertainty |
| 7. We even protect the information about quality of goods associated with brand names by allowing for legally registered | trademarks |
| | copyrights |

IV. Read and translate the text:

Goods are called public goods, not because they are provided by the government, but because they differ from the usual goods and services that we privately enjoy. Public goods pose a serious problem for a market economy: markets are organized on the basis of individual decision-making, but in a sense, public goods require collective decisions.

A public good is any good or service whose consumption by one person is not affected by the consumption of the same good or service by someone else.

Public goods have three characteristics that create problems for markets. First, consumption of a public good by one individual is not competitive with consumption by another individual. Second, consumption is nonexclusive. Third, the production of public goods is accompanied by positive externalities.

Consumption of a public good by a single individual does not affect the ability of others to consume the same public good. Hence a public good can be jointly consumed by two, three, or many thousands of people, consumption of a public good is noncompetitive and there is no rationing problem.

It is generally not possible to keep those who do not pay for a public good from consuming it. Consumption of a public good is nonexclusive.

Finally, if it is not possible to exclude others from consuming a public good, the purchase or provision of a public good by one person creates a positive externality since others benefit from the purchase or provision without having to pay.

These three aspects of public goods create a special problem that makes it difficult for markets to produce them.

The problem is free riding. Free riding occurs when a person consumes a valuable good or service without having to pay. Because the consumption of public goods is nonexclusive and noncompetitive, each of us has an incentive to free ride, that is, consume goods and services that others have purchased.

Information is enormously important in making decisions in a market economy.

Since this information is valuable, we might expect that there would be a market for it, a place where we could purchase information about automobiles, stereos, canned and frozen goods, and other commodities of, where a firm could purchase information about the quality of potential employees. However, these markets are very difficult to create because of the public-good nature of the information.

Searching for information is a very important way for individuals to gain the information necessary for individual economic choice; searching produces information, that cannot in general be purchased in some market.

Reputation is important because it lowers search costs by allowing information gathered in the past to be used in the future. Frequently, reputation becomes associated with a label or brand name.

Use of an economically valuable idea by one person does not lessen the value when the idea is used by another person.

One response to these problems is to create property rights in ideas, particularly when the ideas are embodied in piece of equipment or are written down. For technological innovations we have patents and for other kinds of ideas in printed or recorded form we have copyrights. We even protect the information about quality of goods associated with brand names by allowing for legally registered trademarks (pp. 389—412).

V. Answer the following questions:

1. What is the difference between public goods and private goods?
2. What three characteristics do public goods have?
3. How do we call a phenomenon, when a person consumes a valuable good or service without having to pay?
4. Why is information a public good?
5. Why is reputation important?
6. How does the state attempt to stimulate technological or recorded innovations?

VI. Define the terms:

registered trademark	public goods
free riding	patent
positive externalities	information
reputation	copyright

VII. Translate into English:

1. Суспільні товари відрізняються від товарів особистого вжитку. 2. Ринки організуються шляхом прийняття індивідуальних рішень, тоді як вироблення суспільних товарів потребує колективних рішень. 3. Споживання суспільного товару однією особою не створює конкуренції для споживання його іншими особами. 4. Виробництво суспільного товару супроводжується позитивними зовнішніми виява-

ми. 5. Споживання суспільного товару необмежене. 6. Ми спостерігаємо безоплатне користування суспільними товарами та послугами, оскільки споживання суспільних товарів є необмеженим і неконкурентним. 7. Інформація дуже важлива для прийняття рішень в умовах ринкової економіки. 8. Репутація дуже важлива, оскільки вона заощаджує витрати на пошуки, даючи можливість використовувати в майбутньому інформацію, зібрану в минулому.

VIII. Read and dramatize the following dialogue:

M.: Why if it isn't Bob! Never expected to meet you at this shop. This is a small world!

B.: Hi, Mike! I've got to do some shopping.

M.: So you are to buy some goods for yourself. And do you know that there are things in this world that you can't consume alone.

B.: Really. I've never heard about this.

M.: Yes, you have, but never realized it. I'll try to explain this to you in some words.

B.: That's rather interesting.

M.: So, some goods can be consumed by one person and still be available for consumption by others. For example, you can enjoy the light, colour, noise and excitement associated with fireworks without affecting the ability of your neighbour to also enjoy the fireworks. Or, you can capture the signal from a television station and use it without affecting anyone else's ability to capture and use the same signal.

B.: And can we take as an example of such a case a ship at sea. It can use the services of a lighthouse that warns of a danger without affecting the use of the lighthouse service by other ships in the area.

M.: And police services make a city safer for all of its citizens — I «consume» safety, but this does not affect your ability to «consume» safety. National defense provides security for one citizen at the same time as it provides the same service for another citizen.

B.: I see. Each of these goods or services is different from an apple, a loaf of bread, a seat at a rock concert, or the medical services provided by a doctor.

M.: Yes, you are quite right. If you consume an apple, no one else can consume the same apple. It's gone. Similarly with a loaf of bread — your consumption precludes someone else's consumption. When you occupy a seat at

a rock concert, no one else can occupy the same seat. If you spend one hour with your doctor, the doctor cannot provide the same hour's service to another patient.

B.: Oh! I've never thought about this. And what do economists call such goods.

M.: They call them public goods, as they differ from the usual goods and services that we privately enjoy.

B.: Thank you for the information. That was really new to me.

M.: If you want to know more about public goods you may read a book on economics.

B.: Thank you. Bye.

M.: Bye.

IX. Make up your own dialogue using the following expressions:

consumption of public goods
and services

use of an economically valuable idea

to create property rights in ideas

to protect the information

to have a good reputation

searching for information

to obtain benefits

registered trademark

technological innovations

to gain the information

brand name

individual economic choice

X. Answer the following questions as in the models:

Models : a) Suppose you want to lower search costs. What would you do? I should allow information gathered in the past to be used in the future.

b) Suppose you wanted to lower search costs. What would you have done? I should have allowed information gathered in the past be used in the future.

1. Suppose you want to stimulate innovation. Suppose you wanted to stimulate innovation. 2. Suppose you want to create property rights in ideas. Suppose you wanted to create property rights in ideas. 3. Suppose you want to gain the information necessary for individual economic choice. Suppose you wanted to gain the information necessary for individual economic choice. 4. Suppose you want to get reputation. Suppose you wanted to get reputation. 5. Suppose you want to have copyrights. Suppose you wanted to have copyrights.

XI. Change the following sentences using the Present Subjunctive II and the Conditional Mood:

Model: If he wants to protect the information about quality of goods, he will apply for a patent.

If he wanted to protect the information about quality of goods, he would apply for a patent.

1. If he has the necessary information he will minimize search time. 2. If the company uses an economically valuable idea it will not lessen its value for another company. 3. If a firm creates property rights in ideas it will get a patent. 4. If a company has a reputation it will lower search costs. 5. If the state attempts to stimulate innovation it will use its police powers to stop use of the idea by those who do not compensate the inventor or innovator.

XII. Translate into English using the Conditional Mood:

1. Компанія випускала б цю продукцію, але вона не має патенту. 2. Фірма одержувала б прибутки ще минулого року, якби в неї було достатньо інформації про процес виробництва. 3. Якби не існувало ринку інформації, ми не дізналися б про наших потенційних споживачів. 4. Якби не конкуруюча компанія, ми швидше реалізували б свій товар. 5. Компанія захистила б своє право на технологічну інновацію, але вчасно не потурбувалася про оформлення патенту.

XIII. Communicative situations:

1. A movie theatre shows a film to a large number of people at the same time.
Is this a public good?
2. Mail-order catalogues often offer clothing and other goods at lower prices than local stores.
Why doesn't everyone purchase these goods by mail?

Lesson 22

MARKETS

I. Read and memorize the following words, word-combinations and word-groups:

market — ринок

e.g. We went to the market to buy food for the family.

tangible — відчутний на дотик; матеріальний

e.g. A good is something tangible that is produced and consumed.

to satisfy desires — задовольнити потреби

e.g. Markets exist to satisfy individual desires.

intangible — невідчутний на дотик; невловимий, неясний

e.g. Some things are intangible but are also important in satisfying individual interests.

goods — товар

e.g. Product markets are divided into two classes: goods and services.

service — послуга

e.g. A service is something intangible that is produced and consumed, also frequently having been purchased in a market.

to adjust — відрегулювати

e.g. When you have someone adjust a carburettor you are purchasing a service.

demand — споживач

e.g. Some people come to a market because they want to buy. They are called demanders.

supplier — постачальник

e.g. Some people come to a market because they want to sell. They are called suppliers.

market allocation — місце на ринку

e.g. The interaction of demanders and suppliers determines a market price and a market allocation of a particular commodity.

to affect the market — впливати на ринок

e.g. This interaction creates a set of incentives for subsequent decisions by both suppliers and demanders that may affect many markets.

excess supply — перевищення пропозиції

e.g. Excess supply occurs when, at a particular market price, the quantity that suppliers want to provide to the market exceeds the quantity that demanders want to purchase.

to decline — знижуватися, зменшуватися

e.g. Excess supply will be eliminated if the relative price is free to decline.

equilibrium — рівновага

e.g. The importance of equilibrium is that the equilibrium relative price is the only price at which the interests of demanders coincide with the interests of suppliers.

to eliminate — ліквідувати, знищувати

e.g. Excess demand will be eliminated if the relative price is free to increase.

II. Give English equivalents of the following:

взаємодія споживачів і постачальників
надмірна(ий) пропозиція/попит
виробляти товари та надавати послуги
розміщення ринку
набір угод

набір стимулів
перерозміщувати товари
задовольняти потреби
значення рівноваги
купувати товар
поділятися на класи
впливати на ринок

III. Fill in the blanks with appropriate words:

- | | |
|---|---|
| <ol style="list-style-type: none">1. Frequently product markets ... two classes: goods and services.2. When you have someone adjust a carburettor, however, you are ...3. ... determines a market price and a market allocation of a particular commodity.4. This interaction also creates ... for subsequent decisions by both suppliers and demanders that may affect many markets.5. ... occurs when, at a particular market price, the quantity that suppliers want to provide to the market exceeds the quantity that demanders want to purchase.6. ... occurs when, at a particular market price, the quantity that suppliers want to provide to the market is less than the quantity that demanders want to purchase. | <p>a set of incentives
excess demand
are divided into
purchasing a service
increases
the importance of equilibrium
the interaction of demanders and suppliers
excess supply
decreases</p> |
|---|---|

7. When there is excess demand, the relative price ... and when there is excess supply the relative price
8. ... is that the equilibrium relative price is the only price at which the interests of demanders happen to coincide precisely with the interests of the suppliers.

IV. Read and translate the text:

A market is a set of transactions in which a particular kind of commodity is exchanged, and in which the transactions for this commodity among different individuals and firms are related.

There are markets for hundreds of thousands of things. Some of these things are tangible and satisfy individual desires, while others are intangible but also important in satisfying individual interests. These things are frequently referred to as products. Frequently, product markets are divided into two classes: goods and services. For example, a hamburger is a good, while a doctor's examination is a service. When you buy an automobile, you are purchasing a good. When you have someone adjust a carburettor, however, you are purchasing a service.

A good is something tangible that is produced, and consumed, often having been purchased in a market. A service is something intangible that is produced and consumed, also frequently having been purchased in a market.

Resources are things used to produce goods, services and capital. Some people come to a market because they want to buy (demanders), others come because they want to sell (suppliers). The interaction of demanders and suppliers determines a market price and a market allocation of a particular commodity. This interaction also creates a set of incentives for subsequent decisions by both suppliers and demanders that may affect many markets. To understand these incentives, as well as how market prices and allocations are determined, we need to understand how suppliers and demanders respond to different relative price and the quantity of a particular commodity that individuals or firms (suppliers) would be willing to provide to the market.

Demand is all combinations of relative price and the quantity of a particular commodity that individuals or firms (demanders) would be willing to purchase in a market.

A market is created when those who willingly supply a good, service, or resource exchange with those who desire to use, control, or consume a good, service, or resource.

Markets reallocate commodities from suppliers to demanders. What if suppliers want to provide more than demanders want to purchase? Or, what if demanders want more than suppliers are willing to provide?

Excess supply occurs when, at a particular market price, the quantity that suppliers want to provide to the market exceeds the quantity that demanders want to purchase.

Excess demand occurs when, at a particular market price, the quantity that suppliers want to provide to the market is less than the quantity that demanders want to purchase.

In an open or free market, the relative price for a commodity will generally decrease when there is excess supply; the relative price will generally increase when there is excess demand.

Excess demand will be eliminated if the relative price is free to increase.

Markets adjust in predictable ways if, when there is excess demand, the relative price increases and if, when there is excess supply, the relative price decreases. These changes in relative prices tend to eliminate the excess supply or excess demand.

A market is equilibrium when the quantity that suppliers are willing to provide to the market at a specific market price is exactly equal to the quantity that demanders desire to purchase in the market at the same market price.

The importance of equilibrium is that the equilibrium relative price is the only price at which the interests of demanders happen to coincide precisely with the interests of the suppliers. At any other relative price, the interests of suppliers and demanders do not coincide (pp. 106—125)*.

V. Answer the following questions:

1. What is a market?
2. What is a good?
3. What is a service?
4. Whom do we call demanders and suppliers?
5. What is supply?
6. What is demand?
7. What is excess supply?
8. What is excess demand?
9. When will excess demand and excess supply be eliminated?
10. What is an equilibrium of a market?
11. Why is market equilibrium important?

VI. Define the terms:

a good	a service
a market	a demander
a supplier	market
allocation	excess supply
excess demand	equilibrium
a transaction	resources

VII. Translate into English:

1. Розрізняють ринки товарів і ринки послуг. 2. Товар — це щось відчутне на дотик, що виробляється та споживається, часто те, що ми можемо придбати на ринку. 3. Послуга — це щось не відчутне на дотик, що виробляється та споживається, що ми також можемо придбати на ринку. 4. Ресурси — це те, що використовується для виготовлення товару та надання послуг. 5. Взаємодія споживачів і постачальників визначає ринкову ціну та розміщення ринку. 6. Пропозиція — це поєднання відносної ціни та кількості якогось товару, що його фірми або окремі особи бажають постачати на ринок. 7. Споживання — це поєднання відносної ціни та кількості якогось товару, що його фірми або окремі особи бажали б придбати на ринку. 8. Надмірна пропозиція складається тоді, коли кількість товару, яку постачальник хоче поставити на ринок з ринковою ціною, перевищує кількість, яку споживачі бажають придбати. 9. В умовах вільного ринку відносна ціна на товар буде падати при зростанні пропозиції та підніматися при зростанні попиту.

VIII. Read and dramatize the following dialogue:

A.: I say, Fred, you promised to tell me everything about markets.

B.: Yes, I do remember I promised to tell you.

A.: I am all ears.

B.: To begin with markets are as old as recorded civilization.

A.: If I've got you right, they existed in earlier times.

B.: That's right. In earlier times, they were primarily a physical location where people would gather periodically to exchange goods and services.

A.: So, going to market was an important economic and social activity.

B.: Indeed, it was so important that permanent market locations frequently developed into the towns and cities that now dot much of the landscape.

A.: Sure. And today we think less about markets as specific physical locations where exchanges occur than we do as institutional arrangements that tie exchanges together in some way.

B.: I think that any particular transaction occurs in a specific place, of course, but tens of thousands of such transactions scattered across a community or even a nation may constitute a market for a particular thing.

A.: Yes. And if there is a market, a person can expect that the nature of the transaction will be similar in different locations.

B.: What do you mean by this?

A.: For example, we speak of the housing market in a city or the rental market in a city, even though there is no central location where houses are bought and sold or where apartments are offered for rent and rented. While there may be local peculiarities, buying a home in one part of a city is quite similar to buying a home in another part of a city.

B.: In this sense there is a market for housing in a city, or even across an economy. And, similarly, we may speak of the market for cereal, or soft drinks or shirts or jeans or computer software, even though cereal is sold in thousands of different locations throughout an economy.

A.: Thus, a market need not have a single physical location as long as transactions for a specific good or service or resource in one place are related in some way to the transactions for the good or service or resource in some other place.

B.: That's great. And in an important sense, however, a market is an idea. That is, a market is a way of thinking about the consequences of the many transactions that occur for specific goods, services, or resources.

IX. Make up your own dialogue using the following expressions:

exchange of goods and services	transactions for commodity
to satisfy individual interests	to purchase in a market
to determine a market price	a market allocation
to provide to the market	to consume a good
service or resource	

X. Paraphrase the sentences as in the model:

M o d e l : I am afraid that this firm will provide less quantity of the commodity to the market.

I am afraid lest this firm provide less quantity of the commodity to the market.

1. I worry, because the relative price for a commodity will decrease. 2. The retailer is afraid that his goods will satisfy individual desires of only one group of consumers. 3. The producers are afraid that the retailers will provide inconvenient market location. 4. The producers are afraid that their market research is of no value to predict what the people will want. 5. The producers are afraid that marketing operations will be very expensive.

XI. Paraphrase the sentences as in the model:

Model: The manager demanded: «The wholesalers must simplify the process of distribution.»

The manager demanded that the wholesalers simplify the process of distribution.

1. The wholesaler demanded: «We must determine a market price of a particular commodity.» 2. The manager ordered: «The interaction of demanders and suppliers must determine a market allocation of a particular commodity.» 3. The manager demanded: «The wholesalers must provide new channels of distribution which help to bring goods to the market.» 4. The middleman suggested: «Suppliers and demanders must respond to different relative prices to determine market allocations and prices.» 5. The producer suggested: «Markets must adjust in predictable ways.» 6. The producer suggests: «Changes in relative price must tend to eliminate the excess supply or excess demand.»

XII. Translate into English using Subjunctive I:

1. Виробники побоювалися, щоб ціни на цей вид товару не знизилися. 2. Необхідно, щоб ринкова ціна визначалася взаємодією суб'єктів попиту та пропозиції. 3. Важливо, щоб встановилася ринкова рівновага. 4. Виробники запропонували, щоб оптові торговці спростили процес збуту. 5. Необхідно, щоб виробники були готові постачати на ринок таку кількість товару, яку споживачі готові придбати. 6. Важливо, щоб інтереси споживачів збігалися з інтересами постачальників.

XIII. Communicative situations:

1. Why does a market adjust toward an equilibrium?
If markets did not adjust toward an equilibrium, what behavior would you observe?
2. Do you suppose that a market ever reaches equilibrium?
If not, is the concept of equilibrium useful?
3. If a firm found that its market demand was inelastic and cut its production, would its revenues from supplying goods to the market increase or decrease?

