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МЕТОДИЧЕСКИЕ РЕКОМЕНДАЦИИ ПО ВЫПОЛНЕНИЮ
ПРАКТИЧЕСКИХ РАБОТ

ПО ДИСЦИПЛИНЕ

«Иностранный язык в профессиональной деятельности»

для студентов специальности

38.02.01 Экономика и бухгалтерский учет (по отраслям)

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Составитель:

Шубина Татьяна Александровна, преподаватель

Ф.И.О., должность

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Методические рекомендации к выполнению практических работ по дисциплине «Иностранный язык в профессиональной деятельности» предназначены для организации работы студентов второго курса очного отделения по специальности 38.02.01 Экономика и бухгалтерский учет (по отраслям).

Согласно учебного плана обязательная аудиторная учебная нагрузка составляет 87 часов, в том числе 87 часов составляют практические занятия. В связи с практической направленностью дисциплины разработано 22 практические работы, по 4 часа на каждую.

Практические работы позволяют закрепить, систематизировать и определить уровень знаний и умений.

В рамках программы учебной дисциплины обучающимися осваиваются умения изнания:

Код ОК	Умения	Знания
ОК 01 ОК 02 ОК 04 ОК 09	общаться (устно и письменно) на иностранном языке на профессиональные и повседневные темы; переводить (со словарем) иностранные тексты профессиональной направленности; самостоятельно совершенствовать устную и письменную речь, пополнять словарный запас.	– лексический (1200-1400 лексических единиц) и грамматический минимум, необходимый для чтения и перевода (со словарем) иностранных текстов профессиональной направленности.

Результаты (основные общие компетенции)	Основные показатели результатов подготовки
ОК 01. Выбирать способы решения задач профессиональной деятельности применительно к различным контекстам	- проявлять интерес к различным сферам профессиональной деятельности, -определять цели деятельности, задавать параметры и критерии их достижения; - выявлять причинно-следственные связи и актуализировать задачу, выдвигать гипотезу ее решения, находить аргументы для доказательства своих утверждений, задавать параметры и критерии решения;

<p>ОК 02. Использовать современные средства поиска, анализа и интерпретации информации, и информационные технологии для выполнения задач профессиональной деятельности</p>	<ul style="list-style-type: none"> - владеть навыками получения информации из источников разных типов, самостоятельно осуществлять поиск, анализ, систематизацию и интерпретацию информации различных видов и форм представления; - оценивать достоверность, легитимность информации, ее соответствие правовым и морально-этическим нормам; - владеть навыками распознавания и защиты информации, информационной безопасности личности
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КРИТЕРИИ ОЦЕНИВАНИЯ

Критерии оценки выполнения фонетических, лексических и грамматических упражнений (тестов)

Отметка «5» Задания выполнены на 90-100%

Отметка «4» Задания выполнены на 75-89%

Отметка «3» Задания выполнены на 50-74%

Отметка «2» Задания выполнены менее чем на 50%

Критерии оценки письменных развернутых ответов

Отметка «5» Коммуникативная задача решена полностью, применение лексики адекватно коммуникативной задаче, грамматические ошибки либо отсутствуют, либо не препятствуют решению коммуникативной задачи

Отметка «4» Коммуникативная задача решена полностью, но понимание текста незначительно затруднено наличием грамматических и/или лексических ошибок.

Отметка «3» Коммуникативная задача решена, но понимание текста затруднено наличием грубых грамматических ошибок или неадекватным употреблением лексики.

Отметка «2» Коммуникативная задача не решена ввиду большого количества лексико-грамматических ошибок или недостаточного объема текста.

Критерии оценки техники чтения

«5» Речь воспринимается легко: необоснованные паузы отсутствуют; фразовое ударение и интонационные контуры, произношение слов практически без нарушений нормы; допускается не более 2-х фонетических ошибок;

«4» Речь воспринимается достаточно легко, однако присутствуют необоснованные паузы; фразовое ударение и интонационные контуры практически без нарушений нормы; допускается от 3 до 5 фонетических ошибок, в том числе 1-2 ошибки, искажающие смысл;

«3» Речь воспринимается достаточно легко, однако присутствуют необоснованные паузы; есть ошибки в фразовых ударениях и интонационных контурах; допускается от 5 до 7 фонетических ошибок, в том числе 3 ошибки, искажающие смысл;

«2» Речь не воспринимается из-за необоснованных пауз; неправильных фразовых ударений и искаженных интонационных контуров И\ИЛИ 8 и более фонетических ошибок.

