

**МІНІСТЕРСТВО ОСВІТИ І НАУКИ,
МОЛОДІ ТА СПОРТУ УКРАЇНИ**

ХАРКІВСЬКИЙ НАЦІОНАЛЬНИЙ ЕКОНОМІЧНИЙ УНІВЕРСИТЕТ

**Економічні тексти та практичні завдання
з навчальної дисципліни**

"ІНОЗЕМНА МОВА"

**для студентів 3 – 4 курсів
усіх напрямів підготовки
заочної форми навчання**

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E45 Економічні тексти та практичні завдання з навчальної дисципліни "Іноземна мова" для студентів 3 – 4 курсів усіх напрямів підготовки заочної форми навчання / укл. Тарасенко С. Є., Решетняк І. О. – Х. : Вид. ХНЕУ, 2012. – 36 с. (Укр. мов., англ. мов.)

Наведено тексти і завдання, які дають можливість поліпшити рівень володіння англійською мовою та допоможуть студентам заочної форми навчання отримати додаткові знання з ділової англійської мови.

Рекомендовано для студентів усіх напрямів підготовки.

Вступ

У сучасних умовах, коли швидкими темпами розвиваються міжнародні економічні відносини, великого значення набуває вивчення іноземних мов, особливо усного мовлення.

Хоча в різних підручниках приділяється велика увага комунікативній направленості навчання, але у викладачів виникають певні труднощі в забезпеченні студентів заочної форми навчання необхідними матеріалами для активізації мовлення та кращого засвоєння матеріалу.

Наведені речові зразки та вправи сприятимуть усному закріпленню лексики та розвитку комунікативних компетентностей студентів заочної форми навчання.

Навчання іноземній мові у Харківському національному економічному університеті носить як комунікативно-орієнтований, так і професійно-направлений характер. Його завдання визначаються комунікативними і пізнавальними потребами фахівців відповідного профілю, а також мають за мету надати можливість набуття комунікативної компетентності, рівень якої на окремих етапах мовної підготовки дозволяє використовувати іноземну мову практично як у професійній діяльності, так і з метою самоосвіти.

Ця робота складається з 12 розділів. Кожний розділ має базовий текст та вправи лексико-граматичного характеру, які дозволяють закріпити активну лексику та деякі граматичні явища. У роботу включені оригінальні тексти, взяті з американських та англійських джерел. Основна мета роботи – надати студентам економічних напрямів підготовки заочної форми навчання матеріал для аудиторної та самостійної роботи.

Unit 1

Text

Most people work to earn a living, and produce goods and services. Goods are either agricultural (like maize and milk) or manufactured (like cars and paper). Services are such things as education, medicine and commerce. Some people provide goods; some provide services. Other people provide both goods and services. For example, in the same garage a man may buy a car or some service which helps him to maintain his car.

The work people do is called economic activity. All economic activities together make up the economic system of a town, a city, a country or the world. Such economic system is the sum-total of what people do and what they want. The work people undertake either provides what they need or the money with which they can buy essential commodities. Of course, most people hope to earn enough money to buy commodities and services which are non-essential but which provide some particular personal satisfaction, like toys for children, visits to the cinema and books.

Exercises

Ex. 1. Answer the following questions.

1) Why do most people work? 2) What do they produce? 3) What kinds of goods are there? 4) What do schools, hospitals and shops provide? 5) What two different things can a man buy, for example, in a garage? 6) What do we call the work which people do? 7) What is an economic system the sum-total of? 8) What two things can work provide for a worker? 9) What can people buy with money? 10) What examples of essential and non-essential goods can you supply?

Ex. 2. Speak on the problems presented in the text using the outline.

1) The reason why most people work. 2) Two kinds of goods. 3) Spheres of services. 4) Definition of an economic activity. 5) Definition of an economic system. 6) The way people spend their money.

Ex. 3. Fill in the blanks with the missing words from the text so that the sentences make sense.

1) Transport systems like railways, buses and aero planes provide the public with important 2) They told him to look at the ... and then do the exercises. 3) There is usually a lot of ... at any railway station or airport that handles a lot of traffic. 4) He decided to ... the work in order to make some money. 5) It was ... for him to go to the city as soon as possible. 6) They had ... money to buy most of the things they needed. 7) It was a ... matter and he did not wish to tell anyone else about it.

Ex. 4. Below there are 20 people doing different jobs. Ten of them produce goods; ten produce services. Make two lists.

Cattle-breeder, pilot, shoemaker, horse-breeder, builder, coal-miner, teacher, steelworker, shopkeeper, electrician, musician, nurse, cook, policeman, farmer, fruit-grower, fisherman, iron-ore miner, writer.

Ex. 5. Define the functions of the verbs "to be", "to have", "to do" and translate the sentences.

1) Schools are the centres of educational activity. 2) He does not want anyone else to do this work. He wants to do the work in person. 3) They are doing this work now. 4) This firm is to provide services for us. 5) He has to work hard to earn his living. 6) The garage has sold that car to him this month. 7) He bought the same goods as I did. 8) Do this work rapidly. 9) Perhaps the car does not belong to those people. 10) The work which most people do provides them with money. 11) It is his personal concern.

Unit 2

Text

The science of economics is based upon the facts of our everyday lives. Economists study our everyday lives and the general life of our communities in order to understand the whole economic system of which we are the part. They try to describe the facts of the economy in which we live, and to explain how it all works. The economist's methods should of course be strictly objective and scientific.

We need food, clothes and shelter. We probably would not go to work if we could satisfy these basic needs without working.' But even when we have satisfied such basic needs, we may still want other things. Our lives might be more enjoyable if we had such things as radios, books and toys for children. Human beings certainly have a wide and very complex range of wants. The science of economics is concerned with all our material needs: it is concerned with the desire to have a radio as well as the basic necessity of having enough food to eat.

Exercises

Ex. 1. Answer the following questions.

1) What is economics based upon? 2) What two things do economists study? 3) What do they try to do? 4) What do they try to explain? 5) What should the methods of the economists be like? 6) What three essential things do we need? 7) What would happen if we could get these essentials without working? 8) What might make life more enjoyable? 9) What is economics concerned with?

Ex. 2. Make a short summary of the text using the key words:

to be based upon, to study, to describe, objective, scientific, to need, to satisfy, basic needs, range of wants, to be concerned with.

Ex. 3. Fill in the blanks with one of the following words:

economically, economical, economist, economy, economic, economics.

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

Ex. 4. Define the functions of the verbs "to be", "to have", "to do" and translate the sentences into Russian.

1) Shops are places of commerce. 2) Goods are either produced on farms or in factories. 3) They are to provide these services in good time. 4) He had to buy a new car because he had crashed his old one. 5) What is he doing in his garage? — He is repairing his car. 6) The work that we all do is called economic activity. 7) People have a wide range of wants. 8) He will have to study hard if he wants to be a good economist. 9) At present he have enough food to eat. 10) You don't work regularly. 11) His life is more enjoyable than mine. 12) He earns as much money as I do.