Lesson 23

INTERNATIONAL MARKETS FOR COMMODITIES AND CURRENCIES

I. Read and memorize the following words, word-combinations and word-groups:

transportation costs — транспортні витрати

e.g. Transportation costs are low.

domestic market — внутрішній ринок

e.g. Domestic markets for goods and services are often affected by either foreign supply or by foreign demand.

international market — міжнародний ринок

e.g. For many commodities there are international rather than domestic markets.

import — ввезення, імпорт

e.g. What are the chief imports of your country?

export — вивезення, експорт

e.g. Last year exports exceeded imports in value.

barter — міняти, обмінювати

e.g. According to the contract, they should barter wheat for machinery.

coincident wants — потреби, що збігаються

e.g. Money solves the problem of coincident wants.

reciprocal wants — взаємні потреби

e.g. What phenomenon solves the problem of reciprocal wants?

international transaction — міжнародна угода

e.g. Money can be used in international transactions.

conversely — навпаки

e.g. Conversely, domestic firms want to be paid with money useful in the domestic economy.

foreign currency — іноземна валюта

e.g. The person receiving payment in the foreign currency will want to exchange it for a domestic currency.

domestic currency — національна валюта

e.g. The person making payment in a foreign currency will have to exchange the domestic currency for the foreign currency in order to make the payment.

foreign exchange market — ринок іноземної валюти

e.g. A foreign exchange market is a market where one kind of money is traded for a different kind of money.

rate — курс, коефіцієнт

e.g. What is the rate of exchange for one American dollar?

exchange rate — валютний курс

e.g. Exchange rate has recently raised.

foreign trade balance — баланс міжнародної торгівлі

e.g. The difference between the value of imports and exports is the foreign trade balance.

II. Give English equivalents of the following:

втручатися в угоди

міжнародний вплив на внутрішній ринок

стимул імпортувати та експортувати

імпортувати та експортувати товари

баланс міжнародної торгівлі

ринок іноземної валюти

транспортні витрати потреби, що збігаються

взаємні потреби

змінювати валютний курс

III. Fill in the blanks with appropriate words:

1. Domestic markets for goods and services are often affected by either ... or by

2. If the world price of a commodity is below the domestic price, there will be ... the commodity.

3. Most international trade does not occur through

4. Money once again solves the problem of

5. As long as money can be used in ... exporters and importers do not need to be the same individuals.

6. ... is a market where one kind of money is traded for a different kind of money.

7. Changes in ... in these markets change the rate at which one currency will be exchanged for another currency.

8. The difference between the value of exports and imports is

9. If the value of imports exceeds the value of exports then trade balance is

an incentive to import direct barter

a foreign exchange market

coincident or reciprocal wants

foreign supply international

transactions

foreign demand deficit

the foreign trade balance

supply and demand

IV. Read and translate the text:

When transportation costs are low and governments do not interfere much in transactions that cross national boundaries, firms and individuals frequently look across those boundaries for opportunities to buy or sell. Indeed, for many commodities there are international rather than domestic markets, and for most commodities there are international effects on markets.

Commodities that are produced in a foreign economy, but which are consumed by individuals within a domestic economy, are imports, while commodities which are produced within a domestic economy, but which are consumed by individuals in a foreign economy, are exports.

If the world price of commodity is below the domestic price, there will be an incentive to import the commodity, purchasing it from foreign producers.

Money once again solves the problem of coincident or reciprocal wants: individuals or firms who want to import a commodity can make the exchange using money, while those individuals or firms who want to export do so in exchange for money. As long as money can be used in international transactions (as well as within an economy), exporters and importers do not need to be the same individuals. The complexity arises because foreign firms usually want to be paid in money useful in their own economy. Conversely, domestic firms who want to export usually want to be paid with money useful in the domestic economy, while foreigners to whom they must sell if they are to export usually want to pay for the commodities using money from their own economy.

When the money used in the international exchange is different from that used in the domestic economy, the person receiving payment in the foreign currency will want to exchange it for a domestic currency.

Hence, international trade creates markets for different kinds of money. Such markets are called foreign exchange or foreign currency markets.

A foreign exchange market is a market where one kind of money is traded for a different kind of money.

Changes in supply and demand in these markets change the rate at which one currency will be exchanged for another currency. As a consequence, the price of goods that are traded will change either because of a change in the price in the economy where they are produced or because of a change in the exchange rate.

The difference between the value of exports and imports is the foreign trade balance. If the value of imports exceeds the value of exports then trade balance is deficit (pp.218—236).

V. Answer the following questions:

1. What are imports?
2. What are exports?
3. When will there be an incentive to import the commodity?
4. When will there be an incentive to export the commodity?
5. What role does money play in international transactions?
6. What is a foreign exchange market?
7. What is the foreign trade balance?

VI. Define the terms:

transportation costs	import
reciprocal wants	rate
exchange rate	barter
coincident wants	incentive

VII. Translate into English:

1. Імпорт — це товари, які виробляються іноземною економікою, але споживаються особами в межах національної економіки. 2. Якщо світова ціна товару нижча за внутрішню, існуватиме стимул імпортувати його, купуючи в іноземного виробника. 3. Гроші знову-таки вирішують проблему потреб, що є взаємними або збігаються. 4. Складність виникає тому, що іноземні фірми хочуть, щоб їм сплачували гроші, які можуть використовуватися в їхній економіці. 5. Коли гроші, що використовуються під час обміну, відрізняються від грошей національної економіки, особа, одержавши плату в іноземній валюті, захоче обміняти її на національну. 6. Отже, міжнародна торгівля створює ринки для різних видів грошей. 7. Зміни в попиті та пропозиції на цих ринках змінюють курс обміну однієї валюти на іншу. 8. Різниця між вартістю експорту та імпорту становить баланс міжнародної торгівлі. 9. Якщо вартість імпорту перевищує вартість експорту, тоді баланс міжнародної торгівлі є дефіцитним.

VIII. Read and dramatize the following dialogue:

D.: Why do foreigners hold U.S. dollars?

M.: It is not clear why they have chosen to hold some dollars rather than exchanging all dollars for commodities produced within the U.S. or for their domestic currency. It is important

to emphasize that the choice to hold dollars is one that foreigners, not U.S. citizens or the U.S. government, make.

D.: Would you explain some reasons for it?

M.: O.K. I'll briefly note a few reasons why foreigners may want to hold dollars. First, the U.S. dollar is used as a kind of international money. For example, the Japanese producer of Hondas may require that British or French importers of Hondas pay for them in U.S. dollars instead of British pounds or French francs. To the degree that the U.S. dollar is used in these kinds of transactions, there will be a greater demand for dollars than simply the demand necessary to purchase exports from the U.S.

D.: Of course, if the dollar is the dominant currency in world trade, with the increasing volume of trade there will be an increase in the demand for the dollar.

M.: Well, you are quite right. Second, to the degree that the U.S. economy and political system are more stable than other economies or political systems, holding U.S. dollars may provide security in a world of turmoil. Similarly, if investments in one's own economy are highly risky (because of either economic or political instability) and the U.S. is viewed as more stable foreigners may want to invest in U.S. assets such as bank accounts, bonds, stocks or real estate.

D.: It seems to me that to make these kinds of investments, foreigners need U.S. dollars rather than their own currency and the demand for dollars will, once again, be greater than that which would occur because of exports alone. Are there any other reasons?

M.: Certainly. The third reason is that the U.S. government may pursue policies that make it more attractive for foreigners to hold U.S. dollars or assets rather than the domestic currency or assets. For example, if U.S. banks are paying 10 percent interest while a bank in a foreign economy is only paying 5 percent, under certain circumstances it will be advantageous for foreigners to have accounts in U.S. banks rather than in domestic banks.

D.: This will increase the demand for dollars in foreign exchange markets. Or the U.S. may have a lower or less erratic rate of inflation. I suppose, the fourth reason is the fact that a foreign government may consciously pursue policies that encourage exports to the U.S. but discourage imports from the U.S. Such policies will produce a U.S. trade deficit. These kinds of policies, however, can only

lead to persistent trade deficits for the U.S. if the foreign government also pursues policies that increase the demand for U.S. dollars by foreigners (for example, the government might itself intervene in the foreign exchange market as a demander of dollars).

M.: For each of these reasons the demand for U.S. dollars (or the supply of a foreign currency) will be substantial and may increase even though the U.S. may be running a trade deficit.

D.: To cut a long story short, the result is: the U.S. runs a persistent trade deficit and the U.S. dollar does not depreciate at all or by enough in foreign exchange markets to bring exports into balance with imports.

IX. Make up your own dialogue using the following expressions:

commodities	to be produced
domestic price	to be paid
to exchange a currency	foreign currency market
trade deficit	value of exports
international transaction	exchange rate

X. Change the following sentences using the Present Subjunctive II in the subordinate clauses:

M o d e l : If the world price of the commodity is below the domestic price, there will be an incentive to import the commodity.

If the world price of the commodity were below the domestic price, there would be an incentive to import the commodity.

1. If an economy is importing a commodity and world price increases, less will be imported. 2. If transportation costs are low and governments do not interfere much in transactions that cross national boundaries, firms and individuals frequently look across those boundaries for opportunities to buy or sell. 3. If the world price of the commodity is above the domestic price, there will be an incentive to export the commodity, selling it to foreign consumers. 4. If he has much money, he will produce this commodity within a domestic economy. 5. If the money used in the international exchange is different from that used in the domestic economy, the person receiving payment in the foreign currency will want to exchange it for a domestic one. 6. If the value of imports exceeds the value of exports then the trade balance will be deficit.

XI. Paraphrase the following sentences:

M o d e l : It's a pity he has no incentive to barter machinery for wheat.

I wish he had an incentive to barter machinery for wheat.

1. It's a pity foreign firms want to be paid in money useful in their own economy. 2. Unfortunately, the economy and political system in Ukraine are less stable than other economies or political systems. 3. We are all sorry our country has a higher or more erratic rate of inflation. 4. It's a pity foreigners need U.S. dollars rather than their own currency. 5. What a pity domestic banks do not pay 10 percent interest.

XII. Translate into English:

1. Якби товари не вироблялися національною економікою, їх імпортували б. 2. Хотілося б, щоб гроші розв'язали проблему взаємних потреб. 3. Якби світова ціна товару була нижчою за внутрішню ціну, існував би стимул імпортувати його. 4. Якби наша економіка була високорозвиненою, національна валюта стала б різновидом міжнародної валюти. 5. Якби світова ціна підвищилася, це зумовило б зростання національного виробництва.

XIII. Communicative situations:

1. Why should a government care about the foreign exchange value of its currency (that is, why not let the currency value float)? Discuss it.
2. Can a country run a balance-of-trade surplus or deficit? (Hint: If a country runs a surplus, what must be happening elsewhere in the world?) Discuss it.

Lesson 24

ECONOMIC FAIRNESS AND THE DISTRIBUTION OF ECONOMIC REWARDS

I. Read and memorize the following words, word-combinations and word-groups:

aggregate income — сукупний прибуток

e.g. The percentage of aggregate income received by each fifth of the population is relatively constant through time.

family's real income — реальний прибуток сім'ї

e.g. Suppose, for example, that every family's real income quadrupled in the next year.

median income — середній прибуток

e.g. A family is in poverty if its income is less than one half the median income.

poverty — бідність

e.g. Using the U.S. Government's definition of poverty, the percentage of black persons below the poverty line, although declining since 1964, remains above 35 percent.

official poverty line — офіційна межа бідності

e.g. About 35 percent of those families headed by women are below the official poverty line.

lack of mobility — недостатня мобільність

e.g. Earnings differ because of the lack of mobility.

progressive taxation — прогресивне оподаткування

e.g. A tax is progressive if persons with higher incomes pay a higher fraction of their income in taxes than do persons with lower incomes.

proportional taxation — пропорційне оподаткування

e.g. A tax is proportional if persons with higher incomes pay the same fraction of their income in taxes as do persons with lower incomes.

in turn — у свою чергу

e.g. Transfers, in turn, may be either progressive or regressive.

in-kind transfer — допомога натурою

e.g. Transfers may be in cash or in goods and services.

The latter are referred to as in-kind transfers.

cash transfer — допомога грошми

e.g. Once a society has made a decision to transfer income to the poor, it is better for the poor if the transfer is in cash rather than in-kind.

negative income tax — негативний прибутковий «податок» (виплата з бюджету особам з низьким рівнем доходу)
 e.g. The rate at which the transfer benefits decline is the negative income tax.

II. Give English equivalents of the following:

бути поза економічною системою	підвищувати заробіток
забезпечення товарами та послугами	створювати стимул до праці
підвищення матеріального добробуту	розподіл економічних благ
гостра, невідкладна проблема нашої епохи	реальний сімейний прибуток
бути поза офіційною межею бідності	нерівність у розподілі прибутків

III. Fill in the blanks with appropriate words:

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. It should be clear that differences in individual characteristics are closely connected with ... in income. 2. Lack of mobility may occur because individuals choose not to make changes in order ... their earnings. 3. There is an ... network of transfers to those with lower incomes. 4. That is much of the welfare system in the U.S. is based on ... goods and services. 5. ... in income is about the same now as it was just following World War II. 6. Making the market ... more fair also makes it less efficient. 7. Comparing the distributions of income among economies is ... because each country defines income in a ... way. 8. Give ... and give it in such way that the recipient ... has an incentive to work. | <p>always
 distributing
 differences
 to increase
 intensive
 difficult
 income
 money
 inequality
 different</p> |
|--|---|

IV. Read and translate the text:

The central task of any economy is providing for and enhancing the material well-being of those who live within it. There are two aspects to this task: the production of more and better goods and services, and the distribution of those goods and services in a fair manner.

In a market economy some are rewarded handsomely while others are perhaps not rewarded at all. How a society is to deal with those who are, in a sense, outside of the economic system is one of the pressing problems of our era, our economy, and our society.

Notice that the percentage of aggregate income received by each fifth of the population is relatively constant through time. This stability or constancy is one of the surprising facts about the U.S. economy: the distribution of income has been relatively stable for a long time. Indeed, inequality in income, as measured this way, is about the same now as it was just following World War II.

France and the United States appeared to have the greatest inequality in the distribution of income when compared with other industrialized nations.

There will, of course, always be bottom 20 or 10 or 5 percent of any distribution. Suppose, for example, that every family's real income quadrupled in the next year. Would it be useful to think of the bottom of the distribution as a group in poverty? For example, «A family is in poverty if its income is less than one-half the median income.»

Who are the poor? Using the U.S. Government's definition of poverty, the percentage of black persons below the poverty line, although declining since 1964, remains above 35 percent. Similarly, about 35 percent of those families headed by women are below the official poverty line.

It should be clear that differences in individual characteristics are closely associated with differences in income.

Earnings differ because of the lack of mobility. Lack of mobility may occur because individuals choose not to make changes in order to increase their earnings; because individuals are not allowed to make changes in order to increase their earnings (for instance, discrimination); or because individuals have abilities that differ which cannot be easily obtained by others who would like to increase their earnings (special talents).

A tax is proportional if persons with higher incomes pay the same fraction of their income in taxes as do persons with lower incomes. A tax is progressive if persons with higher incomes pay a higher fraction of their income in taxes than do persons with lower incomes.

Transfers, in turn, may also be either progressive (transfers to those lower incomes) or regressive (transfers to those with higher incomes). In addition, transfers may be in cash or in goods and services. The latter are referred to as in-kind transfers.

There are two ideas behind the negative income tax proposed to which economists are strongly attached. First, once a society has made a decision to transfer income to the poor, it is better for the poor if the transfer is in cash rather than in-kind. Second, once a society has made the decision to transfer income to the poor, it is better for the poor if the transfer system provides positive incentives to increase transfer plus market income in the market. Put simply, «Give cash and give it in such a way that the recipient always has incentive to work» (pp. 413—437).

V. Answer the following questions:

1. What is the central task of any economy?
2. How is the society to deal with those who are outside of the economic system?
3. What is the definition of the word «poverty»?
4. What is a lack of mobility? When may it occur?
5. What is the way to change distribution in the society?
6. Is there any difference between cash transfers and in-kind transfers?
7. What can you say about the poorest recipient?

VI. Define the terms:

median income	proportional taxation
welfare programme	cash transfer
official poverty line	lack of mobility
poverty	network of transfers

VII. Translate into English:

1. Нерівність у доходах майже така сама, якою вона була відразу після другої світової війни. 2. У Франції та Америці, виявляється, існує найбільша нерівність у розподілі прибутків порівняно з іншими країнами. 3. Стабільність в одержанні певного відсотка сукупного прибутку кожною п'ятою частиною населення є одним із вражаючих фактів американської економіки. 4. Оподаткування пропорційне, якщо особи з більш високим прибутком сплачують у вигляді податків таку саму частку прибутків, як особи з меншими прибутками. 5. Для бідних краще одержувати допомогу грошми, ніж товарами. 6. Давайте гроші таким чином, щоб той, хто одержує, завжди мав стимул працювати.

VIII. Read and dramatize the following dialogue:

- A.: Tell me please, why do we know much less about the distribution of wealth than we do about the distribution of income?
- D.: We know much less about it because the data on wealth holdings are not readily available. Indeed, most of the evidence we have on wealth distribution for the U.S. economy is based on work done in the early 1960s.
- A.: Subsequent calculations based on data available in 1969 provide essentially the same picture of the distribution of wealth. The top 0,5% of the population held about 23% of the wealth and the top 1% of the population about 30% of the wealth.
- D.: What is the situation in the U.S. economy concerning the effects of sex discrimination?
- A.: On average, working women earn only \$ 0.70 for every \$ 1.00 earned by working men. What accounts for this difference?
- D.: Two economists studied this question using data from the mid 1970s. At that time, the differences could be accounted for in the following way. First, the work history of women differs considerably from that of men.
- A.: Yes, it does. It's a fact of common knowledge that while most men enter the work force shortly after completing school and continue to work full time thereafter, women have more varied work experience.
- D.: The average white male has spent only six months out of the labor force, most of that time immediately after completing school; in contrast, the average white female takes almost a six-year break in mid-career, usually to raise children.
- A.: All of these and other factors combined still leave women with wages \$ 174 lower than men.
- D.: What does this mean?
- A.: It suggests that markets do not necessarily reward workers just on the basis of productivity and that some sort of discrimination may exist.

IX. Make up your own dialogue using the following expressions:

- | | |
|-----------------------|-----------------------|
| median income | to be rewarded |
| aggregate income | to be headed by |
| in-kind transfer | to be referred to |
| distribution of goods | official poverty line |

X. Paraphrase the sentences using Subjunctive II as in the model:

Model: A family is not in poverty if its income is more than one-half the median income.

If a family were in poverty, its income wouldn't be more than one-half the median income.

1. Individuals choose not to make changes in order to increase their earnings, so lack of mobility occurs. 2. They don't earn a lot of money, so they are given a cash transfer. 3. There is sex discrimination, so men and women don't receive the same amount of money. 4. People have no wide range of possibilities to obtain a job, so many families live below the official poverty line.

XI. Complete the following sentences:

1. If all workers were rewarded handsomely 2. The transfer would be in-kind if 3. If they had lower incomes 4. A society would not make a decision to transfer income to the poor if 5. If the distribution of income had been relatively stable

XII. Translate into English:

1. Якби не бракувало мобільності, доходи різних осіб не відрізнялися б. 2. Якби прибутки розподілялися справді рівномірно, чи був би тоді сенс говорити про якусь групу працівників як таку, що живе в бідності. 3. Якби вони жили та працювали в більш розвиненій країні, вони мали б вищі прибутки. 4. Якби не було дискримінації за статтю, жінки отримували б таку саму заробітну плату, як і чоловіки, виконуючи однакову роботу.

XIII. Communicative situations:

1. Should people who work in riskier jobs earn higher incomes? If your answer is yes, is the inequality necessarily «bad». Explain why.
2. What does it mean to say that a person is «living in poverty»? Explain your reasoning.
3. If luck were more important than education in determining one's income, would the distribution of income be «fair»? Discuss it.
4. What can you say about cash transfer in this country?

Lesson 25

AGGREGATE SUPPLY

I. Read and memorize the following words, word-combinations and word-groups:

aggregate supply — сукупна пропозиція

e.g. We begin our analysis of macroeconomic fluctuations by examining the determinants of potential real output and aggregate supply.

potential real output — потенційне реальне виробництво

e.g. Potential real output is determined by the natural resources available to an economy, the technologies that it has developed or acquired, the amount of capital that it has accumulated, and the amount of labor it has available.

to fully employ labor resources — повною мірою використовувати трудові ресурси

e.g. Labor resources are fully employed when there is an equilibrium in each labor market.

the real wage — реальна заробітна плата

e.g. The real wage is the purchasing power of the wage payment, which is in turn the amount of money paid to workers per hour, week, or month of work.

equilibrium in the labor market — рівновага на ринку праці

e.g. Equilibrium in the labor market, as in any market, occurs when the amount willingly supplied is equal to the amount willingly demanded.

unemployment — безробіття

e.g. Unemployment occurs, because the real wage does not quickly adjust to a new equilibrium when the demand or supply of labor changes.

true unemployment — реальне безробіття

e.g. Another part of unemployment is true unemployment — there are no job openings corresponding to those who are without work.

cycle unemployment — циклічне безробіття

e.g. The lack of jobs is a consequence of the business cycle unemployment.

structural unemployment — структурне безробіття

e.g. The lack of jobs may also correspond to a problem with skills and training (structural unemployment).

frictional unemployment — фрикційне безробіття

e.g. Frictional unemployment results when individuals leaving one job (or looking for a first job) do not immediately find a new job, even though there are vacancies in the economy.

recession — спад виробництва

e.g. A recession will be accompanied by declining prices and nominal wages, but the economy will eventually tend toward full employment and the production of potential real output.

II. Give English equivalents of the following:

супроводжуватися зниженням цін та номінальної плати	рівновага на ринку праці
повною мірою використовувати трудові ресурси	відповідна вакансія
здібності, що відповідають певній роботі	виробнича потужність
потенційне реальне виробництво	спад виробництва
	шукати роботу

III. Fill in the blanks with appropriate words:

- | | |
|---|--------------------------|
| 1. If these productive ... are fully and efficiently employed, there is a ... amount that the economy can produce. | underestimate |
| 2. Frictional unemployment ... when individuals leaving one job (or looking for a first one) do not immediately find a new job, even though there are vacancies in the economy. | no corresponding vacancy |
| 3. ... a job does not solve this unemployment problem this is | looking for |
| 4. Published unemployment data will ... the true unemployment rate because discouraged workers will have quit looking for jobs out of frustration. | declining |
| 5. As real wages fall, firms will increase their employment of workers and real output will | maximum |
| 6. A recession will be accompanied by ... prices and nominal wages. | increase |
| | inputs |
| | results |

IV. Read and translate the text:

We begin our analysis of macroeconomic fluctuations by examining the determinants of potential real output and aggregate supply. This potential real output is determined by

the natural resources available to an economy, the technologies that it has developed or acquired, the amount of capital that it has accumulated, and the amount of labor it has available. If these productive inputs are fully and efficiently employed, there is a maximum amount that the economy can produce — its production possibilities.

Potential real output is the output that would be produced if all resources, including labor, were fully employed. Labor resources are fully employed when there is an equilibrium in each labor market. That is, when everyone who wants to work at the prevailing wage is able to work, labor is fully employed.

Full employment is associated with the amount of labor firms want to employ — labor demand — and the amount of time that individuals want to supply to the market, given the other uses to which these individuals can put their time — labor supply.

The real wage is the purchasing power of the wage payment, which is in turn the amount of money paid to workers per hour, week, or month of work.

Equilibrium in the labor market, as in any market, occurs when the amount willingly supplied is equal to the amount willingly demanded, that is, when the number of persons willing to work at a particular real wage is exactly equal to the number of persons that firms want to employ.

Unemployment occurs, because the real wage does not quickly adjust to a new equilibrium when the demand or supply of labor changes.

Frictional unemployment results when individuals leaving one job (or looking for a first job) do not immediately find a new job, even though there are vacancies in the economy.

Not all unemployment is frictional, however. Another part of unemployment is true unemployment — there are no job openings corresponding to those who are without work. Looking for a job does not solve this unemployment problem — there is no corresponding vacancy. Sometimes the lack of jobs is a consequence of the business cycle unemployment, but the lack of jobs may also correspond to a problem with skills and training (structural unemployment). For example, someone who doesn't have a high-school education may be willing to work but will probably have fewer job-related skills and thus fewer employment opportunities.

Published unemployment data will underestimate the true unemployment rate because discouraged workers will have quit looking for jobs out of frustration.

When labor is unemployed, however, nominal wages will eventually begin to decline. As they do, real wages will fall. As real wages fall, firms will increase their employment of workers and real output will increase. Thus a recession will be accompanied by declining prices and nominal wages, but the economy will eventually tend toward full employment and the production of potential real output (pp. 464—486)*.

V. Answer the following questions:

1. What is frictional unemployment?
2. Is it possible to eliminate frictional unemployment?
3. If the population in a country increases at a moderate rate through time, what will happen to potential real output?
4. To what extent is unemployment «voluntary»?
5. Why should a market economy move toward full employment in the longrun?
6. What is full employment associated with?

VI. Define the terms:

real wage	structural unemployment
recession	frictional unemployment
true unemployment	nominal wage
cyclical unemployment	aggregate supply

VII. Translate into English:

1. Якщо реальна заробітна плата зростає, то кількість людей, бажаних працювати, також зростає.
2. Будь-яка рівновага на ринку праці відповідатиме повній зайнятості.
3. Податкова політика, яка має вплив на ринок праці, впливатиме також на потенційне реальне виробництво.
4. Коли ринок праці перебуває у стані рівноваги, тоді реальне виробництво та потенційне реальне виробництво збігаються.
5. При безробітті реальне виробництво буде меншим, ніж потенційне реальне виробництво.
6. Спад виробництва супроводжується зниженням номінальної заробітної плати.
7. Потенційне реальне виробництво визначається реальними економічними ресурсами.

VIII. Read and dramatize the following dialogue:

- A.: Unemployment can only result if there is less-than-perfect adjustment of nominal wages to the price level changes. That is unemployment is a consequence of sticky nominal wages. And, if nominal wages are sticky, real output will change when aggregate demand changes.

- B.:** Why should nominal wages be sticky?
- A.:** One answer is that nominal wages might be sticky because firms and individuals have different expectations about what is happening to the price level and real wages or because firms and individuals have different abilities to respond to changes in nominal wages.
- B.:** Why would firms and individuals have different expectations?
- A.:** If information about the real wages is costly to obtain because individuals must search over different job opportunities and wage offers, simultaneously trying to decide what is happening to the price level, then individuals may have expectations about what is happening to the real wages that differ from firms.
- B.:** For example, if your expenditures for groceries increased this week how would you determine whether the change was because of a general inflation instead of a change in the relative price of the particular things you bought?
- A.:** This is not a simple question to answer. Changes in prices in particular markets are relatively easy to observe. But deciding what this means in terms of price-level changes is a much more difficult matter. When you shop one week, chicken will be 1.30 dollar per pound; the next week it could be 0.95 dollar per pound. Week to week, some prices go up, other prices go down. Most of these changes are relative-price changes that occur in response to changes in market supply and market demand.
- B.:** Sure, but they do not indicate that the price level is going up or down. However, during an inflation, on average, prices will creep up; during a deflation, on average, prices will creep down.
- A.:** There is no easy way to quickly tell if the price changes that we all observe are relative-price changes, or part of a broader pattern of price changes associated with a price-level change.
- B.:** Yes, I agree with you. It is difficult to know whether, on average, the price level has gone up or down. Even in periods of inflation when we have become used to price-level changes, it is difficult to know whether the rate of inflation is increasing or decreasing. Thank you for your competent answers.
- A.:** You're welcome.

IX. Make up your own dialogue using the following expressions:

equilibrium in the labor market	to increase
to decline	full employment
to be accompanied	unemployment
purchasing power	nominal wages
recession	

X. Replace the attributive clauses by the Infinitive:

Model: This is the real wage which must be paid to workers per hour, week, or month of work.

This is the real wage to be paid to workers per hour, week or month of work.

1. These are macroeconomic fluctuations which will be examined by experts. 2. The question of full employment which will be discussed later is rather difficult. 3. This is potential real output which must be determined by the natural resources available to an economy. 4. The data about unemployment which must be obtained are of great importance. 5. This is recession which will be accompanied by declining prices and nominal wages.

XI. Make sentences with *seem* and *appear* according to the model:

Model: Are they discussing equilibrium in the labor market?

They *seem* to be discussing equilibrium in the labor market.

1. Does the lack of jobs affect unemployment? It *seems*
2. Have they received their wages? They *seem* 3. Has he lost his job recently? He *appears* 4. Are they discussing the problem of full employment? They *seem* 5. Is he looking for a job now? He *appears*

XII. Translate into English:

1. Вони хотіли, щоб їм докладно розповіли про проблеми безробіття в західних країнах. 2. Це цікаве питання, яке слід обговорити на зборах. 3. Він першим отримав заробітну плату у відділі. 4. Він пояснить вам, як повною мірою використати трудові ресурси. 5. Вони хотіли, щоб їм пояснили різницю між реальною та номінальною заробітною платою.

XIII. Communicative situations:

1. Economists have suggested that the frictional rate of employment has increased during the past two decades. Why might this have occurred?
2. Would the costs associated with unemployment be the same for a teenager as for a head of a household? Do the unemployment statistics treat these two persons differently? Should they?
3. What does the equilibrium in the labor market depend on? Why?

Lesson 26

AGGREGATE DEMAND

I. Read and memorize the following words, word-combinations and word-groups:

aggregate demand — сукупний попит

e.g. When price and nominal-wage adjustments are slow, changes in aggregate demand will lead to changes in actual real output.

to employ fully productive resources — повністю використовувати виробничі ресурси

e.g. Aggregate demand and aggregate supply are useful concepts only if they help us understand why an economy may not always fully employ its productive resources, have price stability, or grow at an acceptable rate.

individual consumption — індивідуальне споживання

e.g. Individual consumption is directly influenced by individual income.

to save income — накопичувати прибуток

e.g. Individuals (and economies that are not engaged in international trade) can only do two things with their income: they can consume it or save it.

to smooth consumption — вирівнювати споживання

e.g. Aggregate consumption may differ from aggregate real output because individuals want to save in order to smooth consumption relative to income.

life-cycle consumption behavior — режим споживання упродовж життя

e.g. In part, current consumption will be based on our best estimate of our lifetime income and how long we expect to live. This kind of smoothing behavior is a life-cycle consumption behavior.

saving — заощадження

e.g. Saving allows people to transfer consumption from the present to the future.

investment — інвестиції

e.g. If desired investment exceeds desired saving, firms will find that their inventories are lower than they want them to be.

inventories — оборотні фонди; (товарно-)матеріальні запаси

e.g. If desired aggregate saving exceeds desired aggregate investment, firms will accumulate unwanted inventories.

adjustment — регулювання

e.g. Many different kinds of adjustment might occur. Prices may change. Interest rates may change.

fiscal policy (activities) — фіскальна політика (діяльність); фінансово-бюджетна політика

e.g. Government spending, taxes, and subsidies are the fiscal activities of government.

marginal propensity to consume — гранична схильність до споживання

e.g. Economists define the marginal propensity to consume (MPC) as the change in consumption per dollar change in income.

capital stock — основний капітал

to offset depreciation — компенсувати знецінення

e.g. Investment occurs when real output is used to increase the existing capital stock or offset depreciation.

II. Give English equivalents of the following:

фінансово-бюджетна

діяльність уряду

виходити на пенсію

змінюватися місяць за міся-

цем

побічно впливати на сукуп-

ний попит

наміри зацікавлених фірм або осіб

режим споживання упродовж життя

вирівнювати споживання

гранична схильність до споживання

III. Fill in the blanks with appropriate words:

- | | |
|--|---|
| <ol style="list-style-type: none">1. Saving allows people to ... consumption from the present to the future.2. We also save because of uncertainty about our future ... and about how long we will live.3. ... consumption will not be based solely on current income.4. Investment occurs when real output is used to ... the existing capital stock.5. If desired investment exceeds desired saving, firms will find that their inventories are ... than they want them to be.6. Increased government expenditure increases aggregate7. Many different kinds of ... might occur. Prices may change. Interest rates may change. | <p>current
transfer
adjustment
lower
income
demand
increase</p> |
|--|---|

IV. Read and translate the text:

Aggregate demand and aggregate supply are useful concepts only if they help us understand why an economy may not always fully employ its productive resources, have price stability, or grow at an acceptable rate.

Supply and demand help us organize the way we think about these markets because each directly corresponds to the intentions of self-interested firms or individuals.

Individuals (and economies that are not engaged in international trade) can only do two things with their income: they can consume it or save it.

Individual consumption is directly influenced by individual income.

While consumption is undoubtedly related to income, it is unlikely that consumption will vary exactly as income varies.

Saving is foregone consumption. Essentially, saving allows people to transfer consumption from the present to the future.

When a person's income fluctuates from month to month, he or she can smooth consumption by saving and dissaving and consumption will be based on some expected or average monthly income rather than on actual monthly income.

Aggregate consumption may differ from aggregate real output because an individual wants to save in order to smooth consumption relative to income.

What determines current consumption if we save for retirement? In part, current consumption will be based on our

best estimate of our lifetime income and how long we expect to live. This kind of smoothing behavior is known as life-cycle consumption behavior.

We also save because of uncertainty about our future income and about how long we will live. We may get sick or injured in some way or we may become unemployed. If we do, our income will fall, perhaps dramatically.

Saving is a way of transferring current income into future consumption. Because of fluctuating incomes associated with our jobs, declining incomes with retirement, and uncertainties about length of life, sickness, incapacitation, or unemployment, individuals will choose to consume some of their current income and save or dissave, thereby smoothing consumption through time.

Current consumption will not be based solely on current income.

Investment occurs when real output is used to increase the existing capital stock or offset depreciation.

If desired aggregate saving exceeds desired aggregate investment, firms will accumulate unwanted inventories. Conversely, if desired investment exceeds desired saving, firms will find that their inventories are lower than they want them to be.

Many different kinds of adjustment might occur. Prices may change. Interest rates may change. The production of real output may change. It turns out that with sticky prices, output changes occur before prices fully respond.

Individuals make consumption and saving decisions. Firms make investment decisions. But there is another participant in the economy — the government. Government activities may affect the economy in one of two ways. First, government spending directly affects aggregate demand. Second, government taxes and subsidies directly affect consumption, saving, and investment and, hence, indirectly affect aggregate demand. Government spending, taxes, and subsidies are the fiscal activities of government.

Increased government expenditure (like increased desired consumption or increased desired investment) increases aggregate demand. Decreased government expenditure (like decreased desired consumption or decreased desired investment) decreases aggregate demand.

Since consumption expenditures are determined by income, albeit in complex ways, changes in income will also affect consumption. How individuals respond to changes in income turns out to be important. Economists define the marginal propensity to consume (MPC) as the change in consumption per dollar change in income.

V. Answer the following questions:

1. What is individual consumption influenced by?
2. What phenomenon is known as life-cycle consumption behavior?
3. What is the consequence, when desired saving is not equal to desired investment?
4. What is referred to as fiscal policy?
5. What can individuals do with their income?
6. Why may aggregate consumption differ from aggregate real output?
7. What can you say about government expenditures?

VI. Define the terms:

fiscal activities of government	aggregate demand
life-cycle consumption behavior	aggregate supply
marginal propensity to consume (MPC)	saving

VII. Translate into English:

1. Фірми виробляють товари, тому що споживачі бажають купити їх. 2. Накопичення сприяють створенню капіталу та економічному зростанню. 3. Державні видатки, податки та субсидії — це фінансово-бюджетна діяльність уряду. 4. Сукупний попит знижується, коли зростають податки, і зростає, коли податки зменшуються. 5. У сучасній ринковій економіці зміни в сукупному випуску спостерігаються частіше, ніж зміни в загальному рівні цін. 6. Люди можуть витратити або заощаджувати свій прибуток. 7. Розв'язання таких питань, як державні видатки, податки та субсидії належить до сфери фінансово-бюджетної політики.

VIII. Read and dramatize the following dialogue:

Banker: Mrs. West, I was sorry to hear of your husband's death.

Mrs. West: Thank you. I'm pleased that the bank was named executor of the estate.

B.: We'll help you in every way we can. We've looked through the contents of the safe-deposit box and made an inventory. Everything seems to be in good order.

Mrs. W.: I know so little about my husband's affairs.

B.: Our counseling service is for people in just your position.

Mrs. W.: I'm most concerned about my immediate expenses.

- B.: Well, we're empowered under the terms of the will to provide you with an allowance until the estate has been probated.
- Mrs. W.: Oh, that's fine.
- B.: And there are three life insurance policies. You are the beneficiary in each of them.
- Mrs. W.: Yes, I knew about those.
- B.: The benefits from these policies will be paid directly to you within the next two weeks.
- Mrs. W.: Oh, I don't have to worry, then.
- B.: No. The income from your inheritance is going to be quite sizable. Of course, we don't know yet what demands will be made against the estate.
- Mrs. W.: As far as I know, there are no large creditors.
- B.: We hope not. You understand, also, that this bank is named trustee under the will. This means that we will take care of the portfolio of an annual report of all transactions.
- Mrs. W.: Yes, I understand that. I feel much better about the future now.

IX. Make up your own dialogue using the following expressions and word-combinations:

aggregate demand	to employ fully productive resources
aggregate income	to smooth income
fiscal policy	to offset depreciation
desired investment	desired saving

X. Combine the given two sentences into one using the Objective Infinitive Complex:

Model: They will tell us about Trust Services. I expected.
I expected them to tell us about Trust Services.

1. Firms made investment decision. I heard it.
2. Increased government expenditure increases aggregate demand. We consider it.
3. We save because of uncertainty about our future income and about how long we shall live. The life caused it.
4. Individual consumption is directly influenced by individual income. We think so.
5. Aggregate demand and aggregate supply are useful concepts only if they help us understand why an economy may not always fully employ its productive resources, have price stability, or grow at an acceptable rate. We know it.
6. Saving is a way of transferring current income into future consumption. I suppose it.

XI. Change the following complex sentences into simple ones using the Objective Infinitive Complex:

Model: We expect that firms produce goods of high quality.

We expect firms to produce goods of high quality.