Ex. 5. Combine two sentences to form a conditional sentence.

Example: *We have money. We can buy food. — If we have money, we can buy food.*

1) We have a radio. We can listen to the programmes. 2) We have food, shelter and clothes. We have the basic necessities of life. 3) You want to get new clothes. You must earn some money. 4) The economic system of a country is strong. The people will be able to satisfy their wants. 5) He wants to become an economist. He must study books on Economics.

Unit 3

Text

Not all economic systems are the same. The economic system of the USA differs greatly from the system of Russia. The American system is based on private enterprise with private ownership of the means of production, while the Russian system was based upon the principles of Karl Marx, the 19th century political economist. These economic ideologies contrast very strongly.

Britain is similar to the USA. It has an economic system based on private enterprise and private supplies of capital, which can be defined as surplus income available for investment in new business activities. Property in both the US and Britain can be owned by individual citizens and these citizens exercise considerable economic freedom of choice. They can choose what they want to do and how they want to earn their living, but are not of course entirely free to do as they wish. They must obey the law. Otherwise, however, they can use their time, money and effort as they wish.

Exercises

Ex. 1. Answer the following questions.

1) Are all economic systems the same? 2) What is the American system based on? 3) What was the Russian system based on? 4) When did Karl Marx live? 5) What economic system is the British system similar to? 6) What two things is the British system based on? 7) Who can own property in the United States and Britain? 8) What must British and American citizens obey?

Ex. 2. Explain the following terms:

economic system, private enterprise, private ownership, means of production, income, economic freedom.

Ex. 3. Say what information you have received after reading the text.

Ex. 4. Here are two lists. The first list contains adjectives. The second list contains nouns and noun phrases. Arrange the words of each list so that the adjectives match the nouns:

1) capitalistic, economic, private, political, scientific, basic, complex, essential, personal;

2) satisfaction, necessities, enterprise, commodities, methods, American system, economist, ideologies, range.

Ex. 5. Analyze the verb-forms and translate the sentences into Russian.

1) The firm has bought a lot of commodities. 2) The lecturer is describing how the economic system works. 3) They are building a house. 4) They have been building the house for three months. 5) He hasn't earned much money this month. 6) We have had this radio-set for ten years. 7) They will do the work rapidly. 8) He will have supplied all the essential goods by the end of the month. 9) By the end of the month he had sold all the commodities. 10) You will make more money if you work regularly. 11) The

farmer undertook the work last week, and has just finished it. 12) The goods and services which people produce are very useful. 13) The goods which they wanted were essential minerals.

Ex. 6. Open the brackets and put the verbs in the correct forms.

1) If the people (to work) regularly and well, they will earn more money. 2) If the man buys his car at that garage, the garage-owner (to provide) some extra services. 3) If we (to buy) these commodities today, we will be able to sell them tomorrow. 4) If the farmers try to produce more, they (to have) some goods to sell as well as to use them themselves. 5) Life will be more enjoyable if we (to have) more spare time for our families.

Ex. 7. Complete the following passage using the appropriate passive forms of the verbs in brackets.

In 1993 a campaign (1)_____ (to launch) by the UK government to reduce the amount of domestic waste. Households (2)_____ (to encourage) to recycle certain waste products and to sort and prepare others for collection at specific sites. From there they will then (3)_____ (to collect) and (4)_____ (to transport) to industrial waste treatment plants for recycling.

In Britain today, when the contents of the average domestic dustbin (5)_____ (to analyse) we find that, in terms of weight, 35 % of the total (6)_____ (to compose) of paper and cardboard, 22 % of kitchen waste, 12 % of plastics 10 % of glass 10 % of dust and ashes. 9 % (7)_____ (to represent) by metals and the remaining 2 % by textiles.

There are only a few items of domestic waste that can't (8)_____ (to recycle). One common example is disposable nappies which, as their name suggests, have (9)_____ (to design) to (10)_____ (to throw away). However, a lot of progress could (11)_____ (to make) especially towards reducing the quantities of kitchen waste which can easily (12)_____ (to transform) into a useful compost for use as a garden fertilizer.

Unit 4

Text

If a person can do what he wishes with his own property, time, and energy, then economists say that he is "economically free". In all communities, of course, limits are imposed upon the personal freedom of their citizens and these limits are in some cases very complex but in others relatively simple. All individuals are required to conform to the laws made by their governments.

Complete economic freedom of action can create great difficulties, because the freedoms exercised by various individuals often conflict. If citizens were completely free, some landowners might build factories in unsuitable places, while some factory-owners might make their employees work too long each day. If they were completely free, workers might stop working when they got their first pay, and come back only when they needed more money. Such economic anarchy could cause instability (unemployment; loss of production etc.) in the whole economy of a country.

Laws related to economic conditions are sometimes concerned with contracts between employers and employees. Sometimes they are concerned with workers' health, wages and pensions, and sometimes with the location of places of work. Sometimes they protect the interests principally of the workers, while at other times they may be beneficial towards the employers. The government policy towards both employees and employers will depend very much upon the political and economic ideology adopted by the government, and may be biased towards employers on the one hand, or workers and the problems of labour on the other hand.

Exercises

Ex. 1. Answer the following questions.

1) Under what conditions is a person economically free? 2) What is the opposite of "simple"? 3) What are all citizens required to do? 4) Why does complete economic freedom of action cause great difficulties? 5) What three things might happen if citizens were completely free? 6) What kind of economy might complete economic freedom create? 7) What three workers' needs are sometimes the concern of the law? 8) Between whom are contracts arranged? 9) What else might the laws relate to, besides workers' needs and work contracts?

Ex 2. Explain the following terms:

personal freedom, factory owner, landowner, pay, unstable economy, wage, pension, employer, employee.

Ex. 3. State the main idea of each paragraph of the text.

Ex. 4. Complete the sentences with tags.

Example: *He owns a car, ... ? — He owns a car, doesn't he?*

1) Some capitalists own factories, ... ? 2) That man earned his wages, ... ? 3) Those women grew fruit, ... ? 4) Mr. Smith will make clothes, ... ? 5)

Mr. Black will pack meat in that factory, ... ? 6) There is a system of control, ... ? 7) They have all the money they need, ... ? 8) They are completely free, ... ? 9) You regularly provide essential goods, ... ? 10) They increase their productivity, ... ? 11) The government wants to improve the general conditions of work, ... ?

Ex. 5. Make these sentences passive, as in the example.

Example: *Most people produce goods and services. – Goods and services are produced by most people.* 1) Some people provide both goods and services. 2) Economists study the economic system. 3) That man owns the house. 4) They will provide shelter and clothes. 5) Economic changes affect our lives. 6) They will maintain his car. 7) The economists explained the economic system. 8) They explained the methods. 9) He told me how the British system works. 10) Economists describe how capital is used in business.