1. People expect that saving allows them to transfer consumption from the present to the future. 2. We think that the firms accumulate unwanted inventories, if desired aggregate saving exceeds desired aggregate investment. 3. We consider that government spending, taxes and subsidies are the fiscal activities of government. 4. Consumers believe that they purchase goods of high quality. 5. We know that changes in aggregate demand lead to changes in actual real output.

XII. Translate into English:

1. Нам дуже хотілося б, щоб споживачі із задоволенням купували наші товари. 2. Ми вважаємо, що в неї достатній власний досвід у цій сфері виробництва і вона може розпочати свою справу. 3. Я сподіваюся, що ти навчишся накопичувати свої прибутки. 4. Я знаю, що сукупний попит знижується, коли зростають податки. 5. Батьки сподіваються, що він стане гарним підприємцем і матиме власний бізнес.

XIII. Communicative situations:

1. What will happen to aggregate demand if firms become more pessimistic about the future?
2. What will happen to aggregate demand if firms become more optimistic about the future?
3. Discuss the ways in which government activities may affect the economy.

Lesson 27

FURTHER CONSTRAINTS ON STABILIZATION POLICY

I. Read and memorize the following words, word-combinations and word-groups:

stabilization policy — політика стабілізації економічної кон'юнктури

e.g. It is important to remember that the crucial issue for stabilization policy is whether an economy moves towards full employment quite rapidly or quite slowly.

interest rate — ставка відсотка

e.g. Appropriate fiscal policy will be relatively more effective if stimulative policies do not affect interest rates by much or interest rates do not affect investment by much.

elasticity — еластичність; гнучкість

e.g. Long-term monetary policies will be affected by the income elasticity of demand for real money balances and the price-level elasticity of demand for nominal money balances.

monetary policy — грошово-кредитна політика

e.g. A stimulative monetary policy requires an increase in the money supply.

automatic stabilizer — автоматичний стабілізатор економіки

e.g. An automatic stabilizer is an expenditure law or tax law that automatically increases expenditures (or decreases taxes) when an economy enters a recession.

government transfer payments — урядові трансфертні виплати

e.g. Since more people are becoming unemployed during a recession, government transfer payments increase.

predictability — можливість прогнозування

e.g. Predictability is important in efficiently organizing economic activity and the inconsistency of expectations creates a less predictable economic environment.

II. Give English equivalents of the following:

відносна ефективність

фінансово-бюджетної та

грошово-кредитної політики

тимчасові зміни в доходах

урядові трансфертні виплати

спад виробництва

ставка відсотка

довгострокова політика

можливість прогнозування

економічне середовище

стимуляційні заходи

податкова політика

III. Fill in the blanks with appropriate words:

- | | |
|---|--|
| <ol style="list-style-type: none">1. The relative effectiveness of fiscal and monetary policies depends on the interest elasticities of investment demand and money2. The response of the demand for money to a change in the level of real ... is also important to stabilization policy.3. With a ... tax cut, individuals should expect lower disposable income in the future because taxes will ... after that.4. To offset changes in desired investment requires a relatively large5. Consumption ... fully to changes in income.6. An automatic stabilizer is an expenditure law or tax law that automatically increases ... when an economy enters a recession.7. Government transfer payments automatically increase during a recession and automatically decrease during ... or | <p>increase
does not respond
a boom
temporary
demand
increases
output
expenditures
recovery
tax change</p> |
|---|--|

IV. Read and translate the text:

It is important to remember that the crucial issue for stabilization policy is whether an economy moves toward full employment quite rapidly or quite slowly. In short, the important question for much of macroeconomics is: How long is the long run?

Even if stabilization policies were useful because they could move the economy toward full employment or stabilize prices more quickly than the economy would of its own accord, there remains an important policy issue: What is the best way to stabilize the economy — with activist, countercyclical monetary and fiscal policies or with nonactivist, rules-directed monetary and fiscal policies?

The relative effectiveness of fiscal and monetary policies depends in part on how sensitive desired investment and the demand for money are to interest-rate changes or, in the jargon of economics, on the interest elasticities of investment demand and money demand.

Obviously appropriate fiscal policy will be relatively more effective if stimulative policies do not affect interest rates by

much or if interest rates do not affect investment by much (that is, if crowding out does not occur).

Monetary policy will be less effective if either the demand for money is inelastic with respect to the interest rate or if desired investment is inelastic with respect to the interest rate.

The response of the demand for money to a change in the level of real output is also important to stabilization policy. Long-term monetary policies will be affected by the income elasticity of demand for real money balances and price-level elasticity of demand for nominal money balances. Because individuals use saving as a way of smoothing consumption relative to changes in income, temporary changes in income will not necessarily result in consumption changes of equal size. This poses a serious problem for fiscal policy. If a tax change, say a tax cut designed to stimulate aggregate demand, is perceived as temporary, individuals might increase consumption somewhat but are more likely to increase their saving in order to smooth consumption. Why? With a temporary tax cut, individuals should expect lower disposable income in the future because taxes will increase after the temporary tax cut. Consumption does not respond fully to changes in income. To offset changes in desired investment which would otherwise lead to a change in aggregate demand, then, requires a relatively large tax change. In addition if the tax change is viewed as temporary, consumption may not change.

Temporary change in tax policy will not affect consumption much since consumption is determined by expectations about income over a long period of time.

An automatic stabilizer is an expenditure law or tax law that automatically increases expenditures (or decreases taxes) when an economy enters a recession, and automatically decreases expenditures (or increases taxes) when an economy enters a period of inflation.

A second source of macroeconomic stability is the relative stability of government expenditures through economic cycles. While investment and, to some degree, consumption expenditures rise and fall with the economic cycle, the relative stability of government expenditures means that these expenditures become relatively more important during recessions and relatively less important during booms.

A third source of macroeconomic stability is the government's transfer system. During a recession, individuals automatically qualify for welfare and unemployment compensation should they become unemployed. Since more people are becoming unemployed during a recession, government's transfer

payments increase. Conversely, during a recovery or a boom when the unemployment rate decreases, so do unemployment and some transfer payments.

Government transfer payments automatically increase during a recession and automatically decrease during a recovery or boom, thereby automatically stabilizing the economy.

An important reason for rule-governed policy is that expectations about policy responses can influence how a policy affects an economy. Predictability is important in efficiently organizing economic activity and the inconsistency of expectations with the actual policies pursued will create a less predictable economic environment.

V. Answer the following questions:

1. Why will permanent tax cuts lead to larger increases in consumption than temporary tax cuts?
2. When will fiscal policy be more effective?
3. What are the main sources of economic stability?
4. What is an important component of aggregate demand?
5. What does the relative effectiveness of fiscal and monetary policies depend on?
6. When will appropriate fiscal policy be relatively more effective?
7. What will temporary changes in income result in?
8. What is an important reason for rule-governed policy?

VI. Define the following terms:

recession	monetary and fiscal policies
automatic stabilizer	predictability
interest rate	to create a predictable economic
temporary tax cut	environment

VII. Translate into English:

1. Тимчасові зміни в податковій політиці не впливають на рівень споживання. 2. У 1964 р. Конгрес знизив податки на 18 %, що зумовило підвищення рівня споживання. 3. Високий рівень податків автоматично стабілізує економіку. 4. За фінансовий 1980 рік зовнішній національний борг США становив \$121 мільярд. 5. Уряд США виплатив \$12 мільярдів за відсотками. 6. Уряд повинен керувати грошово-кредитною та фінансово-бюджетною політикою. 7. Економісти неоднотайні щодо стабільності сукупного попиту. 8. Трансфертні виплати уряду автоматично збільшуються під час спаду виробництва і зменшуються в період економічної стабільності.

VIII. Read and dramatize the following dialogue:

- A.: The effectiveness of active stabilization policies, either fiscal or monetary, depends in part on the expectations of individual consumers and firms.
- B.: I see, but this is an area of considerable dispute since it is difficult to know precisely how individuals form expectations and how expectations, once formed, change. What do expectations depend upon?
- A.: Expectations depend upon the availability and costs of gathering information. For example, how rapidly the labor market returns to equilibrium depends upon how sticky nominal wages are.
- B.: And what are nominal wages adjusted to?
- A.: Adjustments in nominal wages depend very much upon the expectations that individuals have about the effect of changes in aggregate demand and policy responses on the price level.
- B.: Even if everyone knew that the price level would decline (or increase), by how much it would decline may be a much more difficult issue.
- A.: Yes, if the price level will decline a lot, nominal wages will also have to decline a lot in order to move the labor market back to full employment. If some people believe that the price level will only decline a little or perhaps not at all, unemployment will persist until these expectations change.
- B.: This is a particularly interesting area because there is a considerable disagreement among economists.
- A.: As you know economists are notorious for disagreeing about policy matters.
- B.: And what is the source of policy disagreements?
- A.: Some economists believe that the best way to maintain a steady growth in aggregate demand is for the government to pursue steady fiscal and monetary policies. These economists believe that aggregate demand is stable and they are in favor of nonactivist policies.
- B.: What are they called?
- A.: These economists are called «Monetarists» or more recently «The New Classical Economists». Other economists (so-called «Keynesians») believe that aggregate demand is quite unstable. These economists are in favor of active stabilization policies.
- B.: And what can you say to summarize our discussion?
- A.: Despite these disagreements there is an agreement that optimal stabilization policy tends to stabilize nominal GNP.

IX. Make up your own dialogue using the following expressions:

to maintain steady growth
to favor activist/nonactivist policies
stabilization policies
temporary changes
to smooth consumption

aggregate demand
full employment
long-term policies
income elasticity
to offset changes

X. Change the following sentences into simple ones using the Subjective Infinitive Complex:

1. It is believed that optimal stabilization policy tends to stabilize nominal GNP. 2. It is reported that aggregate demand is stable. 3. It is expected that nominal wages will also decline a lot. 4. It was supposed that the effectiveness of active stabilization policies depended on the expectations of individual consumers and firms. 5. It is said that unemployment will persist.

XI. Change the sentences according to the model:

Model: It proved that you were right.
You proved to be right.

1. It seems that the circumstances have become strange indeed. 2. It seems that this is not the right key. 3. It turned out that the expectations of individual consumers and firms changed. 4. It chanced that he understood how hard it was. 5. It appeared that this was an area of considerable dispute. 6. It seems that they don't understand how rapidly the labor market returns to equilibrium.

XII. Translate into English:

1. Кажуть, що експедиція збрала дуже цікавий матеріал про природні ресурси цього району. 2. Вважають, що економісти дійшли згоди щодо ефективності грошово-кредитної політики. 3. Як повідомляють, податки зростуть. 4. Як відомо, можливість прогнозування є дуже важливою для організації економічної діяльності. 5. Здається, дедалі більше людей цікавляться економічними питаннями. 6. Сталося так, що тимчасові зміни в оподаткуванні вплинули на прибуток.

XIII. Communicative situations:

1. Speak about macroeconomic coordination problems.
2. Why do economists disagree on appropriate stabilization policies? Discuss it.

Lesson 28

THE NATIONAL DEBT

I. Read and memorize the following words, word-combinations and word-groups:

treasury bonds — казначейські облігації

e.g. Treasury bonds: Promissory notes (IOUs — I owe you) issued by the U.S. Treasury.

national debt — державний борг

e.g. National debt: Accumulated debt of the government.

liability — відповідальність, заборгованість, борг; пасив

e.g. Liability: An obligation to make future payment; debt. But those same bonds are an asset to the people who hold them.

asset — актив

e.g. Asset is anything having exchange value in the market place; wealth.

internal debt — внутрішній борг

e.g. All of the debt held by U.S. households, institutions, and government entities is referred to as internal debt.

external debt — зовнішній борг

e.g. All of the bonds held by foreign households and institutions is referred to as external debt.

refinancing — рефінансування, додаткове фінансування

e.g. Refinancing: The issuance of new debt is payment of debt issued earlier.

deficit ceiling — максимальний розмір дефіциту

e.g. Deficit ceilings are explicit limitations on the size of the annual budget deficit.

budget deficit — дефіцит бюджету

e.g. The amount by which government expenditures exceed government revenues in a given time period. Is referred to as budget deficit.

debt ceiling — максимальний розмір боргу

e.g. An explicit, legislated limit on the amount of outstanding national debt is a debt ceiling.

II. Give English equivalents of the following:

максимальний розмір дефіциту	максимальний розмір боргу
позичати гроші	рефінансування
зовнішній борг	казначейські облігації
внутрішній борг	зменшення боргу

III. Fill in the blanks with appropriate words:

- | | |
|--|--------------|
| 1. The U.S. Treasury must finance the deficit by ... money. | internal |
| 2. Approximately 86 per cent of U.S. national debt is | borrowing |
| 3. The national debt represents not only a liability but an | asset |
| 4. ... debt can eliminate the initial opportunity of debt-financed spending. | to eliminate |
| 5. The only way to limit the national debt is ... the budget deficits. | bonds |
| 6. New ... have been issued to replace old | external |

IV. Read and translate the text:

We try to take a closer look at annual budget deficits and the national debt they create. The national debt grew sporadically until World War II, then sky-rocketed. A string of huge deficits in the 1980s increased the national debt to \$3 trillion. The U.S. Treasury must finance the deficit by borrowing money. To do so it sells U.S. Treasury bonds.

The first thing to note about the national debt is that it represents not only a liability but an asset as well. Every dollar of national debt represents a dollar of assets to the people who hold U.S. Treasury bonds. Most U.S. bonds are held by government agencies, American households, U.S. banks, insurance companies and other institutions. They represent internal debt. Approximately 86 per cent of the national debt is internal.

The last major group of bondholders is foreign. All of the bonds held by foreign households and institutions is referred to as external debt. At present, external debt accounts for about 14 per cent of total U.S. debt.

New bonds have been issued to replace old bonds. This refinancing of the debt is a routine feature of the U.S. Treasury's debt management.

The most of America's national debt is internal. External debt, however, poses some special problems and can be a more legitimate worry. External debt can eliminate the initial opportunity of debt-financed spending and impose a real burden on future taxpayers.

The only way to limit or reduce the national debt is to eliminate the budget deficits that create debt. The first step in debt reduction is a balanced annual budget deficit. A balanced budget will at least stop the debt from growing further. A deficit ceiling of zero compels a balanced budget.

Explicit debt ceilings are another mechanism for curbing the national debt. They are at best a substitute for deficit ceilings. If a limit is set on the national debt, the only way to stay within that limit is to reduce or eliminate the annual federal deficit.

Deficit and debt ceilings are largely symbolic efforts to force consideration of real trade offs, restrain government spending, and change the mix of output.

V. Answer the following questions:

1. What creates the national debt?
2. Who bears the burden of the national debt?
3. What does the national debt represent?
4. Why does the U.S. Treasury sell its bonds?
5. How much does the external debt account for?
6. What are the mechanisms for curbing the national debt?

VI. Define the terms:

budget deficit	internal debt
Treasury bonds	external debt
national debt	refinancing
liability	deficit ceiling
asset	debt ceiling

VII. Translate into English:

1. Купуючи казначейські облигації, люди позичають гроші урядові. 2. Президент Франклін Рузвельт обіцяв збалансувати федеральний бюджет, але не зміг зупинити зростання дефіциту бюджету. 3. У період з 1790 до 1917 року державний борг США перевищував валовий національний продукт лише в роки громадянської війни. 4. Однак після 1917 року розмір дефіциту різко зріс. 5. Уряд США володіє 1/3 усіх казначейських облигацій. 6. На приватний сектор припадає майже половина державного боргу. 7. Іноземні позики підвищують рівень споживання, інвестицій і фінансування. 8. Сполучені Штати Америки використовують позики для фінансування урядових витрат.

VIII. Read and dramatize the following dialogue:

A.: It may be comforting to know that most of the U.S. national debt is owned internally, and much of it by the government itself.

B.: How much of a «burden» does the debt really represent?

A.: It is not so evident. None of the debt has been repaid since you were born. The federal government has borrowed more money each year to finance deficits, adding to accumulated debt.

B.: I see, the federal government has simply borrowed new funds to pay debts off, but every debt requires debt-servicing.

A.: Yes, with \$3 trillion in accumulated debt, the U.S. government must make enormous interest payments each year. In 1991 the U.S. Treasury paid over \$173 billion in interest charges.

B.: Who gets the interest payments?

A.: As noted, most of the nation's outstanding debt is internal — that is owned by domestic households and institutions. Therefore most interest payments are made to people and institutions within the United States. Most debt servicing is simply a redistribution of income from taxpayers to bondholders.

B.: It seems to me that in many cases the taxpayer and bondholder are the same person.

A.: In all cases, however, the income that leaks from the circular flow in the form of taxes to pay for debt servicing returns as interest payments.

B.: As a result, total income is unchanged. Now I understand why in policy debates, the aggregate size of the national debt is the focal concern. The key policy questions are whether and how to limit or reduce the national debt.

IX. Make up your own dialogue using the following expressions:

to reduce the annual federal deficit

to eliminate the budget deficit

to get interest payments

to replace old bonds

external debt

to limit national debt

to finance the deficit

to impose a burden on

internal debt

debt ceilings

X. Change the following sentences using participle phrases instead of the subordinate clauses:

M o d e l A : The man who was sitting at the window made an interesting report yesterday.

The man sitting at the window made an interesting report yesterday.

1. People who hold bonds and stocks hope to realize a financial gain from these assets. 2. The U.S. Treasury that finan-

ces the deficit, sells U.S. Treasury bonds. 3. Explicit debt ceilings that curb the national debt are another mechanism of economic forces. 4. The federal government that borrows money to finance deficits, adds to accumulated debt. 5. Much of a burden that represents a debt is paid by the government itself.

Model B: The decisions which were adopted at the conference are supported by many scientists.
The decisions adopted at the conference are supported by many scientists.

1. All of the debt that is held by U.S. households, institutions and government entities is referred to as internal debt. 2. The ways to limit the national debt which were discussed at the conference are worth consideration. 3. The problem of external debt which was touched upon during the round-table talk is considered now. 4. The news which was received yesterday impressed everybody greatly. 5. National debt which is owned internally is referred to as internal debt.

XI. Translate into English using Participle I, Participle II where it is necessary:

1. Робота, яку він розпочав, дуже важлива. 2. Студенти прослухали кілька лекцій про державний борг, які прочитав відомий професор. 3. Як звучить доповідача, який розповідає зараз про заборгованість? 4. Представники іноземних фірм сиділи в конференц-залі і обговорювали питання рефінансування об'єктів. 5. Банки та страхові компанії купували облігації, випущені казначейством країни. 6. Рішення щодо зовнішнього боргу, яке було ухвалене на конференції, змінило подальшу політику країни.

XII. Communicative situations:

1. You are a member of the government of a country N. Try to limit or reduce the national debt of the country. Speak about it.
2. Discuss the government's attempts to curb the national debt.

Lesson 29

FINANCIAL MARKETS

I. Read and memorize the following words, word-combinations and word-groups:

stock market — ринок капіталу; фондова біржа

bond market — ринок облігацій; ринок довгострокового капіталу

e.g. Three major financial markets are the stock market, the bond market and the futures market.

bond — облігація, боргове зобов'язання

e.g. A certificate acknowledging a debt and the amount of interest to be paid each year until repayment.

futures market — ф'ючерсний ринок

e.g. The earliest futures markets were organized to facilitate trading of farm products like wheat and corn.

financial intermediary — фінансовий посередник

e.g. Financial intermediary: Institution (e.g. bank, stock market) that makes savings available to dissavers (e.g. investors).

exchange — обмін; біржа; іноземна валюта

e.g. There are 115 exchanges operating in the 26 countries listed here: Australia, Brazil, Canada, France, India, Japan and many others.

corporation — корпорація, акціонерне товариство

e.g. Corporation is a business organization having a continuous existence independent of its members (owners) and power and liabilities distinct from those of its members.

corporate stock — акціонерний капітал

e.g. Corporate stock represents shares of ownership in a corporation.

shareholder — акціонер

e.g. Shareholders are part owners of the corporation.

dividend — дивіденд

e.g. Dividend is an amount of corporate profits paid out to each share of stock.

capital gain — прибуток від приросту капіталу

e.g. An increase in the market value of an asset is capital gain.

yield — прибуток з цінних паперів

e.g. Yield is the rate of return on a bond; the annual interest payment divided by the bond's price.

II. Give English equivalents of the following:

фінансовий посередник	позичати гроші
фондова біржа	акціонерний капітал
давати позику	бути поширеним
боргове зобов'язання	ринок акцій
ф'ючерсні ринки	контролювати компанію
щорічні виплати відсотків	

III. Fill in the blanks with appropriate words:

- | | |
|---|-------------------------|
| 1. Stock markets are one of the institutions that serve as | to borrow |
| 2. What people buy and sell on the stock exchanges are ... of corporations. | promissory notes |
| 3. A ... tends to be the largest type of enterprise. | dividends |
| 4. The corporation may choose to retain earnings or pay them out to shareholders as | corporation |
| 5. In the bond market people buy and sell | financial intermediarie |
| 6. A bond is issued when an institution wants ... money. | demand and supply |
| 7. The advantage of borrowing funds is that we can ... of the company. | ownership shares |
| 8. Stock prices depend upon ... in financial markets. | keep control |

IV. Read and translate the text:

To answer the questions of what, how and for whom to produce we look at three major financial markets: the stock market, the bond market and the futures market (where everything from frozen pork bellies to U.S. Treasury bonds are traded).

Stock markets are one of the institutions that serve as financial intermediaries. Stock markets help channel savings into investment. Although most people immediately think of Wall Street when they hear «stock exchange» the stock market is highly dispersed. There are 17 different stock exchanges in the United States and over a hundred additional exchanges in other countries.

What people buy and sell on the stock exchanges are ownership shares of corporations. A corporation tends to be the

largest type of enterprise, with average asset values measured in millions of dollars.

The ownership of corporation is defined in terms of stock shares. Each share of corporate stock represents partial ownership of the business. People holding shares of corporations hope to realize a financial gain from these assets. As part owners, shareholders are entitled to any profits the corporation makes.

Shareholders do not necessarily receive their share of the company's profit in cash. The corporation may choose to retain earnings or pay them out to shareholders as dividends. There are two motivations for buying and holding stocks — the expectation of dividends and anticipated capital gains.

Stock prices depend upon demand and supply in financial markets. If demand for the stock increases the stock's price will tend to rise. Similarly, an increasing reluctance of owners to sell would push the stock's price higher.

The bond market operates much like the stock market. The major difference is in the kind of paper traded. In the stock market people buy and sell shares of corporate ownership. In the bond market people buy and sell promissory notes («IOUs» — I owe you). A bond is a written promise to repay a loan. The borrower may be a corporation («corporate bonds»), local governments («municipal bonds»), the federal government («treasury bonds») and other institutions.

A bond is issued when an institution wants to borrow money. The company had great ideas but not enough resources to start production. Previously, the problem was solved by issuing stock. A second alternative for raising necessary funds — is to borrow money. The advantage of borrowing funds is that we can keep control of the company. Lenders are not owners. On the other hand, if we borrow, we have to pay the lenders back, with interest.

Thus the bond market also functions as a financial intermediary, transferring available savings (wealth) to those who want to acquire more resources (invest). The critical issue here is the «price» of the bond. At low rates of interest no one is willing to lend funds to the company. The increased willingness to lend funds is reflected in an increased demand for bonds. This increased demand will push up the price of the bond. As bond prices rise their implied effective interest rate (yield) falls.

In futures markets people buy and sell things that are to be «delivered» in the future at prices agreed on today. Futures markets make life easier for the farmer and consumer.

To summarize: The central purpose of financial markets is to help channel the savings of consumers and businesses into productive investments.

V. Answer the following questions:

1. What is the purpose of financial markets?
2. What is the function of financial intermediaries?
3. What is a financial intermediary?
4. What does each share of corporate stock represent?
5. What do people buy and sell on the stock exchanges?
6. What is the largest type of enterprise?
7. What are the motivations for buying and holding stocks?
8. What does the stock price depend upon?
9. What is the difference between the stock market and the bond market?
10. When is a bond issued?
11. What is the futures market?

VI. Define the terms:

capital	yield
financial intermediary	«start-up» funds
saving	dividend
corporate stock	corporation
bond futures market	

VII. Translate into English:

1. У 1988 році компанія «Уолт Дисней» почала перетворювати 5000 акрів землі поблизу Парижа, що була під цукровим буряком, на величезний парк відпочинку (park and resort). 2. Для того щоб оплатити будівництво нового парку, компанія могла б використати власні фонди, позику або випустити новий пакет акцій. 3. Компанія використала всі три механізми фінансування. 4. Заснування фондової біржі в Нью-Йорку відбулося в середині XVIII століття, коли маклери, продавці та покупці почали збиратися в кав'ярнях на Уолл-стріт. 5. Торгували переважно зерном і рабами. Наприкінці XVIII століття торгівлю було зведено до операцій з урядовими облігаціями. 6. Алекс Гамільтон збагатів на придбанні тоді ще дешевих облігацій і став найбагатшою людиною. 7. У березні 1792 року 24 маклери з семи фірм обрали правління і змінили назву біржі. Кав'ярня Джонатана стала фондовою біржею. Маклери встановили правила торгівлі, розмір комісійних. У березні 1830 року за один день було продано 31 акцію. Для порівняння: сьогодні на фондовій біржі щодня продається більше ніж 200 мільйонів акцій.

VIII. Read and dramatize the following dialogue:

- A.: Hello, old chap! Haven't seen you for ages. How are you getting on? You look tired.
- B.: I've got a problem to solve. I invented a laser scanner that could detect all mechanical, structural or electrical defects in airplanes.
- A.: Clearly, this idea has great potential to save lives and reduce the anxieties of travellers.
- B.: Yes, and it also might make me a millionaire.
- A.: But, to produce Air Scanners you need a manufacturing plant, workers and materials. You will also have to obtain a patent to protect your invention from would-be competitors.
- B.: Besides, I shall need a research and development lab for continuous testing and improvement as well as a marketing department to demonstrate and sell the scanners.
- A.: I see, from a broader economic perspective, what you have here is a resource allocation problem. At present, all of society's land, labor and capital are devoted to the production of other goods and services. Your immediate problem is defined in far simpler terms — hard cash. To acquire real resources — the land, labor and capital that can produce air scanners, you must have some means of payment.
- B.: That is the problem of raising start-up funds. I could ask my relatives and friends for a loan, or even go door-to-door in the neighborhood.
- A.: This method of raising funds is not likely to achieve your goals. Fortunately for you and other budding entrepreneurs most households save some fraction of their income. This flow of saving creates an enormous pool of loanable funds. Your problem is how to tap that pool to get enough funds to start building Air Scanners.
- B.: I know that financial intermediaries make the job of acquiring start-up funds.
- A.: A true «start-up» company like Air Scanners has nothing more than a good idea, a couple of dedicated employees and Big Plans.
- B.: I cannot but mention that to fund these plans, the company can sell shares of itself. The individuals who buy the newly issued stock are putting their savings directly into the corporation's accounts. When our corporation is formed, I shall inform you. You may buy corporation's shares and become an owner.

- A.: And I shall stand to profit from the corporation's business or take my lumps if the company fails.
- B.: I must say because the company is incorporated, you are at a risk only for however much money you pay for your shares.
- A.: You've got a point there. I have to go. And let's hope for the best.

IX. Make up your own dialogue using the following expressions:

- | | |
|---------------------------------|--------------------|
| financial intermediary | corporate stock |
| to acquire start-up funds | shareholder |
| to realize financial gains | stock market |
| to keep control over company to | hold shares |
| to pay the lenders back | to channel savings |

X. Change the following complex sentences into simple ones using the Objective Participle Complex:

Model: I saw them as they were working at the stock market.

I saw them working at the stock market.

1. I noticed them as they were trying to sell their bonds.
2. We heard them as they were discussing the advantages of the futures markets.
3. He observed as they were making plans for acquiring start-up funds.
4. She watched him, as he was meeting financial intermediaries.
5. I noticed him as he was greeting shareholders.
6. We watched the people as they were exchanging currency.

XI. Paraphrase the following using the Objective Participle Complex:

Model: The reporter took a photo of him.

He had his photo taken.

1. A financial intermediary makes savings available to dis-savers.
2. The corporation pays out the dividends to the shareholders once a month.
3. Those who borrow money will pay the lenders back.
4. The Bank offered a company start-up funds.
5. The individuals have bought the corporation's issued stock.

XII. Translate into English:

1. Ми спостерігали, як студенти слухали лекцію про фінансові ринки.
2. Студенти слухали, як лектор пояснював

функції фінансового посередника. 3. Акціонери слухали, як керівники підприємства обговорювали можливості випуску нових акцій. 4. Мені виплатили дивіденди. 5. Вам надали стартовий капітал? 6. Робітникам продали акції підприємства.

XIII. Communicative situations:

1. Discuss the formation of any corporation.
2. Imagine the situation when there are no financial intermediaries. Discuss it.
3. You are the chief of the corporation «... and company». What will you produce?
What first steps must be taken to become a millionaire?
Speak about it.

Lesson 30

INTERNATIONAL FINANCE

I. Read and memorize the following words, word-combinations and word-groups:

slope — нахил

e.g. The demand for foreign exchange is likely to have downward slope, while the supply of foreign exchange will have the usual upward slope.

exchange rate — валютний курс

e.g. An exchange rate is simply the price of one currency in terms of another.

demand for foreign exchange — попит на іноземну валюту

supply of foreign exchange — пропозиція іноземної валюти

e.g. We should recognize that the demand for foreign exchange is likely to have the familiar downward slope, while the supply of foreign exchange will have the usual upward slope.

appreciation of currency — підвищення валютного курсу, ревальвація валюти

e.g. The other side of depreciation is appreciation, an increase in value of one currency as expressed in another country's currency.

foreign-exchange market — ринок іноземної валюти

e.g. Places where foreign currencies are bought and sold are foreign-exchange markets.

gold standard — золотий стандарт

e.g. Under a gold standard each country determines that its currency is worth so much gold.

balance-of-payments deficit — дефіцит платіжного балансу

e.g. A balance-of-payment deficit is an excess demand for foreign currency at current exchange rates.

balance-of-payments surplus — активне сальдо платіжного балансу

e.g. Balance-of-payments surplus is an excess demand for domestic currency at current exchange rates.

gold reserve — золотий запас

e.g. Stocks of gold held by a government to purchase foreign exchange are gold reserves.

flexible exchange rate — гнучкий валютний курс

e.g. With flexible exchange rates, the quantity of foreign exchange demanded always equals the quantity supplied, and there is no imbalance.

changes in product availability — коливання в забезпеченні ринку товарами

relative interest — rate changes — відносні коливання відсоткової ставки за вкладом

e.g. The important sources of exchange rate changes are: relative income changes, relative price changes, changes in product availability, relative interest — rate changes.

II. Give English equivalents of the following:

національна валюта	попит на іноземну валюту
вартість валюти	надмірний попит на іноземну валюту
підвищення валютно-го курсу	дефіцит платіжного балансу
гнучкий валютний курс	ліквідувати коливання валютного курсу

III. Fill in the blanks with appropriate words:

- | | |
|--|--------------------------------------|
| 1. Depreciation of currency refers to the fact that one currency has become ... in terms of another one. | narrowing
foreign currency
fix |
| 2. Appreciation is ... in value of one currency as expressed in another country's currency. | an increase
cheaper |
| 3. One way to eliminate fluctuations in exchange rates is to ... their value. | gold standard |

4. To fix exchange rate, each country may define the worth of its currency in terms of
5. A balance-of-payments deficit is an excess demand for ... at current exchange rates.
6. Government may buy and sell foreign exchange for the purpose of ... exchange-rate movements.

IV. Read and translate the text:

International trade would be inefficient without foreign exchange markets. We are able to exchange dollars for any national currency we may desire. Thus an exchange rate is simply the price of one currency in terms of another.

We should recognize that the demand for foreign exchange is likely to have familiar downward slope, while the supply of foreign exchange will have the usual upward slope.

Exchange-rate changes have their own terminology. Depreciation of a currency refers to the fact that one currency has become cheaper in terms of another currency.

The other side of depreciation is appreciation, an increase in value of one currency as expressed in another country's currency. Whenever one currency depreciates, another currency must appreciate.

Exchange rates change for the same reasons that any market price changes. Among the important sources are

- Relative income changes.
- Relative price changes.
- Changes in product availability.
- Relative interest-rate changes.
- Speculation.

All of these kinds of changes are taking place every minute of every day, thus keeping foreign-exchange markets active.

Places where foreign currencies are bought and sold are foreign-exchange markets.

Significant changes occur in currency values, however, only when several of these forces move in the same direction at the same time.

One way to eliminate fluctuations in exchange rates is to fix their value. To fix exchange rates, each country may simply proclaim that its currency is «worth» so much in relation to that of other countries. The easiest way to do this is for each country to define the worth of its currency in terms of some common standard. The standard that has been most popular is gold. Under a gold standard, each country determines that its currency is worth so much gold.

In 1944 the value of the U.S. dollar was defined as being equal to 0.0294 ounces of gold, while the British pound was defined as being worth 0.0823 ounces of gold. This exchange rate between British pounds and U.S. dollars was fixed at 1 pound = \$2.80.

The excess demand for pounds implies a balance-of-payments deficit for United States: more dollars are flowing out of the country than into it. A balance-of-payments deficit is an excess demand for foreign currency at current exchange rates. The same disequilibrium represents a balance-of-payments surplus for Britain, because its outward flow of pounds is less than its incoming flow. Balance-of-payments surplus is an excess demand for domestic currency at current exchange rates. With flexible exchange rates, the quantity of foreign exchange demanded always equals the quantity supplied, and there is no imbalance.

Government may buy and sell foreign exchange for the purpose of narrowing rather than eliminating exchange-rate movements. Such limited intervention in foreign-exchange markets is referred to as managed exchange rates, or, more popularly «dirty floats».

V. Answer the following questions:

1. What makes international trade so easy?
2. What is an exchange rate?
3. Give examples of exchange-rate terminology.
4. What are the reasons for the exchange rate changes.
5. What is the only way to eliminate fluctuations in exchange rate?
6. In what terms does each country define the worth of its currency?
7. What does the excess demand for any currency imply?

VI. Define the terms:

exchange rate	demand for foreign exchange
depreciation	supply of foreign exchange
gold reserves	foreign-exchange markets
appreciation	balance-of-payments deficit
gold standard	balance-of-payments surplus

VII. Translate into English:

1. Якби Японія вжила заходів до стимулювання внутрішньої економіки, то споживачі витрачали б менше грошей на імпорт, корпорації вкладали б капітал в японські підпри-

ємства, а не в американській. 2. Зменшення попиту на 1 долар прискорить падіння його курсу порівняно з японською єною. 3. Як результат ціни на американські товари в Японії падають, а ціни на японські товари в Америці зростають. 4. Валютний курс — це головний механізм перерахунку вартості однієї національної валюти відносно іншої. 5. Валютний курс \$1 = DM1,6 означає, що 1 долар коштує 1,6 німецьких марок і його можна купити на ринку іноземної валюти за такою ціною. 6. У 1987 році Сполучені Штати Америки разом із головними торговими партнерами витратили близько \$100 мільйонів, щоб запобігти падінню долара. 7. Протягом усього цього періоду відбуваються постійні дискусії щодо «справжньої» вартості долара і щодо того, яка країна має вживати заходів для забезпечення цієї вартості. 8. Зміни у курсі валют не завжди є бажаним явищем. Виробники товарів на експорт не хотіли б, щоб вартість валюти зростала (підвищення вартості); імпортерам і туристам не подобається, коли вартість валюти знижується (падіння вартості).

VIII. Read and dramatize the following dialogue:

- A.: The demand for foreign currency originates in many ways. First and foremost, there is a demand for imported products.
- B.: In fact, to acquire French wines, German cars or Japanese stereo equipment we need foreign money.
- A.: Yes, I quite agree with you. Foreign travel by Americans also generates a demand for foreign currency.
- B.: Certainly, when you are travelling, you need foreign currency to pay for transportation, hotel rooms, food and anything else you wish to buy and can afford. Even if you use U.S. dollars or traveler's checks on occasion, the recipients of such money will exchange them for local money.
- A.: One can't but mention that U.S. corporations demand foreign exchange too. General Motors builds cars in Germany, Coca-Cola produces Coke in China, Exxon produces and refines oil all over the world. In nearly every such case, the US firm must first build or buy some plant and equipment, using another country's factors of production. This activity requires foreign currency and thus becomes another component of our demand for foreign currency.
- B.: And what about investment opportunities? It's of common knowledge that foreign producers often make direct investments in the United States.

- A.: For instance Shell and BP gas stations are a familiar example of direct foreign investment, as are foreign auto plants such as Honda in Ohio and Volvo in Virginia. In making such investments, foreign firms must first demand US currency that can be used to buy US factors of production.
- B.: And sooner or later, the foreign firms will want to take some of their profits back to their own banks and stock-holders.
- A.: Yes, in doing so, they create a demand for foreign currency as they convert the dollars they have earned in the United States into the currencies their stockholders and creditors can spend at home.
- B.: Foreigners have the same demand for U.S. dollars that we have for foreign currencies. In other words, demands for U.S. dollars represent a supply of foreign currencies. That is to say, foreigners offer to exchange (supply) foreign currency when they desire (demand) U.S. dollars.

IX. Make up your own dialogue using the following expressions:

foreign-exchange markets	to exchange currency
the demand for foreign currency	the supply of foreign exchange
exchange rate	domestic prices
to eliminate fluctuations	to fix exchange rates
gold standard	flexible exchange rates

X. Change the following complex sentences into simple ones using the Absolute Participle Complex:

M o d e l : As the weather was fine, we went for a walk.
The weather being fine, we went for a walk.

1. As the problem was complicated, we decided to meet again on the following day. 2. As there was one way to eliminate fluctuations in exchange rates, each country had to define the «worth» of its currency. 3. As the US dollar was equal to 0.0294 ounces of gold, the British pound was defined as being worth 0.0823 ounces of gold. 4. As the exchange rate was flexible, the quantity of foreign exchange demanded equalled the quantity supplied. 5. As it was a balance-of-payment deficit, there was an excess demand for foreign currency at current exchange rates.