Unit 5

Text

In states which have a communistic system, private property and private enterprise are reduced to a minimum. They exist, but are limited to a small area of the economy. Karl Marx conceived of a world in which there would be no private property whatsoever. Communism in theory states that all property should belong to the State. In practice, however, the citizens of states like Cuba are permitted to have personal effects.

The important thing about the communist system is its central planning. The State organizes the whole economic effort of the nation. A central authority with complete power decides what goods and services will be produced. The authority decides what quantities of goods will be produced, and also controls their quality, deciding how they will be distributed and what prices will be charged for them. In addition, the State provides all (or most of) the services which the citizens require. It is responsible for the economy, and is therefore concerned with methods of production as well as with quality and quantity. The national economy must be planned ahead over a number of years.

A Marxist economy is planned. The system is related to the needs of the State as a whole, not to the needs of the private person. The emphasis is on collective effort and not on personal effort, so that the individual is subordinated to the needs of the collective State.

Exercises

Ex. 1. Answer the following questions.

1) What two things are greatly reduced in a communistic system? 2) What area do they occupy in the economy? 3) What did Karl Marx propose about private property? 4) What is the theoretical communist view on property? 5) What is the position in practice? 6) What does the State do in the communistic system of central planning? 7) What two decisions does the central authority make? 8) What does the authority control? 9) What can the authority do about prices? 10) What is the State responsible for and what must it do?

Ex. 2. Give the main idea of each paragraph of the text.

Ex. 3. Make a short summary of the text using the key words:

communistic system, property, to belong, central planning, central authority, quantity, quality, to distribute, prices, collective effort, to be subordinated.

Ex. 4. Fill in the blanks using the following words: productivity, production, productive, product, produce, producer.

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

Ex. 5. There are two lists below. Match each word from the first list with its opposite from the second list:

1) theoretical, private, individual, mineral, capitalistic, simple, buying, minimum, national;

2) local, maximum, selling, complex, communistic, organic, collective, public, practical.

Ex. 6. Make these sentences passive, omitting the agent phrase.

Example: *The government reduced private property to a minimum.* — *Private property was reduced to a minimum.*

1) The government limited private enterprise to a small area in the economy. 2) They permit the citizens to have personal property. 3) The workers will produce only essential commodities. 4) That factory produced a large quantity of shoes last year. 5) You will charge more money for these services. 6) The central authority must plan the economy over a number of

years. 7) The authorities provided large numbers of workers for the ten new factories. 8) The government reduced the quantity of shoes produced in that factory.

Ex. 7. Put prepositions in the blanks of these sentences.

Example: *The central authority is concerned ... methods of production. – The central authority is concerned with methods of production.*

1) His capital was finally reduced ... nothing. 2) They charged quite a lot of money ... that commodity. 3) The government is usually responsible ... the people ... the condition of the national economy. 4) Citizens are required to conform ... the law. 5) He agreed ... the other economists that the system was unusual. 6) He was paid well ... the government ... the work he did. 7) The people hoped ... a reduction in the price ... essential goods. 8) That man subscribed ... a number of important newspapers and magazines containing information ... economics. 9) The consumption ... coal and steel has increased greatly ... recent years. 10) They have provided many services ... the citizens ... that town and do not charge very much ... the services.

Unit 6

Text

No state today is completely communistic or completely capitalistic. The various national economic systems tend generally towards one type or the other, but many systems are difficult to classify.

It has been found necessary in many countries, even in such dedicated strongholds of free enterprise as the USA, to control or regulate national economic conditions. The under-developed countries of the world are inevitably interested in control and long-term plans guided by the government. India has had a number of plans guided by the government. India makes a clear distinction between the public sector and the private sector of its economy. Systems of this type are sometimes called mixed economies.

Britain nowadays has a mixed economy. In the public sector of British economic life are the nationalized industries like coal and steel, British Rail and BOAC. In the private sector are the majority of the nation's industries, both large and small, from giants like ICI and BP to small family businesses.

In 1962 the government set up an official planning body to guide national economic policies. This body is known as the National Economic Development Council. The members of the NEDC are representatives of the

employers' federations, and the Trade Union Congress, together with members of the government, eminent industrialists and leading economists.

The main function of the NEDC is planning national production and setting up production targets. It is, however, a very difficult matter to plan ahead in a mixed economy. It is not possible to plan ahead with any certainty even in a rigidly controlled economy, because natural disasters, political changes and other factors can affect the general plan in unexpected ways.

BOAC: British Overseas Airways Corporation

ICI: Imperial Chemical Industries

BP: British Petroleum

Exercises

Ex. 1. Answer these questions.

1) Are there any completely communistic states? 2) Are there any completely capitalistic states? 3) Are the various economic systems difficult to classify? 4) Have most countries found economic control necessary? 5) Has India had a number of national economic plans? 6) Does the Indian economy have two distinct sectors? 7) Is the Indian system a mixed economy? 8) Is BOAC a nationalized British industry? 9) Is ICI a nationalized British industry? 10) Was the NEDC set up by the British government?

Ex. 2. Give titles for each logical unit so that you have a detailed plan of the text. Develop the titles into topic sentences. Join the topic sentences into entity. The summary should not exceed one third of the text.

Ex. 3. In each of these sentences a word is missing. Choose the word from the text.

1) The Americans are ... to a system of private enterprise. 2) To control an economy is much the same as to ... it. 3) The work was carefully ... by the authorities for five years. 4) It is necessary to make a sharp ... between planned and unplanned economies. 5) He does not work in this ... of the economy but in the public one. 6) A mixed economy possesses some of the qualities of the two main ... of economic system. 7) Coal, steel and farming are very important national

Ex. 4. Fill in the blanks using the following words: national, nation, nationalist, nationalise, nationalism, nationality, nationalisation, nationalised.

1) The USA is the homeland of the American ... 2) Most countries have ... banks, such as the Bank of England. 3) The Socialist Party has plans to ... various privately owned industries. 4) British Rail is already a ... industry, because it is publicly owned. 5) The name given to the change from private to public ownership is... . 6) In the last twenty years ... has been a strong political force leading to the formation of many new nations. 7) A person who is interested in the progress and history of his own country may be called a.... 8) Many governments have certain policies which are not international but simply

Ex. 5. Make acronyms or letter-names from the groups of names listed below.

Example: (a) *The United States of America.* – *The USA.*

(b) *British Petroleum.* – *BP.* NOTE: Keep the definite article "the" where this is customary.

1) The Organization of African Unity. 2) The United Kingdom (of Great Britain and Northern Ireland). 3) North Atlantic Treaty Organization. 4) The European Economic Community. 5) Association of South East Asian Nations. 6) United Nations Organization. 7) World Health Organization. 8) The International Labour Organization. 9) The International Monetary Fund. 10) The Food and Agricultural Organization. 11) Trans World Airlines. 12) British European Airways.

Ex. 6. Complete the following with the correct form of *make* or *do*.

1. Store managers _____ decisions about which products to keep and which ones _____ away with.

2. We _____ arrangements with a store designer _____ up our window displays.

3. Last year we _____ well, despite the recession.

4. We _____ a mistake by assuming that our products would sell well abroad.

5. I'm in charge of inventory and stock management. Who _____ that job in your store?

6. We have met many suppliers, but we _____ up our minds yet about which ones to work with.

7. We promise _____ our best to have that item for you by the end of the week.

8. Although that company has almost the same name as ours, we have nothing _____ with them.

9. You should _____ certain that the customers are always satisfied.

10. In many cases, it _____ sense to stock original products that cannot be found easily in other shops.

Unit 7

Text

In most economic systems, the prices of the majority of goods and services do not change over short periods of time. In some systems it is, of course, possible for an individual to bargain over prices, because they are not fixed in advance. In general terms, however, the individual cannot change the prices of the commodities he wants. When planning his expenditure, he must therefore accept these fixed prices. He must also pay this same fixed price no matter how many units he buys. A consumer will go on buying bananas for as long as he continues to be satisfied. If he buys more, he shows that his satisfaction is still greater than his dislike of losing money. With each successive purchase, however, his satisfaction compensates less for the loss of money.

A point in time comes when the financial sacrifice is greater than the satisfaction of eating bananas. The consumer will therefore stop buying bananas at the current price. The bananas are unchanged; they are no better or worse than before. Their marginal utility to the consumer has, however, changed. If the price had been higher, he might have bought fewer bananas? If the price had been lower, he might have bought more.

It is clear from this argument that the nature of a commodity remains the same, but its utility changes. This change indicates that a special relationship exists between goods and services on the one hand, and a consumer and his money on the other hand. The consumer's desire for a commodity tends to diminish as he buys more units of that commodity. Economists call this tendency the Law of Diminishing Marginal Utility.

Exercises

Ex. 1. Match the opposites given on both lists.

1) High, consumer, useful, little, fall, wartime, decrease, like, different, individual, lose, fewer;

2) producer, much, grow, time of peace, go up, low, similar, public, dislike, useless, stop, more, win.

Ex. 2. Answer these questions, basing your answers on the text.

1) What kinds of prices can there be? 2) What is the relationship between consumer's satisfaction and his willingness to lose money? 3) When can the marginal utility of goods to the consumer change? 4) Which tendency is called the Law of Diminishing Marginal Utility?

Ex. 3. Speak on the main contents of the text using no more than 60 words.

Ex. 4. Choose the correct word in brackets in each of the following sentences.

1. This report examines the (*relationship/relation*) between education and the level of development in Africa.

2. During the meeting, he made a brief (*illusion/allusion*) to the decline in exports to Western Europe.

3. Austria has been (*accepted/excepted*) into the European Union.

4. Of the two proposals put forward, I prefer the (*later/latter*).

5. (*Who's/Whose*) responsible for consumer affairs in this company?

6. I've added an appointment with Mr Diaz to (*your/you're*) agenda.

7. The poor weather this summer will certainly (*effect/affect*) the grape harvest.

8. We attended a conference on the (*principles/principals*) of strategic management.

9. Our (*personal/personnel*) attend intensive language courses.

10. The company will (*adapt/adopt*) new measures to limit the number of goods which arrive damaged.

Ex. 5. Change these sentences in order to use "should" with "not".

This changes the statements into recommendations.

Example: *Utility is not to be confused with usefulness. – Utility should not be confused with usefulness.*

1) The economic system is not to be studied in an unscientific way. 2) A communist government is not to be expected to concern itself with private profits. 3) The government of a capitalistic country is not to be expected to concern itself with detailed central planning. 4) A capitalistic system is not to be regarded as completely free of central planning. 5) These factors are not to be considered the most important in helping us to improve the quality of the service.

Ex. 6. Make these sentences passive, omitting the agent phrase.

- 1) The government fixes the prices. 2) They fix the prices in advance.
- 3) He must pay the current price. 4) The commodity satisfies the consumer.
- 5) The government has changed the policy. 6) They have produced additional supplies for the men. 7) They have obtained various valuable minerals in that area. 8) Economists have classified the various economic systems. 9) Even in a dedicated capitalist economy the government plans certain things.
- 10) The committee prepared a special scheme.

Ex. 7. Change these sentences as in the example. The meaning does not change.

Example: *When he plans his expenditure, a consumer must accept fixed prices. – When planning his expenditure, a consumer must accept fixed prices.*

- 1) When it prepares a new product, a company must spend a large amount of money. 2) When it decides production targets for a period of years, a government must establish its priorities very clearly. 3) When it makes a decision over the number of employees which will be needed, the management of a factory must consider everything very carefully. 4) When it tries to increase efficiency in production, a planning body should decide what factors are most important. 5) When they consider problems of distribution, businessmen should investigate all the methods currently in use and decide objectively whether they can be improved.

Unit 8

Text

Bananas are a typical example of perishable goods. By "perishable" we mean goods which cannot be stored for any length of time without going bad. Most foodstuffs are in the perishable category. Such goods are offered for sale as quickly as possible, and so the supply of perishables and the stock of perishables available at any time are usually the same in quantity.

This is not true in the case of non-perishable goods like coal, steel and cars which do not deteriorate easily. The supply of cars on the market may not be the same as the actual stock of cars in the factories. Economists talk about the Law of Supply, in which a rise in prices tends to increase supply, while a fall in prices tends to reduce it. If prices rise for a particular commodity, the rise will of course encourage producers to make more. On the other hand, if prices fall either locally or throughout the world, producers will

reduce production. This can result in serious difficulties for many producers, and may cause them to go out of business completely. Over-production of any commodity can also create difficulties, because it can lead to a glut on the market, which may cause prices to fall sharply.

Supplies of many commodities can generally be adjusted to suit market conditions". This means that changes in prices lead to changes in the quantity of a particular commodity which is made available to consumers. Household goods and furniture belong to this category. In such instances supply is said to be "elastic", because it can be increased or decreased rapidly in response to market prices.

Elasticity of supply, as a response to changes in price, is related to demand. Economists define "demand" as a consumer's desire or want, together with his willingness to pay for what he wants. We can say that demand is indicated by our willingness to offer money for particular goods or services. Money has no value in itself, but serves as a means of exchange between commodities which do have a value to us.

People very seldom have everything they want. Usually we have to decide carefully how we spend our income. When we exercise our choice, we do so according to our personal scale of preferences. In this scale of preferences essential commodities come first (food, clothing, shelter, medical expenses etc.), then the kind of luxuries which help us to be comfortable (telephone, special furniture, insurance etc.) and finally those non-essentials which give us personal pleasure (holidays, parties, visits to theatres or concerts, chocolates etc.). They may all seem important, but their true importance can be measured by deciding which we are prepared to live without. Our decisions indicate our scale of preferences and therefore our priorities.