XI. Read and translate these sentences. Pay attention to the use of the Absolute Participle Complex:

1. It being Saturday, everyone went out of town. 2. Time permitting we shall meet tomorrow. 3. The conference over,

the delegation returned to the country. 4. His voice trembling, he tried to explain everything. 5. Weather permitting, we'll spend our weekend in the forest.

XII. Translate into English using the Absolute Participle Complex:

1. Якщо курс валюти однієї країни знизиться, курс валюти іншої країни зросте. 2. Оскільки було складно визначити валютний курс, ми вирішили ретельніше проаналізувати ситуацію. 3. Коли все було вирішено, учасники конференції залишили зал засідань. 4. Через те що телефон був несправний, я не міг зателефонувати вам.

XIII. Communicative situations:

1. Speak about gold-exchange standard.
2. Speak about the sources that influence exchange rates.

Lesson 31

INTERNATIONAL TRADE

I. Read and memorize the following words, word-combinations and word-groups:

trade deficit — дефіцит торговельного балансу

e.g. The amount by which the value of imports exceeds the value of exports in a given time period is a trade deficit.

trade surplus — активне сальдо торговельного балансу

e.g. The amount by which the value of exports exceeds the value of imports in a given time period is a trade surplus.

domestic industries — національна економіка

e.g. Microeconomic resistance to international trade arises from the fact that imports mean fewer jobs and less income for some domestic industries.

mix of output — номенклатура продукції

e.g. Trade not only alters the mix of output but also redistributes income from import-competing industries to export industries.

embargo — ембарго

e.g. An embargo is nothing more than a prohibition against trading particular goods.

tariff — тариф

e.g. One of the most popular and visible restrictions on trade is the tariff, a special tax imposed on imported goods.

quota — квота

e.g. A country can impose quotas, restrictions on the quantity of a particular good that may be imported.

trade-adjustment assistance — компенсація втрат від міжнародної торгівлі

e.g. Compensation to market participants for losses imposed by international trade is a trade-adjustment assistance.

II. Give English equivalents of the following:

заборона торгівлі-окремими товарами	за певний період
обмеження на кількість імпортованих чи експортованих товарів	активне сальдо торговельного балансу
обмежувати міжнародну торгівлю	податок на імпорт
змінювати номенклатуру продукції	заяти збитків

III. Fill in the blanks with appropriate words:

- | | |
|---|-----------|
| 1. During 1989 the USA imported more than exported and so had a ... trade balance. | equal |
| 2. If the United States has a trade deficit with the rest of the world, then other countries must have an offsetting trade | produce |
| 3. Imports must ... exports, since every good exported by one country must be imported by another. | increases |
| 4. A negative trade balance is called a trade ... | deficit |
| 5. When countries engage in international trade, they are expressing commitment to specialization and the reason is: specialization ... total output. | fewer |
| 6. Two countries that trade can together ... more output than they could in the absence of trade. | less |
| 7. Imports mean ... jobs and ... income for some domestic industries. | negative |
| | surplus |

IV. Read and translate the text:

After examining the arguments for and against international trade, we try to draw some general conclusions about optimal trade policy.

U.S. imports represent 9 percent of total GNP. These imports include the consumer items as well as capital equipment, raw materials and food. While the country is buying goods and services from the rest of the world, foreigners are buying U.S. exports.

U.S. exports represent 7 percent of total output. As the figures indicate, U.S. imports and exports were not equal in 1989. Quite the contrary: the USA had a large imbalance in the trade flows, with many more imports than exports. The trade balance is computed as the difference between exports and imports: that is

$$\text{trade balance} = \text{exports} - \text{imports}.$$

During 1989 the USA imported more than exported and so had a negative trade balance. A negative trade balance is called a trade deficit.

If the United States has a trade deficit with the rest of the world, then other countries must have an offsetting trade surplus. On a global scale, imports must equal exports, since every good exported by one country must be imported by another.

When countries engage in international trade, they are expressing the commitment to specialization, and the reason is: specialization increases total output.

Two countries that trade can together produce more output than they could in the absence of trade. So, the gain from trade will be increased world output and thus a higher standard of living in both countries.

Although the potential gains from world trade are perhaps clear, we must recognize one central fact of life: some producers have a vested interest in restricting international trade. Microeconomic resistance to international trade arises from the fact that imports mean fewer jobs and less income for some domestic industries. Exports represent increased jobs and incomes for other industries. Thus on a microeconomic level there are gainers and losers from international trade. Trade not only alters the mix of output but also redistributes income from import-competing industries to export industries.

Resistance to trade emanates from workers and firms that must compete with imports. Even though the country as a whole stands to benefit from trade, these individuals and companies may lose jobs and incomes in the process.

The means of restricting trade are many and diverse. Embargoes are outright prohibitions against import or export of particular goods. Quotas limit the quantity of a good impor-

ted or exported. Tariffs discourage imports by making them more expensive. Trade-adjustment assistance is a mechanism for compensating people who incur economic losses as a result of international trade, thus it represents an alternative to trade restrictions. To summarize: International trade permits each country to concentrate its resources on those goods it can produce efficiently. This kind of productive specialization increases world output.

V. Answer the following questions:

1. What do US imports include?
2. What are the gains from international trade?
3. What does resistance to international trade mean?
4. What are the means of restricting trade?
5. What is trade-adjustment assistance?
6. What is the role of specialization in the increasing of the total output?
7. In what sense does international trade restrain the exercise of domestic market power?

VI. Define the terms:

trade surplus	imports
trade deficit	trade-balance
exports	embargo
gainers and losers	tariff
quota	import-competing industries

VII. Translate into English:

1. За відсутності зовнішньої торгівлі ціни на внутрішньому ринку залежатимуть від попиту та пропозиції в межах країни. 2. Тарифи зумовлюють підвищення цін на внутрішньому ринку та зменшення кількості проданих товарів. 3. Квоти обмежують імпорт, надаючи можливість вітчизняним виробникам підвищувати ринкові ціни. 4. Згідно із статистичними даними, в 1989 році обсяг імпорту США перевищував експорт. 5. У 1989 році дефіцит торговельного балансу США становив \$ 113 мільйонів. 6. Проте в цілому експорт споживчих товарів США становив 6,7 відсотка від валового національного продукту. 7. Згідно з міжнародною практикою залежність США від імпорту невисока. 8. Експорт ФРН, наприклад, становить 37 відсотків від загального валового продукту, а Тайвань експортує 50 відсотків.

VIII. Read and dramatize the following dialogue:

- A.: To demonstrate the economic gains obtainable from international trade, we may examine the production possibilities of two countries.
- B.: Excuse me for interrupting you. What are production possibilities?
- A.: It's easy to understand. Production possibility is the alternative combinations of final goods and services that could be produced in a given time period with all available resources and technology. We want to demonstrate that two countries that trade can together produce more output than they could in the absence of trade.
- B.: We are from France. Consider the production and consumption possibilities of just two countries — say, the United States and France.
- A.: For the sake of illustration, we shall assume that both countries produce only two goods, bread and wine.
- B.: Let it be. We know, the United States is capable of producing much more bread than France is.
- A.: That is because, we have a greater abundance of labor, land and other factors of production. We assume the US is producing up to 100 billion loaves of bread per year. France on the other hand, is producing only 15 billion loaves per year, because it has little available land, less fuel and fewer potential workers. The capacities of the two countries for wine production are 50 billion barrels for the US and 60 billion for France. And what about consumption possibilities?
- B.: I can conclude, that consumption possibilities are the alternative combinations of goods and services that a country can consume in a given time period.
- A.: You are right. In the absence of contact with the outside world, the production possibilities for each country defines its consumption possibilities. Without imports, neither country can consume more than it produces. The obvious thing to do is to trade, to start exchanging wine for bread and vice versa. When international trade is permitted, each country can concentrate on what it does best.
- B.: So, the gains from trade are due to specialization in production increasing total world output. As a result, with more goods and services, everyone's living standard is likely to improve. Thank you, Professor, for your interesting lecture.

IX. Make up your own dialogue using the following expressions:

restrictions on trade	to end embargo
to make goods expensive	to limit imports
domestic consumers	to impose embargo
domestically produced goods	to maintain embargo
to raise import prices	to be competitive

X. Change these sentences according to the models:

Model A: Are they still discussing the problem?

No, they've just finished discussing.

1. Are they still examining the arguments for and against international trade? (to finish)
2. Has the country been buying goods and services from the rest of the world long? (to begin)
3. Is the country still importing more? (to stop)

Model B: I don't like it when you miss lectures.

I don't like your missing lectures.

1. He enjoys it when she sings.
2. I hate it when he takes the floor.
3. I don't mind it if you play the piano.
4. She dislikes it when they make noise.

Model C: What did he say about the film?

He said it was worth seeing.

1. What did they say about the agreement? (to reach)
2. What did he say about the document? (to sign)
3. What did he say about the proposal? (to think over)
4. What did she say about his article? (to read)
5. What did they say about his ideas? (to listen to)

XI. Translate into English using Gerunds:

1. Ці аргументи варто розглянути.
2. Цю статтю варто обговорити.
3. Припиніть розмовляти, будь ласка.
4. Починайте читати.
5. Ми не заперечуємо, щоб ви приєдналися до нас.
6. Я не ображаюся, коли мене критикують, якщо це справедливо.

XII. Communicative situations:

1. Country N refuses to contact with the outside economic world. Discuss the situation.
2. The USA has a positive trade balance. In what case? Give your remarks.
3. The USA and Ukraine are economic partners. What will this country export to USA and what imports will it have? What can you say about the situation?

Lesson 32

INTERNATIONAL DEVELOPMENT

I. Read and memorize the following words, word-combinations and word-groups:

LDC (less developed country) — країна, що розвивається
e.g. Most less developed countries (LDCs) are characterized by both low GNP per capita and slow income growth.

productivity — продуктивність
e.g. Output per unit of input; output per labor hour is a productivity.

subsistence level — прожитковий рівень
e.g. Most of the population in Haiti lives at the subsistence level.

hard currency — тверда конвертована валюта
e.g. Governments need «hard» currencies to buy new capital and other imported resources.

debt servicing — обслуговування боргу, капітальної суми боргу або відсотків
e.g. The interest required to be paid each year on outstanding debt is a debt servicing.

market shortage — недостатня ринкова пропозиція
e.g. The amount by which the quantity demanded exceeds the quantity supplied at a given price; excess demand.

infrastructure — інфраструктура
e.g. Infrastructure consists of the physical and institutional features that facilitate economic activity.

World Bank — Світовий банк
e.g. The most prominent lending agency is the World Bank.

II. Give English equivalents of the following:

Світовий банк
задовольняти потреби людини
швидке зростання чисельності
населення
нестача кваліфікованої робочої
сили
позики

країни, що розвиваються
високий рівень народжуваності
іноземні інвестиції
середній прибуток
іноземна допомога

III. Fill in the blanks with appropriate words:

- | | |
|---|--|
| 1. It is difficult to comprehend just how ...
the Third World is. | problem |
| 2. High birth rates ... a country's ability to
raise GNP per capita. | nonmarket prices
to increase
foreign aid |
| 3. In LDCs there is typically a ... of skilled
labor and managers. | poor
discouraged |
| 4. Foreign investment is often ... by LDC
governments. | limit
shortage |
| 5. Debt servicing requires an LDC ... its
export potential. | |
| 6. Another ... in LDCs is a lack of infrastruc-
ture. | |
| 7. Most LDCs prefer to use | |
| 8. All LDCs could benefit from | |

IV. Read and translate the text:

This text provides some perspective on the global gap between rich and poor. As Professor Theodore Schultz has written «Being rich makes it hard to comprehend behaviour of poor people». It is difficult to comprehend just how poor the Third World is.

Most less developed countries (LDCs) are characterized by both low GNP per capita and slow income growth. They are also far less able to satisfy basic human needs (e.g. food, shelter, medical care). High birth rates limit a country's ability to raise GNP per capita. Rapid population growth also tends to retard education, saving and investment. Rapid population growth is only one dimension of the labor problem. Ironically, the other dimension consists of a labor shortage. In LDCs there is typically a severe shortage of skilled labor and managers. Sixty percent of the population is illiterate.

A lack of capital resources poses a second major barrier to growth. The LDCs are desperate for plants and equipment that will raise the productivity of labor. But their average incomes are so low that they can rarely afford to save enough to finance the required investments. Most of the population lives at the subsistence level. Domestic saving can finance only some of the inputs, that is why external financing is usually required. Foreign investment, loans, and aid are all sources of external financing. The improvements in management, technology and labor training accompany foreign investment. Despite its substantial benefits, foreign investment is often discouraged by LDC governments. The resistance reflects a fear of becoming dependent on foreign investors.

Like foreign investment, loans represent an opportunity to increase current investment without reducing current consumption. The most prominent lending agency is the World Bank. Even in the best of political and economic situations, there is a limit to the ability of LDCs to borrow. A loan requires repayment. Hence LDCs that borrow must have the capability to service (repay) that debt. The economy of the LDCs must grow enough to generate a surplus for debt servicing. Debt servicing requires an LDC to increase its export potential in order to earn hard currency.

Unlike loans, foreign aid refers to money or resources given to LDCs for which no repayment is required. Foreign aid is given on a bilateral basis or through multinational agencies.

Technology. Capital and labor are basic factors of production. However, technology is also a primary determinant of production possibilities. LDCs could greatly increase their growth with improved technology.

Institutional Structure. Another problem in LDCs is a lack of infrastructure. Roads, telephones, schools, hospitals and electricity are all essential ingredients of a viable economy.

Finally, many LDCs are reluctant to rely on the market mechanism to allocate resources and distribute incomes. They prefer to use nonmarket prices to pursue specific economic or political objectives. The end result is a market shortage. This distortion of market process has been a barrier to growth.

Growth strategies. Many economists have concluded that the LDCs will not be able to achieve sustained economic growth until they can master enough resources to overcome all of these barriers simultaneously. Many of the poorest LDCs must choose between agricultural development and industrialization. Agricultural development promises a greater payoff because the vast majority of the population works in agriculture, at low productivity. Improved farm productivity can create food, labor and capital surpluses for industrialization.

There is no «correct» strategy for economic development. Each country confronts a unique set of barriers and growth possibilities. All LDCs, however, could benefit from more foreign aid.

V. Answer the following questions:

1. What are the most common features of the LDCs?
2. What are the barriers to the growth?
3. What does the labor problem consist of?
4. What does a lack of capital result in?
5. Can domestic saving finance the whole of inputs?

6. What are the sources of external financing?
7. What is the difference between loan and foreign aid?
8. What is the role of the market mechanism?
9. What are the growth strategies?

VI. Define the terms:

debt servicing	foreign aid
market shortage	infrastructure
nonmarket prices	subsistence level
market mechanism	GNP per capita
foreign investment	loan

VII. Translate into English:

1. Багато міжнародних кредитних установ надають фінансову допомогу країнам третього світу. 2. Низькі прибутки та повільний економічний розвиток є характерними рисами країн третього світу. 3. Населення багатих країн зростає дуже повільно. 4. У бідних країнах чисельність населення зростає дуже швидко, що сповільнює підвищення добробуту. 5. Селяни в країнах, що розвиваються, не довіряють банкам і паперовим грошам. 6. Деякі країни скорочували виробництво споживчих товарів, аби змусити споживачів заощаджувати більше грошей. 7. Експорт допомагає заробляти необхідну валюту. 8. ООН запропонувала розвиненим країнам використовувати 1 відсоток валового національного продукту як іноземну допомогу.

VIII. Read and dramatize the following dialogue:

- A.: Most countries continue to experience economic growth. But the relationship between GNP growth is very different in rich and poor countries.
- B.: What are the differences?
- A.: The populations of rich countries are growing very slowly and gains in per capita GNP are easily achieved. In the poorest countries, population is increasing rapidly, making it difficult to raise living standards.
- B.: Which countries are rich and which are poor?
- A.: Rich countries are the United States, Sweden, Japan and Germany. Peru, Nigeria, Thailand, Honduras, Egypt, Philippines are poor countries, and Pakistan, Kenya, China, Haiti, India, Ephiopia are the poorest.
- B.: What is the reason for that?

A.: As I have already told, it is low growth. Before growth can accelerate, though, the present barriers to growth must be identified and overcome.

B.: What are the barriers?

A.: Some of the major barriers are lack of labor and capital resources.

B.: As far as I know the World Bank makes loans to LDCs for specific development projects.

A.: Yes, the other multinational banks provide financial and technical assistance.

B.: But a loan requires repayment.

A.: During the 1980s the LDCs nearly doubled their external debt. Annual servicing on these loans exceeded \$170 billion.

B.: And then, some of the major debtor nations declared a moratorium on debt repayment.

A.: First Mexico, then Brazil and Peru announced that they were stopping or reducing debt servicing. It gave some of the LDCs some «breathing room». They could use this temporary relief to channel more of their export earnings into investment.

B.: Do the United States and other developed countries lose from the debt crises?

A.: The developed (creditor) countries and the developing (debtor) nations had a joint interest in resolving the debt crises. The resolution has included increased exports by developing countries, a reduction in imports of developing countries, greater priority to investment and growth in LDCs, more loans and aid from developed countries.

B.: It's very convenient, isn't it? And beneficial to both parties, I'm sure.

IX. Make up your own dialogue using the following expressions:

low incomes

loans

slow growth

to accelerate the growth

a lack of capital

developing countries

foreign investments

to raise living standards

foreign aid

a lack of trained labor

X. Change the following sentences according to the models:

Model A: I insist that he should examine the documents.
I insisted on his examining the documents.

1. We insist that government should favor foreign investment. 2. We insist that government should increase current

investment without reducing current consumption. 3. We insist that the lending agencies should give loans to the LDCs. 4. We insist that the LDCs should rely on the market mechanism to allocate resources.

Model B: You should think it over before you give an answer.

You should think it over before giving an answer.

1. You should visit the country before you analyze its economic situation. 2. You should make an appointment before you see him. 3. You should think the offer over before you accept it. 4. You should inform the manager of the hotel before you leave.

XI. Complete these sentences using Gerunds:

1. He is busy (to look through documents). 2. I am fond of (to travel by air). 3. She is afraid of (to be alone). 4. We are sorry for (to be late). 5. They couldn't help (to smile). 6. It is a pleasure (to see you again).

XII. Translate into English using Gerunds:

1. Він захоплювався читанням пригодницьких книжок. 2. Ми наполягали на повторенні досліду. 3. Ми зайняті: обговорюємо шляхи економічного розвитку. 4. Пробачте, що ми турбуємо вас знову. 5. Вони не могли не погодитися з ним.

XIII. Communicative situations:

1. Identify an LDC and discuss its recent growth experience. 2. Speak about external financing. 3. Speak about debt servicing and debt crisis.