Elasticity of demand is a measure of the change in the quantity of a good, in response to demand. The change in demand results from a change in price. Demand is inelastic when a good is regarded as a basic necessity, but particularly elastic for non-essential commodities. Accordingly, we buy basic necessities even if the prices rise steeply, but we buy other things only when they are relatively cheap.

Exercises

Ex. 1. Match the synonyms, i. e. words similar or close in their meaning.

Income, increase, elastic, actual, producer, decrease, particular, cause, go bad, reduce, commodity, basic, true, buy, personal, essential, deteriorate,

fall, cut, individual, certain, good, rise, real, manufacturer, make, flexible, earnings, purchase, important.

Ex. 2. Answer these questions. Your answers should be based on the text.

1) What categories can goods be grouped into? According to what principles? 2) What is the Law of Supply based on? Why do economists speak about it? 3) In what case is supply said to be elastic? 4) How is elasticity of supply defined? 5) What is money? What is the difference between money and commodity? 6) Why do people not have everything they want? 7) What is a personal scale of preferences like? 8) What is the difference between elasticity of demand and elasticity of supply? 9) Why do we say in Ukrainian "попит і пропонування" while in English they say "supply and demand"?

Ex. 3. Speak on the contents of the text, try to describe the relationship between supply and demand.

Ex. 4. Combine these pairs of sentences, using "that" and changing "will" to "would".

Example: *He told me something. The prices will change. – He told me that the prices would change.*

1) They told him something. The committee will meet next week. 2) The economists expected something. The prices will fluctuate considerably. 3) The government anticipated something. The workers will demand higher wages. 4) The management decided something. The new factory will be located in a different city. 5) The development committee arranged something. The meetings will be held at regular intervals over the next two years.

Ex. 5. Supply either "the" or "a (n)" in the blanks in these sentences.

Example: *There is ... demand for steel. ... demand for steel is increasing. – There is a demand for steel. The demand for steel is increasing.*

1) There is ... shortage of bananas. ... shortage of bananas will continue for some weeks. 2) There has been ... change of government. ... change in government will probably mean a change of policy. ... change of policy may lead to ... short period of instability. ... short period of instability could create ... feeling of insecurity. 3) The speaker suggested ... special commission to study economic conditions. He said that ... special commission should

examine all aspects of national economic life. ... commission should investigate ... demands of ... workers and ... conditions under which they work. It should also hear ... views of ... employers. Such ... commission would render ... very valuable service to ... nation.

Ex. 6. Fill in the blanks with modal verbs.

1) When starting a business you ... decide what to do, where to get money from and so on. 2) The top management of the company ... make major decisions. 3) Do you know what your business ... be like in the future? 4) Now you ... rest on your laurels! You have succeeded in everything. 5) This telephone and telegraphic company ... easily be nationalized. 6) A car firm ... have the objective of producing and marketing new models of cars in the medium – price range. 7) The company ... draw up a corporate plan. 8) A department store chain ... have stores in good locations. 9) Increasing competition ... be a threat to the existence of our firm. 10) What growth rate, ... we aim at in the next five years? 11) Come on, Valerie, you ... do better than that. 12) If your business fails, you ... pay all the firm's debts. 13) You ... use temporary surplus cash for short-term investments. 14) The company ... issue at least J50,000 worth of shares. 15) According to the terms of credit he ... pay it back in June.

Unit 9

Text

Money is not only a means of exchange but is also a means of measuring the value of men's labour. In economic theory, "labour" is any work undertaken in return for a fixed payment. The work undertaken by a mother in caring for her children may be hard work, but it receives no fixed payment. It is not therefore labour in the strict economic sense.

As a scientist, the economist is interested in measuring the services which people render to each other. Although he is aware of the services which people provide for no financial reward, he is not concerned with these services. He is interested essentially in services which are measurable in terms of money payments of a fixed and/or regular nature. In economics, money is the standard by which the value of things is judged. This standard is not a religious or subjective standard, but an objective and scientific one.

Human labour produces both goods and services. The activities of a farmworker and a nurse are very different, but both are measurable in terms of payment received. Labour in this sense is not concerned with distinctions

of social class, but simply, with the payment of wages in return for work. When we talk about "the national labour force", however, we are thinking of all those people who are available for work within the nation, i.e. the working population.

It should be noted that any person engaged in private business is not paid a fixed sum for his activities. He is self-employed and his activities are partly those of an employer and partly those of an employee. If, however, he employs an assistant, to whom he pays a fixed wage, his new employee provides labour in return for payments. He receives his wages, while his employer receives the surplus (large or small) from the whole business. This surplus is the reward of private enterprise and is known as "profit".

Labour is any work performed for an employer at a negotiated rate while profit is the surplus which accumulates as a result of productive work. The employer obtains this surplus after he pays the necessary expense of his business and the wages of his employees. He may be required to share the surplus with others who have provided the capital with which he started his business. Most businesses need capital in order to start productive work, and the capital pays for the accommodation, machinery and other items which the business needs. There is always an element of risk in providing capital and starting a business. The business may not be successful. The employees of the business do not bear this risk, but the employers and the providers of capital do bear it. If the business is successful – the risk has been justified and the invested capital earns part of the profits as a return on the investment.

The capital which people provide to help new business is an accumulation of previous surpluses on previous business activities. In this way the past is used to finance the future. Such capital is accumulated by a deliberate policy of saving surpluses. This policy may be personal and individual, or it may be public and collective. As such, it is common to both the capitalistic and communistic systems. In both systems, a certain part of the profits is "ploughed back" into the system in order to create capital.

In general terms, capital can be defined as (1) a factor of production (for example, machinery or cash); (2) the assets possessed by a person, a company or a nation. Land, houses and shares in a business are capital. In terms of the state, all railways, docks, roads, airports and state funds of money are part of the nation's capital.

Exercises

Ex. 1. Match the words in A with the word phrases in B.

a) right, money, labour, services, activities, labour force, fixed sum, self-employed, wage, profit, standard;

b) the reward of a private enterprise, paid for the activities, people available for work, means of measuring the value of men's labour, the work undertaken in return for a fixed payment, fixed regular payment for economic activity, measurable in terms of money payment, a person engaged in private business, by which the value of things is judged, rendered to each other by people.

Ex. 2. Make up ten questions to the text so that they might serve as a plan of the text. Ask the questions to your group-mates to see how well they have understood it. If necessary add what you believe has been missed and evaluate the answers.

Ex. 3. Combine these sentences by using "who" following either the first or second example.

Example:

(1) *He may be required to share the surplus with others. The others have provided the capital. – He may be required to share the surplus with others who have provided the capital.*

(2) *The manager will begin work next month. The manager was appointed last week. – The manager, who was appointed last week, will begin work next month.*

1) He may wish to discuss the scheme with others. The others have been interested in it for some time. 2) The economics expert took six months to present his report. The expert was chosen to investigate the matter. 3) The government appointed a special commission of industrial experts. These experts would meet regularly to plan production targets. 4) Those employees were satisfied with the working conditions. The employees were engaged on two-year contracts. 5) Those employees were not satisfied with the working conditions. The employees were engaged on a day-to-day basis. 6) The bank decided to provide capital for the farmers. The farmers were interested in increasing their productivity. 7) The official investigator decided that their management was not efficient. The investigator was sent by the government to inspect the factory. 8) The trade unions represent the majority of those workers. The workers earn fixed wages. 9) The owners of the factory needed a manager. The manager would be concerned not only with efficiency

in production but also with good relations between employers and employees.
10) The central planning authorities discussed changes in policy. The authorities were concerned with the drop in production.

Ex. 4. Punctuate the following passage. Provide capital letters, commas, full stops, brackets, colons etc., where applicable:

there must always be people willing to bear the risk of new business undertakings in addition to simple risk bearing however it is necessary to have people who will control and co-ordinate the various factors of production such people should decide the nature the quantity the quality and the distribution of new products as well as bearing the risk of success or failure economists call the person who undertakes these functions an entrepreneur this term is French and means one who undertakes something.

Ex. 5. Read the following passage on the national expenditure in the imaginary country of Noland in 1984 and 1985. Make your own conclusions on the changes which took place in the country in 1985 as compared with 1984.

In 1984 people spent \$4,100 ml on food. Their expenditure on clothing was \$3,000 ml. \$2,500 ml was spent for housing. There were purchased durables \$2,000 ml worth.

In 1985 food expenses achieved the amount of \$4,500 ml. \$3,500 ml was spent for clothing. Housing expenditure did not grow at all while durables were paid for \$2,200 ml.

Unit 10

Text

The term "market", as used by economists, is an extension of the ancient idea of a market as a place where people gather to buy and sell goods. In former days a part of a town was kept as the market or marketplace, and people would travel many kilometres on special market-days in order to buy and sell various commodities. Today, however, markets such as the world sugar market, the gold market and the cotton market do not need to have any fixed geographical location. Such a market is simply a set of conditions permitting buyers and sellers to work together.

In a free market, competition takes place among sellers of the same commodity, and among those who wish to buy that commodity. Such competition influences the prices prevailing in the market. Prices inevitably fluctuate, and such fluctuations are also affected by current supply and demand.

Whenever people who are willing to sell a commodity contact people who are willing to buy it, a market for that commodity is created. Buyers and sellers may meet in person, or they may communicate in some other way: by letter, by telephone or through their agents. In a perfect market, communications are easy, buyers and sellers are numerous and competition is completely free. In a perfect market there can be only one price for any given commodity: the lowest price which sellers will accept and the highest which consumers will pay. There are, however, no really perfect markets, and each commodity market is subject to special conditions. It can be said, however, that the price ruling in a market indicates the point where supply and demand meet.

Although in a perfect market competition is unrestricted and sellers are numerous, free competition and large numbers of sellers are not always available in the real world. In some markets there may only be one seller or a very limited number of sellers. Such a situation is called a "monopoly", and may arise from a variety of different causes. It is possible to distinguish in practice four kinds of monopoly.

State planning and central control of the economy often mean that a state government has the monopoly of important goods and services. Some countries have state monopolies in basic commodities like steel and transport, while other countries have monopolies in such comparatively unimportant commodities as matches. Most national authorities monopolize the postal services within their borders.

A different kind of monopoly arises when a country, through geographical and geological circumstances, has control over major natural resources or important services, as for example with Canadian nickel and the Egyptian ownership of the Suez Canal. Such monopolies can be called natural monopolies.

They are very different from legal monopolies, where the law of a country permits certain producers, authors and inventors a full monopoly over the sale of their own products.

These three types of monopoly are distinct from the sole trading opportunities which take place because certain companies have obtained complete control over particular commodities. This action is often called "cornering the market" and is illegal in many countries. In the USA anti-trust laws operate to restrict such activities, while in Britain the Monopolies Commission examines all special arrangements and mergers which might lead to undesirable monopolies.

Exercises

Ex. 1. Give your definition of the following words:

marketing, competitor, competitive, fluctuate in cost, monopoly, prevail, market, affect, supply, demand.

Ex. 2. Answer these questions. Your answers should be based on the text.

1) How has the term "market" changed since ancient times? 2) What greatly influences the prices prevailing in the market? 3) How do buyers and sellers contact today? 4) What is an ideal market like from the view point of buyers and sellers? 5) Why is free competition not available in the real world? 6) What groups can monopolies fall into? Characterise each of them. 7) How are state governments concerned with the problems of monopolies?

Ex. 3. Rearrange the following items of the outline so that they correspond to the arrangement of the text. Render the text using the outline you have obtained.

1) The role of monopoly. 2) A free market. 3) Sole trade opportunities. 4) Different types of markets. 5) A perfect market. 6) Natural monopoly. 7) State monopoly. 8) Legal monopoly.

Ex. 4. Arrange these sentences in their proper sequence in order to obtain a paragraph on durable goods.

1) Finally, it is interesting to note that many buyers and sellers in important markets never see the commodities which they buy and sell.

2) Commodities like these can be bought and sold and stored without difficulty by people who live at great distances from each other and from the sources of supply.

3) Certain commodities have a wider market than others.

4) In addition, commodities which are easy to transport, safe to handle and simple to grade are generally in universal demand.

5) Durable goods, for example, have a far wider market than perishable goods.

6) For this reason such goods are a good commercial proposition simply because the risk of investing in them is relatively low.

Ex. 5. Change the second sentence in these pairs of sentences in the same two ways as in the examples. The meaning remains the same in each case.

Example: *In some markets there may only be one seller. A situation like this is called a monopoly.* – 1. *A situation of this kind is called a monopoly.*
2. *Such a situation is called a monopoly.*

1) In some countries production is centrally planned. A situation like this is usually planned. A situation like this is usually communistic. 2) In some countries production is a matter of private enterprise. A situation like this is called capitalism. 3) In some countries there are both private and public sectors. An economic system like this is known as a mixed economy. 4) In most markets it is not necessary for buyers and sellers to meet in particular localities. Markets like these are quite different from the marketplaces of ancient towns. 5) For some people investment in new business enterprises is not too great a risk. People like these sometimes make considerable profits but on other occasions can lose much of their capital.

Ex. 6. Punctuate the following passage. Provide capital letters, commas, full stops, brackets, colons etc., where applicable:

monopolies and similar arrangements may be referred in Britain to the monopolies commission between 1948 and 1966 the commission presented some twenty six reports the government in 1965 passed a special act called the monopolies and mergers act which reorganized and enlarged the monopolies commission it provides for the investigation of services and mergers especially newspaper mergers and improves and extends the governments powers for taking action the action of the government is based on the monopolies commissions reports.