V O C A B U L A R Y

A

- accept** [æk'sept] приймати; визнавати; акцептувати
- account** [ə'kaunt] рахунок
- account for** [ə'kaunt fɔ:] пояснювати; звітувати(ся), нести відповідальність
- accountant** [ə'kauntənt] бухгалтер
- accounting** [ə'kauntɪŋ] бухгалтерський облік
- adaptation** [ædæp'teɪʃn] пристосування
- add** [æd] додавати; приєднувати
- adopt methods** [ə'dɒpt 'meθədz] переймати методи (методику)
- advantage** [əd'vɑ:ntɪdʒ] перевага
- advertise** ['ædvətaɪz] розміщувати оголошення, рекламувати
- agency** ['eɪdʒənsɪ] чинник, засіб (виконання); агентство; орган, бюро; представництво
- aggregate** ['ægrɪɡɪt] сукупний, зібраний в одне ціле
- aggregate demand** ['ægrɪɡɪt 'dɪ'mɑ:nd] сукупний попит
- aggregate income** ['ægrɪɡɪt 'ɪnkəm] сукупний прибуток
- aggregate output** ['ægrɪɡɪt 'aʊtput] загальний обсяг виробництва
- aggregate price level** ['ægrɪɡɪt praɪs 'levl] загальний рівень цін
- aggregate spending** ['ægrɪɡɪt 'spendɪŋ] сукупні витрати
- aggregate supply** ['ægrɪɡɪt sə'plai] сукупна пропозиція
- allocate** ['æləkeɪt] розміщувати; виділяти; асигнувати
- allocation** [ælə'keɪʃn] розміщення, розподіл; асигнування, відрахування; виділення (*дефіцитних або фондових ресурсів*); класифікація
- amount** [ə'maunt] кількість; сума; підсумок, основна сума і відсотки з неї
- amount of money** [ə'maunt əv 'mʌni] сума, кількість грошей
- annual** ['ænjʊəl] річний
- applicant** ['æplɪkənt] заявник; кандидат на посаду
- applicant for credit** ['æplɪkənt fɔ: 'kredit] особа, що звертається за кредитом
- applicant for shares** ['æplɪkənt fɔ: 'ʃeəz] особа, що бажає купити акції
- apply for** [ə'plai fɔ:] подавати заяву
- appreciation** [ə,prɪ:ʃi'eɪʃn] зростання вартості, приріст вартості основного капіталу

approach [ə'proutʃ] метод, підхід
appropriate [ə'prɔʊprɪt] відповідний, придатний; властивий
assets ['æsets] активи (балансу)
assistance [ə'sɪstəns] допомога, сприяння; підтримка
adjustment [ə'dʒʌstmənt] **assistance** визначена допомога
assume [ə'sju:m] брати (на себе); вживати (заходів)
attend [ə'tend] відвідувати
attract a large amount of capital [ə'trækt ə lɑ:dʒ ə'maunt əv 'kæpɪtl] залучати великий капітал
attract customers [ə'trækt 'kʌstəməz] залучати покупців
attract financial resources [ə'trækt faɪ'nænsjəl rɪ'sɔ:sɪz] залучати фінансові ресурси
auction ['ɔ:kʃn] аукціон
authority [ɔ:'θɔ:ɪtɪ] орган влади, адміністрація; право, повноваження, влада посадової особи; авторитет (визначний спеціаліст)
available [ə'veɪləbl] придатний, корисний; що є в розпорядженні, наявний; доступний

В

background ['bækgraʊnd] підготовка, освіта; кваліфікація; тло
balance sheet ['bæləns ʃi:t] балансовий звіт
bank services [bæŋk 'sɜ:vɪsɪz] банківські послуги
banking ['bæŋkɪŋ] банківська справа
barter ['bɑ:tə] мінова торгівля, бартер
be on commission [bi: ɒn kə'mɪʃn] одержувати комісійні з торгівлі
benefit ['benɪfɪt] *п* користь; вигода; пенсія; допомога; *в* давати прибуток; отримувати користь
bidder ['bɪdə] учасник аукціону
board of directors [bɔ:d əv dɪ'rektəz] рада директорів
bond [bɒnd] облігація; боргове зобов'язання
book-keeper ['buk,ki:pə] обліковець; бухгалтер
borrow ['bɔ:rou] позичати
brand name [brænd neɪm] торгова марка
business ['bɪznɪs] справа; підприємство; підприємництво; торгова операція; ділові кола
buyer ['baɪə] покупець
by-laws ['baɪ lɔ:z] статут, правила внутрішнього розпорядку (що приймаються правлінням фірми)

С

calculate ['kælkjuleɪt] обчислювати, підраховувати; калькулювати
carry on a business ['kæri ɒn ə 'bɪznɪs] вести справу, займатися підприємницькою діяльністю

cash transfer [kæʃ træns'fə:] допомога грішми, грошовий переказ
catch on [kætʃ ɒn] стати модним
chain [tʃeɪn] мережа роздрібних магазинів або банківських філій ланцюгового підпорядкування (ам.)
chain movement [tʃeɪn 'mu:vmənt] рух до об'єднання
channels of distribution ['tʃænlz əv,dɪstrɪ'bju:ʃn] система збуту
charge [tʃɑ:dʒ] ціна; відповідальність
charge prices [tʃɑ:dʒ 'praɪsɪz] призначати, встановлювати ціни
charitable institution ['tʃærɪtəbl ɪnstrɪ'tju:ʃn] благодійна установа
chart [tʃɑ:t] схема
checking account ['tʃekɪŋ ə'kaunt] чековий (поточний) рахунок
choose the company's officers [tʃu:z dɪ 'kʌmpənɪz ə'fɪsəz] вибирати адміністративних виконавців компанії
circumstance ['sə:kəmstəns] обставини
coincident wants [kou'ɪnsɪdənt wɒnts] потреби, що збігаються
collusion [kə'lu:ʒn] зговір, таємний зговір
commodity [kə'mɒdɪtɪ] продукт; товар; предмет ужитку
common stock ['kɒmən stɒk] спільні акції
company ['kʌmpənɪ] компанія, товариство (акціонерне), фірма, корпорація
compel [kəm'pel] примушувати, підпорядковувати
compete [kəm'pi:t] конкурувати; змагатися
competent ['kɒmpɪtənt] компетентний, що задовольняє потреби
competition [kɒmpɪ'tɪʃn] конкуренція, конкурентна боротьба; змагання
competitive [kəm'petɪtɪv] конкуруючий, конкурентоспроможний
competitor [kəm'petɪtə] конкурент
complicate ['kɒmplɪkeɪt] ускладнювати
compound ['kɒmpaʊnd] складний
concern [kən'sə:n] концерн, фірма, підприємство; структурний підрозділ
conclude a deal [kən'klu:d ə di:l] укласти угоду
consequence ['kɒnsɪkwəns] наслідок
consideration [kən,sɪdə' reɪʃn] розгляд, обміркування; відшкодування, компенсація
consult a partner [kən'sʌlt ə 'pɑ:tnə] консультиватися з партнером
consume [kən'sju:m] споживати; витратити
consumer [kən'sju:mə] споживач
Consumer Price Index [kən'sju:mə praɪs 'ɪndeks] показник споживчої вартості
consumption [kən'sʌmpʃən] споживання; витрачання
control the profit [kən'trəʊl dɪ 'prɒfɪt] контролювати прибуток
controller [kən'trəʊlə] головний фінансист; ревізор
conversely ['kɒn'və:sli] навпаки
copyright ['kɒprɪraɪt] авторське право
corporate charter ['kɔ:pəraɪt 'tʃɑ:tə] корпоративний патент

corporate stock ['kɔ:pərit stɔ:k] акціонерний капітал
corporation [,kɔ:pə'reɪʃn] корпорація; товариство
cost [kɔ:st] ціна; вартість; витрати, видатки
cover costs ['kʌvə kɔ:sts] покривати витрати
credit terms ['kredit tɜ:mz] кредитні умови
currency ['kʌrɛnsɪ] валюта, гроші
current prices ['kʌrɛnt 'praɪsɪz] існуючі ціни
curve ['kɜ:v] крива; графік, креслення
customer accounting ['kʌstəmə ə 'kauntɪŋ] облік покупців (клієнтів)
cyclical unemployment ['saɪklɪk(ə)l 'ʌnɪm'plɔɪmənt] циклічне безробіття

D

dairy ['deəri] молочарня; молочна ферма; молочний магазин
damage ['dæmɪdʒ] збиток, шкода
deal [di:l] угода
debt [det] борг
debt ceiling [det 'si:lɪŋ] максимальний розмір боргу
debt funding [det 'fʌndɪŋ] утворення грошового фонду підприємства за допомогою науки
debt servicing [det 'sɜ:vɪsɪŋ] виплата боргу та відсотків
decide [di'saɪd] вирішувати
declare personal bankruptcy [di'kleə 'pɜ:s(ə)n(ə)l 'bæŋkrəptsi] оголосити власне банкрутство
decline [di'klaɪn] *v* зменшуватися; погіршуватися; занепадати; *n* занепад; зниження; падіння
decrease ['di:kri:s] *n* зменшення, скорочення; *v* [di:'kri:s] зменшувати
deduct [di'dʌkt] відраховувати, віднімати
default [di'fɔ:lt] неплатіж; невиконання договору
deficit ['defɪsɪt] дефіцит
deficit ceiling ['defɪsɪt 'si:lɪŋ] максимальний розмір дефіциту
balance-of-payments deficit ['bæləns əv 'peɪmənt 'defɪsɪt] дефіцит платіжного балансу
deflate [di'fleɪt] знижувати ціни
deflation [di'fleɪʃn] дефляція
delay [di'leɪ] затримка; відкладання
deliver [di'lɪvə] доставляти; постачати
delivery [di'lɪvəri] постачання
demand [di'mɑ:nd] попит
demand-pull inflation інфляція, спричинена попитом
denomination [di,nɔ:mi 'neɪʃn] найменування, назва
department store [di'pɑ:tmənt stɔ:] універмаг
depreciation [di,pri:'fi:ɪʃn] знецінювання

derived demand [dɪ'raɪvd dɪ'mɑ:nd] попит на засоби виробництва
determine [dɪ'tə:mɪn] визначати
disadvantage [dɪsəd'vɑ:ntɪdʒ] недолік
disaster [dɪ'zɑ:stə] лихо, біда
discount ['dɪskaʊnt] знижка
discount coupon ['dɪskaʊnt 'ku:pən] талон, який надає право придбати товар за низькими цінами
discount house ['dɪskaʊnt haus] магазин з відносно низькими цінами на товар
disposable income [dɪs'pouzəbl 'ɪnkəm] прибуток, що є в наявності
distribute profits and losses [dɪs'trɪbjʊt 'prɒfɪts ənd 'lɒsɪz] розподіляти прибутки і збитки
distribution [dɪstrɪ'bju:ʃn] збут; розподіл
distribution operation [dɪstrɪ'bju:ʃn ,ɒpə'reɪʃn] операція з розподілу
dividend ['dɪvɪdend] дивіденд
division of labor [dɪ'vɪʒn əv 'leɪbə] розподіл праці
do books [du buks] вести бухгалтерський облік
domain [də'meɪn] володіння; територія; галузь, сфера
domestic currency [də'mestɪk 'kʌrənsɪ] місцева валюта
domestic market [də'mestɪk 'mɑ:kɪt] внутрішній ринок
drawback ['drɔ:bæk] недолік, негативний бік; перешкода
dump [dʌmp] звалище
durability [dʒuərə'bɪlɪtɪ] міцність

Е

earn [ɜ:n] заробляти; отримувати прибуток
economics [i:kə'nɒmɪks] економіка (*навчальна та наукова дисципліна*); економічна теорія
economist [i:'kɒnəmɪst] економіст
economy [i:'kɒnəmi] економіка, народне господарство, економія, бережливість; економіка (*як сфера знання*)
effect [ɪ'fekt] вплив
efficiency [ɪ'fɪʃənsɪ] ефективність; продуктивність
efficient [ɪ'fɪʃənt] ефективний, дійовий; кваліфікований, умілий
elastic [ɪ'læstɪk] еластичний; гнучкий
elasticity [elæs'tɪsɪtɪ] гнучкість; еластичність
eligible for a loan ['elɪdʒəbl fɔ: ə'ləʊn] підходящий; прийнятний для позики (*тобто визнаний платоспроможним*)
eliminate [ɪ'lɪmɪneɪt] ліквідувати, знищувати
embargo [em'ba:gou] ембарго
eminent ['emɪnənt] піднесений; видатний, визначний, знаменитий
employee [em'plɔɪ'i:] службовець; робітник
employer [ɪm'plɔɪə] роботодавець; наймач

employment [ɪm'plɔɪmənt] робота (за наймом); зайнятість; заняття
enable [ɪ'neɪbl] давати право, можливість
encourage [ɪn'kʌrɪdʒ] заохочувати
endowment [ɪn'daʊmənt] внесок; вклад; дар, пожертва
enhance [ɪn'hɑ:ns] збільшувати; посилювати
entrepreneur [ˌɒnrəprə'nɔ:] підприємець
entrepreneurship [ˌɒnrəprə'nɔ:ʃɪp] підприємство
environment [ɪn'vaɪənmənt] навколишнє середовище
equilibrium [i:kwɪ'libriəm] збалансованість, рівновага
equipment [ɪ'kwɪpmənt] спорядження; обладнання; транспортні засоби
equity ['ekwɪtɪ] власний капітал
establish [ɪs'tæblɪʃ] засновувати; встановлювати
evaluate [ɪ'vælju:et] оцінювати; визначати вартість
evolve [ɪ'vɒlv] розвиватися; розгортатися
exceed [ɪk'si:d] перевищувати
exchange [ɪks'tʃeɪndʒ] обмін
exchange department [ɪks'tʃeɪndʒ dɪ'pɑ:rtmənt] відділ обміну валюти
exchange rate [ɪks'tʃeɪndʒ reɪt] валютний курс
exchange ratio [ɪks'tʃeɪndʒ 'reɪʃiəʊ] цінове відношення
exclude [ɪks'klu:d] виключати
executive [ɪg'zekjʊtɪv] керівник; адміністратор; виконавча влада
expansion [ɪks'pænfən] розширення
expectation [ˌekspek'teɪʃn] очікування; сподівання
expenditure [ɪks'pendɪtʃə] витрати; видатки
experience [ɪks'pɪərɪəns] досвід, практика
explicit [ɪks'plɪsɪt] певний; точний
export ['eksɒ:t] вивезення, експорт
exports ['eksɒ:ts] товари, що вивозяться
extending credit [ɪks'tendɪŋ 'kredɪt] довгостроковий кредит
external funds [eks'tə:nl fʌndz] зовнішні (іноземні) фонди
externality [ˌektə:næɪlɪtɪ] зовнішній ефект (економічної діяльності)

F

facilitate [fə'sɪlɪteɪt] полегшувати; допомагати
factors of production ['fæktəz əv prə'dʌkʃn] чинники виробництва
fail [feɪl] зазнавати поразки
fair market [feə 'mɑ:kɪt] сприятливі ринкові умови
familiar [fə'mɪljə] близький; добре знайомий; поінформований
family's real income ['fæmɪlɪz rɪəl 'ɪnkəm] реальний прибуток сім'ї
fee [fi:] винагорода; гонорар; внесок; збирання

feed the information into the computer [fi:d ði ,ɪnfə'meɪʃn 'ɪntu ə kəm'pjʊ:tə] вводити дані в комп'ютер
fertilizer ['fɜ:tilaɪzə] добриво
file [faɪl] прийняти для виконання (замовлення)
filthy ['fɪlθi] забруднений
final authority ['faɪnl ə'θɔ:rtɪti] вирішальне слово
financial condition [faɪ'nænʃəl kən'dɪʃn] фінансовий стан
financial statement [faɪ'nænʃəl 'steɪtmənt] фінансовий звіт
fire ['faɪə] звільняти з роботи
fiscal ['fɪskəl] фіскальний; фінансовий
fiscal year ['fɪskəl jə:] фінансовий, бюджетний рік
flexible exchange rate [fleksəbl ɪks 'tʃeɪndʒ reɪt] гнучкий валютний курс
fluctuation [ˌflʌktju'eɪʃn] коливання
follow a legal procedure ['fɒləʊ ə'li:gəl prə'si:dʒə] дотримуватись юридичної процедури
forbid [fə'brɪd] не дозволяти, забороняти
foreign currency ['fɔ:rn 'kʌrənsɪ] іноземна валюта
foreign exchange market ['fɔ:rn ɪks'tʃeɪndʒ 'mɑ:kɪt] ринок іноземної валюти
foreign trade balance ['fɔ:rn treɪd 'bæləns] баланс міжнародної торгівлі
foreman ['fɔ:mən] майстер, прораб, бригадир
foul [faʊl] смердючий; брудний
free enterprise system [fri: 'entəpraɪz 'sɪstəm] система вільного підприємництва
frictional unemployment ['frɪkʃənl 'ʌnɪm 'plɔɪmənt] тимчасове безробіття
fuel [fjuəl] пальне; паливо

G

gain [geɪn] прибуток
get a raise [get ə reɪz] отримати підвищення
give instructions [gɪv ɪn'strʌkʃənz] давати інструкції
go into business ['gəʊ 'ɪntu 'bɪznɪs] займатися бізнесом
go up [gəʊ ʌp] зростати
gold reserves [gəʊld rɪ'zəvz] золотий запас
gold standard [gəʊld 'stændəd] золотий стандарт
goods [gudz] товар, товари; вантаж
gross [grəʊs] валовий, сумарний; бруто
gross investment [grəʊs ɪn'vestmənt] валова інвестиція
gross national product (GNP) [grəʊs 'næʃənl 'prɒdəkt] валовий національний продукт
GNP per capita [dʒi: en pi: pə:'kæpɪtə] валовий національний продукт з розрахунку на душу населення
gross pay [grəʊs peɪ] плата з відрахуванням

Н

handle ['hændl] керувати; торгувати (ам.)
harmful ['hɑ:mful] шкідливий
have voting rights [hæv 'voutɪŋ raɪts] мати право голосу
hire ['haɪə] наймати на роботу
hoard [hɔ:d] запасатися; накопичувати
house hold [haus hould] сім'я, домашнє господарство