Unit 11

Text

In addition to being a means of exchange, money is also a means of measuring the value of men's labour. Labour, in economic theory, is any work undertaken in return for a fixed payment. A mother may work very hard in caring for her children, but she receives no fixed wages for this work. It is not therefore labour in the strict economic sense. Economists are interested in measuring the services which people render to each other. Although aware of the services which people provide for nothing, they are not concerned with such services. In economics, money is the standard by which the value of things is judged. This is an objective, scientific standard and not in any way related to standards of a religious, ethical or subjective nature.

Human labour produces both goods and services. The activities of a farmworker and a nurse are very different, but each is measurable in terms of payment received. If, however, a farmer is self-employed and does not

receive a fixed wage from anyone else, he is in a different category from the nurse and from his own farmworkers. His activities are not wholly labour. His workers receive their wages, but he receives whatever surplus (large or small) emerges from his farming. This surplus, like any surplus in industry or commerce, is what we usually call "profit".

Employers obtain their net profits only after they have paid all expenses arising out of their business activities: interest, rentals, payments for machinery, wages and overheads generally. The surplus is not usually available only for employers and their families. Normally part of it goes to those who have provided the initial capital needed to start a business. There is always an element of risk in providing capital for new businesses. Such businesses may fail. Both those who provide the capital and those who run the businesses agree to bear the risk, but employees of such businesses are not expected to bear any risk. If the business is successful, the risk-taking has been justified, and invested capital earns part of the profits as a return on the investment and the period during which the capital was at risk.

Capital in this instance is simply the accumulation of previous surpluses on previous business activities. In this way the past is used to finance the future. The accumulation of capital is almost always deliberate, either on the part of individual citizens or on the part of the state. Even in non-capitalistic societies a certain part of the surplus achieved in any enterprise is "ploughed back" into the system in order to promote further growth.

When capital, labour and enterprise combine to make a new business successful, the business must still continue to compete on the market with other companies producing the same type of commodity. The term "market", as used by economists, is a logical extension from the idea of a place set aside for buying and selling. Formerly a part of a town was kept as a marketplace, and country people would come in on market-days to buy and sell. Markets today need not, however, be located in any fixed place: the sugar market and the cotton market are not geographical locations, but simply sets of conditions which permit buyers and sellers to work together.

In a free market, competition takes place among sellers in order to sell their commodities at the best possible price, and among buyers in order to obtain what they want at a price which suits them. Such competition influences prices. Changes in supply and demand have their effects, and it is not surprising that considerable fluctuations in price can take place over periods of weeks and months.

Since these modern markets are not normally located in any special place, buyers and sellers do not always have to meet face-to-face. They may communicate by letter, by cable, by telephone or through their agents. In a perfect market, such communications are easy, buyers and sellers are numerous, and competition is completely unimpeded. In a perfect market there can be only one price for any given commodity: the lowest price which sellers will accept. There are, however, no really perfect markets, because each market is subject to its own peculiar conditions. It can be said, however, that the price ruling in a market indicates the point where supply and demand meet.

Monopoly is one of the peculiar factors which can affect the sale and purchase of certain commodities. In some markets, there may be only one seller or a cartel of sellers working very closely together to control prices. The result of such monopolistic activity is to fix prices at a level suitable to the seller, a level which may bring him artificially high profits. Many governments dislike this procedure and have taken legal action to restrict or halt any business activities directed towards "cornering the market". In the US, anti-trust laws operate to limit cartels and mergers, while in Britain the Monopolies Commission examines all special arrangements and mergers referred to them by the Board of Trade which appear to operate against the public interest.

This type of monopoly is not the only possibility, however. There are three other forms: state, legal and natural. State monopolies are quite common nowadays, where the authorities in a particular country control industries like steel and transport or important and prestigious services like national airlines. Legal monopolies are rather different, because the law permits certain individuals to benefit solely from their special inventions, discoveries or processes. No other person may infringe their rights in respect to such monopolies. Finally, natural monopoly arises where a nation or individual possesses most of a particular mineral for reasons of geography and geology. Canadian nickel and South African gold are two well-known examples of this kind of monopoly.

Exercises

Ex. 1. Cross the "odd-word" out.

- 1) money, value, payment, labour;
- 2) work, labour, test, service;

- 3) sell, buy, wage, purchase;
- 4) commodities, surplus, goods, merchandise;
- 5) promotion, advertising, marketing, investment.

Ex. 2. Write down 2-3 sentences giving the main idea of the text.

Ex. 3. Make up some 10-15 questions which would serve as an outline of the text and give brief but complete answers.

Ex. 4. Below is a list of countries. What names do we give to the currencies used by these countries?

Example: *Russia – roubles. The US – dollars. The UK – pounds (sterling). Greece – drachmas.*

- | | | |
|-----------------|----------------------|----------------|
| 1) Switzerland; | 7) Yugoslavia; | 13) Iran; |
| 2) Mexico; | 8) Spain; | 14) Brazil; |
| 3) Ethiopia; | 9) Indonesia; | 15) Denmark; |
| 4) Japan; | 10) Nigeria; | 16) Italy; |
| 5) Kenya; | 11) Portugal; | 17) Hong Kong; |
| 6) India; | 12) The Netherlands; | 18) Germany. |

Ex. 5 Fill in the blanks below with the correct prepositions.

1. Although Leila is young, she is already successful _____ business.
2. It is necessary _____ us to improve our after-sales service.
3. Is your computer compatible _____ mine?
4. The customers are very critical _____ some of the products we sell.
5. We must be attentive _____ the needs of our customers.
6. We're certain _____ the positive results that a national advertising campaign can have.

Ex. 5. Composition. Write about 400 words on Markets. Use the basic material provided in the units above.

Ex. 6. Change the following sentences into reported speech. Mind the Sequence of Tenses.

Example: *The teacher said, "These goods satisfy very different wants" – The teacher said (that) those goods satisfied very different wants.*

- 1) In the text we read, "If men buy a large quantity of paper, they will lose interest in buying more paper".
- 2) The lecturer said to us, "The prices of goods and services in the former Soviet Union were fixed".
- 3) He continued, "Many changes have taken place in the economies of the New Independent States".
- 4) My mother said, "Oh mine, my salary has not been paid yet. We are not able to buy even the essentials of life".
- 5) The young man exclaimed, "I know these are luxuries but they make my life more comfortable and convenient and I like them".
- 6) The professor asked, "Don't you see that the

nature of a commodity remained the same?" 7) "I don't quite understand what relationship between goods and services exists", replied Tom. 8) The article read, "Today we can see how producers are reducing production with every passing month". 9) The examiner asked, "What category do durables like household goods and furniture belong to?" 10) I wondered, "Do people ever have everything they want?" 11) Our guest asked, "Will you pay such high prices for the essentials of life?" 12) The economist suggested, "Let's talk about the Law of Supply and Demand". 13) The guest teacher explained to us, "Supply is said to be elastic when it increases or decreases to suit market prices". 14) Dave asked, "What countries placed a high priority in submarines during World War II?" 15) The retailer said, "The current price of cigarettes has dropped since a new production line was introduced in the cigarette factory in this town".