I

implicit [ɪm'plɪsɪt] не виражений прямо, прихований
imply [ɪm'plaɪ] означати; мати на увазі; передбачати
import ['ɪmpɔ:t] імпорт, ввезення
imports ['ɪmpɔ:ts] товари, що ввозяться
impose [ɪm'pəʊz] накладати; обкладати; обманювати, обманом продавати; нав'язувати
impose a duty on goods [ɪm'pəʊz ə'dju:tɪ ɒn gudz] обкладати товари митом
impose restriction [ɪm'pəʊz rɪs'trɪkʃn] вводити обмеження
incentive [ɪn'sentɪv] стимул, заохочення
incinerator [ɪn'sɪnəreɪtə] сміттєспалювальна піч
income ['ɪnkəm] прибуток
income statement ['ɪnkəm 'steɪtmənt] звіт про прибуток
incorporate [ɪn'kɔ:pəreɪt] об'єднуватися
indirect channels [ɪndɪ'rekt 'tʃænlz] непряма, опосередкована система
indirect trade [ɪndɪ'rekt treɪd] непряма торгівля
induce [ɪn'dju:s] спонукати; стимулювати
inflation [ɪn'fleɪʃn] інфляція
inflation rate [ɪn'fleɪʃn reɪt] темп інфляції
inflow ['ɪnfləʊ] приплив (*грошей*)
influence ['ɪnfluəns] *n* вплив; *v* впливати
influence the market ['ɪnfluəns ðə 'mɑ:kɪt] мати вплив на ринок
infrastructure [ɪnfrə'strʌktʃə] інфраструктура
injury ['ɪndʒəri] ушкодження, травма
in-kind transfer [ɪn'kaɪnd 'trænsfə:] допомога товарами
innovation [ɪnou'veɪʃn] нововведення, інновація
innovative [ɪnou'veɪtɪv] здатний до нововведень, технічно прогресивний
input ['ɪnpʊt] витрати
insurance [ɪn'sʊərəns] страхування
insure [ɪn'sʊə] страхувати
integration [ɪntrɪ'greɪʃn] інтеграція; об'єднання
interact [ɪntər'ækt] взаємодіяти

interchangeable [ˌɪntə'tʃeɪndʒəbl̩] взаємозамінюваний
interest ['ɪntrɪst] частка (пай); відсотковий прибуток, фіксований відсоток
intermediary [ˌɪntə'mi:djəri] посередник
intermediate goods [ˌɪntə'mi:djət gudz] напівфабрикати
internal funds [ɪn'tə:nl fʌndz] внутрішні кошти
international market ['ɪntənæʃənl 'mɑ:kɪt] міжнародний ринок
international transaction [ˌɪntənæʃənl trænzækʃn] міжнародна угода
inventory ['ɪnvəntri] інвентар, матеріально-виробничі запаси
invest [ɪn'vest] вкладати гроші
investment [ɪn'vestmənt] капіталовкладення
irrelevant [ɪ'relɪvənt] недоречний; що не стосується справи
issue stock ['ɪʃu: stɔ:k] випускати акції
items ['aɪtəmz] товари

L

labor resources ['leɪbə rɪ'sɔ:sɪz] трудові ресурси
lack of mobility [læk əv moʊ'bɪlɪti] недостатня мобільність
law [lɔ:] закон; юриспруденція
lawyer ['lɔ:jə] юрист; адвокат; законодавець
legal advice ['li:gəl əd'vaɪs] юридична порада
level ['levl] рівень
levy ['levɪ] оподатковувати
liabilities [ˌlaɪə'bɪlɪtɪz] пасив (*балансу*); борги, заборгованість
limited liabilities ['lɪmɪtɪd ˌlaɪə'bɪlɪtɪz] обмежена юридична відповідальність
link [lɪŋk] *n* зв'язок, кільце; *v* пов'язувати, з'єднувати
living standard ['lɪvɪŋ 'stændəd] прожитковий рівень
loan [ləʊn] *n* позика, позичка; *v* позичати, давати у позику
long-term investment ['lɒŋtə:m ɪn'vestmənt] довгостроковий вклад
long-term loan ['lɒŋtə:mləʊn] довгострокова позика
loss-leader item ['lɔs'li:də 'aɪtəmz] товари, які продаються за низькими цінами (*щоб залучити покупців*)
losses ['lɔsɪz] збитки
lower ['ləʊə] знижувати; зменшувати

M

machinery [məʃɪ'nɛəri] машинне устаткування; машини; механізми
mail-order house ['meɪl'ɔ:də haʊs] посилторг
make a decision [meɪk ə dɪ'sɪʒn] приймати рішення
make a loan to [meɪk ələʊn tə] надавати позику комусь

make a right choice [meɪk ə raɪt tʃɔɪs] зробити правильний вибір
manufacture [ˌmænjʊ 'fæktʃə] *n* виробництво; *v* виробляти, виготовляти, обробляти
market ['mɑ:kɪt] *n* ринок; *v* продавати
market prices ['mɑ:kɪt 'praɪsɪz] ринкові ціни
market shortage ['mɑ:kɪt 'ʃɔ:tɪdʒ] дефіцит
marketing ['mɑ:kɪtɪŋ] продаж; збут; маркетинг
marketing research ['mɑ:kɪtɪŋ rɪ'sə:tʃ] вивчення ринку збуту
measurable ['mezəgəbl] вимірний
measure ['meʒə] вимірювати
measures of economic activity ['mezəz əv ,i:kə'nɒmɪk ək'tɪvɪtɪ] заходи економічної діяльності
median income ['mi:dʒən 'ɪnkəm] середній прибуток
meet one's expences [mi:t wʌnz ɪks'pensɪz] задовольняти чийсь витрати
merchandise ['mɜ:tʃ(ə)ndaɪz] товари; торгівля
merchant wholesaler ['mɜ:tʃ(ə)nt 'həʊl,seɪlə] оптовий торговець, оптовик
merger ['mɜ:dʒə] об'єднання (підприємств)
microeconomics ['maɪkrəʊ,i:kə'nɒmɪks] мікроекономіка
middleman ['mɪdlmæn] посередник
mining industry ['maɪnɪŋ 'ɪndʌstri] видобувна промисловість
monetary policy ['mɒnɪtəri 'pɒləsɪ] грошова політика
money illusion [mʌni 'ɪlu:ʒn] грошова ілюзія
mutual funds ['mju:tʃuəl fʌndz] спільні фонди

N

national income accounting ['næʃənl 'ɪnkəm ə'kauntɪŋ] облік національного доходу
need a lawyer [ni:d ə'lɔ:ʒə] мати потребу в юристі
negative income tax [negətɪv 'ɪnkəm tæks] зменшення грошової допомоги
negotiable [nɪ'gəʊʃɪəbl] оборотний
net assets [net 'æsets] вартість майна з відрахуванням зобов'язань
net investment [net ɪn'vestmənt] чистий вклад
net national product (NNP) [net 'næʃənl 'prɒdækt] чистий національний продукт
net worth [net wɜ:θ] вартість майна; власний капітал підприємства
new brand [nju: brænd] нова марка (товару)
nominal income ['nɒmɪnl 'ɪnkəm] номінальний дохід
nominal GNP ['nɒmɪnl dʒi: ən pi:] номінальний валовий національний продукт
nominal wage ['nɒmɪnl weɪdʒ] номінальний заробіток
normalize ['nɔ:məlaɪz] нормалізувати
note [nəʊt] боргова розписка

O

- objective** [ɔb'dʒektɪv] мета; завдання
offer ['ɔfə] пропонувати
off-even pricing [ɔf 'i:vən 'praɪsɪŋ] ціна, що не доходить круглої цифри
officer ['ɔfɪsə] службова особа; службовець; службовець з числа керівного складу
official poverty line [ɔ'fɪʃl 'pɒvəti laɪn] офіційна межа бідності
oil prospecting [ɔɪl prɒs'pektɪŋ] видобування нафти
opportunity [ɔpə'tju:nɪtɪ] можливість, шанс
opportunity costs [ɔpə'tju:nɪtɪ kɒsts] збитки при невикористанні альтернативного курсу; оптимальні витрати чи доходи
option ['ɔpʃən] вибір; право заміни
outflow ['aʊtfləʊ] відплив (*грошей*)
outlet ['aʊtlet] ринок збуту; торговельна точка
output ['aʊtpʊt] продуктивність; випуск продукції, виробництво
outsell [aʊt'sel] продавати більше від конкурентів
over-all ['əʊvəɹɔ:l] загальний, повний
own [aʊn] володіти
ownership ['əʊnəʃɪp] власність

P

- packaging** ['pækədʒɪŋ] упаковка
partnership ['pɑ:tnəʃɪp] партнерство, товариство, компанія
passbook ['pɑ:sbuk] банківська розрахункова книжка, депозитна книжка; ощадна книжка
patent ['peɪtənt] патент
pay [peɪ] платити
payment ['peɪmənt] виплата, оплата
percentage [pə'sentɪdʒ] відсоток, процент
perfect [pə'fekt] v удосконалювати, поліпшувати; ['pə:fɪkt] *adj* досконалий, точний
perform [pə'fɔ:m] виконувати
peril ['perɪl] небезпека; ризик
personal assets ['pɜ:snl 'æsets] приватне майно
pervasive [pə'veɪsɪv] поширений скрізь; той, що проникає
pesticides ['pestɪsaɪds] пестициди
piece of advice [pi:s əv əd'vaɪs] порада
pillar ['pɪlə] опора
pollution [pə'lu:ʃn] забруднення
portability [ˌpɔ:tə'bɪlɪtɪ] портативність
position [pə'zɪʃn] становище; посада
possess [pə'zes] володіти

R

- raise the price** [reɪz ðɪ praɪs] підняти ціну
- rate** [reɪt] *n* розмір, норма; ставка, курс, такса; ціна, оцінка; темп, швидкість; пропорція, відсоток; коефіцієнт, показник, ступінь; місцевий податок, комунальний податок; *v* оподатковувати; підраховувати
- ratio analysis** ['reɪʃɪou ə'næləsls] аналіз коефіцієнтів
- ration** ['ræʃn] розподіляти; нормувати; видавати
- rational** ['ræʃənl] раціональний
- real estate** [riəl ɪs'teɪt] нерухоме майно
- real GNP** [riəl dʒɪ: ən pi:] реальний валовий національний продукт
- real income** [riəl ɪnkəm] реальний прибуток
- real wage** [riəl weɪdʒ] реальний заробіток
- reasonable** ['ri:znəbl] поміркований; розважливий
- receipt** [ri'si:t] грошові надходження
- recession** [ri'seʃn] падіння виробництва; зниження темпів
- reciprocal wants** [ri'sɪprəkəl wɒnts] взаємні потреби
- record** ['rekɔ:d] *n* запис; документи, протокол; [ri'kɔ:d] *v* записувати; реєструвати
- recovery** [ri'kʌvəri] відновлення
- red-tape** ['red 'teɪp] бюрократична канцелярська робота
- reduce** [ri'dju:s] скорочувати; зменшувати
- reimburse** [ri:ɪm'bə:s] відшкодовувати
- reinvest** ['ri:ɪn'vest] знову вкладати
- relationship** [ri'leɪʃnʃɪp] відносини, стосунки
- relative** ['relətɪv] відносний
- relative price** ['relətɪv praɪs] відносна ціна
- rely (on, upon)** [ri'lai] покладатися; довіряти
- rent** [rent] *n* рента; орендна плата; квартирна плата; *v* здавати в оренду; орендувати; давати напрокат
- repair shop** [ri'reə ʃɔp] майстерня
- report** [ri'pɔ:t] повідомляти; доповідати
- reputation** [ˌrepju:'teɪʃn] репутація
- request** [ri'kwest] запит; виклик, заявка; попит; прохання
- resource** [ri'sɔ:s] ресурси
- responsibility** [rɪs,pɒnsə'bɪlɪtɪ] відповідальність
- responsible for** [rɪs'pɒnsəbl fɔ:] відповідальний за
- restrict** [rɪs'trɪkt] обмежувати
- restriction** [rɪs'trɪkʃn] обмеження
- resume** ['rezju:meɪ] резюме; підсумок; висновок
- retailer** [ri:'teɪlə] роздрібний торговець
- retailing** [ri:'teɪlɪŋ] роздрібний продаж
- return** [ri'tə:n] *n* повернення; повернений товар; повернені чеки; прибуток; обіг; звіт; податкова декларація; *v* повертати; давати прибуток

revenue ['revɪnju:] прибуток
reward [rɪ'wɔ:d] заохочення, винагорода
rivalry ['raɪvəlɪ] суперництво, конкуренція
run a risk [rʌn ə rɪsk] ризикувати

S

safeguard ['seɪfɡɑ:d] *n* гарантія; охорона; охоронне свідоцтво; обережність; *v* гарантувати, охороняти
safety deposit box ['seɪftɪ dɪ'pɔzɪt bɒks] сейф для депозитів, що надається приватним особам у банку
salary ['sæləri] заробітна плата
sale [seɪl] продаж; збут; торгівля; торговельна угода; розпродаж (за зниженими цінами), *mn.* товарообіг
salesman ['seɪlzmən] продавець
satisfy ['sætɪsfaɪ] задовольняти
savings ['seɪvɪŋz] заощадження; накопичення
savings account ['seɪvɪŋz ə'kaʊnt] ощадний рахунок зі встановленим відсотком
scarce [skeəs] дефіцитний; рідкісний; недостатній
scarcity ['skeəsɪtɪ] недостатня кількість, брак (чогось)
schedule ['ʃedju:l] розробляти план
security [sɪ'kjʊərɪtɪ] безпека; надійність; захист; гарантія, забезпечення, застава; довірена особа, *mn.* цінні папери
security exchange [sɪ'kjʊərɪtɪ ɪkstʃeɪndʒ] фондова біржа
seller ['selə] продавець
service ['sɜ:vɪs] послуга; обслуговування
service industry ['sɜ:vɪs ɪndəstri] підприємства сфери обслуговування
set [set] встановлювати
set the price [set ðə praɪs] визначати ціну
sewage ['sju:ɪdʒ] стічні води; каналізація
share [ʃə] *n* частка, пай; *v* розподіляти, ділити
shareholder ['ʃə,həʊldə] акціонер, власник акцій
shift [ʃɪft] *n* переміщення; перестановка; зміна; (робоча) зміна, робочий день; *v* переміщати, змінювати
shopping centre ['ʃɔpɪŋ 'sentə] торговельний центр
shopping guide ['ʃɔpɪŋ gaɪd] довідник магазинів
short-term loan ['ʃɔ:t'tɜ:m laʊn] короткострокова позика
significant [sɪɡ'nɪfɪkənt] значний, істотний; характерний, показний; вірогідний; значущий
skill [skɪl] досвід
society [sə'saɪətɪ] суспільство; організація; об'єднання; асоціація; кооперативний союз, кооперативне товариство
sole [səʊl] єдиний, виключний, одноосібний

sole proprietorship [soul prə'praɪətəʃɪp] одноосібне володіння
solution [sə'lu:ʃn] вирішення, розв'язання
solve mathematical problems [sɒlv ,mæθɪ'mætɪkəl 'prɒbləmz] роз-
в'язувати математичні задачі
source [sɔ:s] джерело
span [spæn] інтервал, період; тривалість
specialize ['speʃəlaɪz] спеціалізуватися
split [splɪt] солодка страва
standard of living ['stændəd əv 'lɪvɪŋ] рівень життя
state bank [steɪt bæŋk] державний банк; банк штату
statement ['steɪtmənt] звіт
stepping-stone ['stepɪŋstəʊn] засіб для досягнення мети (для по-
ліпшення становища)
stock [stɒk] акція
stock-broker ['stɒk ,brɒkə] біржовий маклер
stock certificate [stɒk sə'tɪfɪkət] акція
stockholder ['stɒk,həʊldə] акціонер, власник акцій
storage ['stɔ:ɹɪdʒ] зберігання
structural unemployment ['strʌktʃərəl 'ʌnɪm'plɔɪmənt] структурне
безробіття
subjective [səb'dʒektɪv] суб'єктивний
subsidy ['sʌbsɪdɪ] субсидія, дотація
substitute ['sʌkbstɪtju:t] *n* заступник; заміна; *v* змінювати; заміщати
sue [sju:] порушувати кримінальну справу
supply [sə'plaɪ] *n* пропозиція; збут; постачання; *v* постачати
surplus ['sɜ:pləs] лишок; активне сальдо
switch [swɪtʃ] перехід, переключення

T

take title to the goods придбати товар як власність
take advantage of smth. [teɪk əd'vɑ:ntɪdʒ] скористатися (чим-не-
будь)
tangible ['tændʒəbl] відчутний; реальний
tariff ['tærɪf] тариф
tax [tæks] податок
tax benefits [tæks 'benɪfɪts] пільги з обкладання податком
toll ['təʊl] додаткова плата за послуги; мито
total ['təʊtl] підсумовувати
total sale ['təʊtl seɪl] сукупний продаж
track [træk] курс; **keep track** дотримуватися курсу
trade [treɪd] торгівля; професія; ремесло
trade-in-allowance [treɪd ɪn ə'lauəns] сума грошей, повернута за
стару річ і внесена в рахунок придбання нової

trademark ['treɪdmɑ:k] торгова марка
traffic ['træfɪk] торгівля; транспорт; перевезення
transaction [træn'zækʃn] справа, угода, ведення ділових операцій;
банківська операція
transfer ['trænsfə:] *n* передача (права власності); перехід (грошей); *v* [træns'fə:] передавати; переказувати
transportation costs [ˌtrænsprɔ:'teɪʃn kɔ:sts] транспортні витрати
transporting [træns'pɔ:tɪŋ] транспортування
treaty ['tri:tɪ] договір, конвенція; переговори
trend [trend] тенденція; загальна спрямованість
true unemployment [tru: 'ʌnɪm'plɔɪmənt] реальне безробіття

U

ultimate consumer ['ʌltɪmɪt kən'sju:mə] кінцевий споживач
unadequate [ʌn'ædɪkwɪt] недостатній, що не відповідає умовам
uncertainty [ʌn'sə:tntɪ] невизначеність; непевність
undermine [ˌʌndə'maɪn] підривати, руйнувати
unemployment ['ʌnɪm'plɔɪmənt] безробіття
uniformity [ˌju:nɪ'fɔ:mɪtɪ] незмінність, постійність
unit of account ['ju:nɪt əv ə'kaʊnt] одиниця обчислення
unlimited liability [ʌn'lɪmɪtɪd ˌlaɪə'bɪlɪtɪ] необмежена юридична
відповідальність
unreasonable price [ʌn'ri:znəbl praɪs] нерозважлива ціна
unsound [ʌn'saʊnd] безпідставний; ненадійний
user ['ju:zə] споживач
utilities [ju:'tɪlɪtɪz] підприємства громадського користування; комунальні послуги

V

valuable ['væljuəbl] *n pl.* цінності; коштовності; *adj* цінний; той, що має грошову вартість; важливий, корисний
value ['vælju:] *n* вартість; цінність; валюта; розмір, значення; важливість; *v* оцінювати
value added [vælju: 'ædɪd] додаткова вартість
vending machine operator ['vendɪŋ mə'ʃɪ:n 'ɔ:pəreɪtə] оператор торговельних апаратів
volume ['vɒljum] обсяг; кількість

W

wage [weɪdʒ] заробітна плата; фонди заробітної плати
warehousing ['weəhaʊzɪŋ] складування (товарів)

warranty ['wɒrəntɪ] гарантія; порука
waste [weɪst] *n* безкорисна витрата, збитки; *v* витратити марно
wastes [weɪsts] відходи
wealth [welθ] багатство
wear out [weə aʊt] зношуватися
welfare ['welfeə] добробут; достаток
welfare programme ['welfeə 'prɒɪŋɡræm] добродійна програма
well-being ['wel'bi:ɪŋ] добробут
wholesale unit ['hɔ:lseɪl 'ju:nɪt] об'єднання оптової торгівлі
wholesaling ['hɔ:lseɪlɪŋ] оптова торгівля
will [wɪl] бажання; сила волі; заповіт

Y

yield [ji:ld] прибуток

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