Unit 12

Text

All values in the economic system are measured in terms of money. Our goods and services are sold for money, and that money is in turn exchanged for other goods and services. Coins are adequate for small transactions, while paper notes are used for general business. There is additionally a wider sense of the word "money", covering anything which is used as a means of exchange, whatever form it may take. Originally, a valuable metal (gold, silver or copper) served as a constant store of value, and even today the American dollar is technically "backed" by the store of gold which the US government maintains. Because gold has been universally regarded as a very valuable metal, national currencies were for many years judged in terms of the so-called "gold standard". Nowadays, however, national currencies are considered to be as strong as the national economies which support them.

Valuable metal has generally been replaced by paper notes. These notes are issued by governments and authorized banks, and are known as "legal tender". Other arrangements such as cheques and money orders are not legal tender. They perform the function of substitute money and are known as "instruments of credit". Credit is offered only when creditors believe that they have a good chance of obtaining legal tender when they present such instruments at a bank or other authorized institution. If a man's assets

are known to be considerable, then his credit will be good. If his assets are in doubt, then it may be difficult for him to obtain large sums of credit or even to pay for goods with a cheque.

The value of money is basically its value as a medium of exchange, or, as economists put it, its "purchasing power". This purchasing power is dependent on supply and demand. The demand for money is reckonable as the quantity needed to effect business transactions. An increase in business requires an increase in the amount of money coming into general circulation. But the demand for money is related not only to the quantity of business but also to the rapidity with which the business is done. The supply of money, on the other hand, is the actual amount in notes and coins available for business purposes. If too much money is available, its value decreases, and it does not buy as much as it did, say, five years earlier. This condition is known as "inflation".

Banks are closely concerned with the flow of money into and out of the economy. They often co-operate with governments in efforts to stabilize economies and to prevent inflation. They are specialists in the business of providing capital, and in allocating funds on credit. Banks originated as places to which people took their valuables for safe-keeping, but today the great banks of the world have many functions in addition to acting as guardians of valuable private possessions.

Banks normally receive money from their customers in two distinct forms: on current account, and on deposit account. With a current account, a customer can issue personal cheques. No interest is paid by the bank on this type of account. With a deposit account, however, the customer undertakes to leave his money in the bank for a minimum specified period of time. Interest is paid on this money. The bank in turn lends the deposited money to customers who need capital. This activity earns interest for the bank, and this interest is almost always at a higher rate than any interest which the bank pays to its depositors. In this way the bank makes its main profits.

We can say that the primary function of a bank today is to act as an intermediary between depositors who wish to make interest on their savings, and borrowers who wish to obtain capital. The bank is a reservoir of loanable money, with streams of money flowing in and out. For this reason, economists and financiers often talk of money being "liquid", or of the "liquidity" of money. Many small sums which might not otherwise be used as capital are rendered useful simply because the bank acts as a reservoir.

The system of banking rests upon a basis of trust. Innumerable acts of trust build up the system of which bankers, depositors and borrowers are the part. They all agree to behave in certain predictable ways in relation to each other, and in relation to the rapid fluctuations of credit and debit. Consequently, business can be done and cheques can be written without any legal tender visibly changing hands.

Exercises

Ex. 1. Fill in the blanks with the suitable words choosing them from the following list: invested, interest, savings, inflation, costs, term, trust, banking, accounts, profit.

1) It was difficult to move money from your ... account to pay a bill or a loan. 2) Ordinary Central Europeans are only beginning to ... their savings to strangers. 3) In a bank your money can be ... into a business. 4) The more money banks have to invest, the less money 5) Lower ... rates result in more lending, investment and further economic expansion. 6) Most retail banking has been ... deposits and passbook savings. 7) With new systems, banks can offer current 8) Commerce is the only area where significant ... can be achieved. 9) The bank is investing millions of dollars to provide automatic teller machines and telephone 10) This account pays 12 % interest, well below the country' s ... rate.

Ex. 2. Make a list of words related to money. Another list should include those associated with the bank and its activities.

Ex. 3. Speak in detail on the following items.

1) Money. Its history. 2) Transition to credit. 3) Functions of money. 4) Role of banks. 5) Bank transactions. 6) Relationship of bankers, depositors and borrowers.

Ex. 4. Change these conditional sentences. The form changes but the meaning remains the same.

Example: *A man can obtain money if he issues a personal cheque. – A man can obtain money by issuing a personal cheque.*

1) You can improve the factory if you install new machinery. 2) You can learn something about economics if you study the basic textbooks. 3) They could improve conditions if they changed the laws. 4) You can make more money if you provide services which the public really needs. 5) A person can

obtain some additional money if he deposits his savings with a bank for a certain length of time. 6) Business can be done without banknotes if you use instruments of credit.

Ex. 5. Each of these sections is a part of the text on money and banking. Punctuate each section, and then arrange them in their proper order.

1) today a bank's primary function is to act as an intermediary between depositors and borrowers it serves as a reservoir of loanable money;

2) the term money in its widest sense covers anything which serves as a store of value and a means of exchange legal tender is the name for actual notes issued by governments or authorized banks while instruments of credit such as cheques act as a substitute for legal tender;

3) the whole system however is based on simple acts of trust between all concerned without this trust modern banking would be impossible;

4) a bank accordingly makes main profits by lending part of its store of deposited money at fixed rates of interest these rates usually exceed the rates offered to depositors;

5) the purchasing power of money is dependent upon supply and demand variations therefore occur in the amount of money actually in circulation such institutions as banks assist in the flow of money throughout the economy;

6) banks have developed greatly from their original position as places of security for valuables today they are service industries which handle large sums of money on current and deposit account.

Ex. 6. Fill in the blanks with the necessary forms of the verbs given in brackets.

1) The complex personal wants ... (to satisfy) in different ways by different things. 2) The special characteristic of ... (to satisfy) a want ... (to call) "utility". 3) Utility ... (to vary) ... (to depend) on various factors. 4) A man ... (to lose) interest in ... (to buy) a commodity if he ... (to buy) a large quantity of it. 5) The prices of the majority of goods and services ... (to fix). 6) Supply ... (to say) to be elastic, because it can ... (to increase) and ... (to decrease) rapidly ... (to suit) market prices.

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з навчальної дисципліни
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**для студентів 3 – 4 курсів
усіх напрямів підготовки
заочної форми навчання**

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