Критерии оценки перевода текста

Оценка «отлично»

Перевод полный, без пропусков и произвольных сокращений текста оригинала, не содержит фактических ошибок. Терминология использована правильно.

Перевод отвечает системно-языковым нормам и стилю языка перевода.

Адекватно переданы культурные и функциональные параметры исходного текста.

Допускаются некоторые погрешности в форме предъявления перевода.

Оценка «хорошо»

Перевод полный, без пропусков и произвольных сокращений текста оригинала, допускается одна фактическая ошибка, при условии отсутствия потерь информации и стилистических погрешностей на других фрагментах текста.

Имеются несущественные погрешности в использовании терминологии.

Перевод в достаточной степени отвечает системно-языковым нормам и стилю языка перевода.

Культурные и функциональные параметры исходного текста в основном адекватно переданы.

Коммуникативное задание реализовано, но недостаточно оптимально.

Допускаются некоторые нарушения в форме предъявления перевода.

Оценка «удовлетворительно»

Перевод содержит фактические ошибки.

Низкая коммуникативность и плохая «читабельность» текста затрудняют его понимание рецептором.

При переводе терминологического аппарата не соблюден принцип единообразия.

В переводе нарушены системно-языковые нормы и стиль языка перевода.

Неадекватно решены проблемы реализации коммуникативного задания.

Имеются нарушения в форме предъявления перевода.

Оценка «неудовлетворительно»

Перевод содержит много фактических ошибок.

Нарушена полнота перевода, его эквивалентность и адекватность.

В переводе грубо нарушены системно-языковые нормы и стиль языка перевода.

Коммуникативное задание не выполнено.

Грубые нарушения в форме предъявления перевода.

Критерии оценки монологического и диалогического высказываний:

«5»

Соблюден объем высказывания. Высказывание соответствует теме, отражены все аспекты, указанные в задании, стилевое оформление речи соответствует типу задания, аргументация на уровне, нормы вежливости соблюдены.

Адекватная естественная реакция на реплики собеседника. Проявляется речевая инициатива для решения поставленных коммуникативных задач.

Лексика адекватна поставленной задаче и требованиям данного года обучения языку.

Использованы разные грамматические конструкции в соответствии с задачей и требованиям данного года обучения языку. Редкие грамматические ошибки не мешают коммуникации.

Речь звучит в естественном темпе, нет грубых фонетических ошибок.

«4»

Не полный объем высказывания. Высказывание соответствует теме; не отражены некоторые аспекты, указанные в задании, стилевое оформление речи соответствует типу задания, аргументация не всегда на соответствующем уровне, но нормы вежливости соблюдены.

Коммуникация немного затруднена.

Лексические ошибки незначительно влияют на восприятие речи учащегося.

Грамматические незначительно влияют на восприятие речи учащегося.

Речь иногда неоправданно паузирована. В отдельных словах допускаются фонетические ошибки (замена, английских фонем сходными русскими). Общая интонация обусловлена влиянием родного языка.

«3»

Незначительный объем высказывания, которое не в полной мере соответствует теме; не отражены некоторые аспекты, указанные в задании, стилевое оформление речи не в полной мере соответствует типу задания, аргументация не на соответствующем уровне, нормы вежливости не соблюдены.

Коммуникация существенно затруднена, учащийся не проявляет речевой инициативы.

Учащийся делает большое количество грубых лексических ошибок.

Учащийся делает большое количество грубых грамматических ошибок.

Речь воспринимается с трудом из-за большого количества

фонетических ошибок. Интонация обусловлена влиянием родного языка.

«2»

Учащийся не понимает смысла задания. Аспекты указанные в задании не учтены.

Коммуникативная задача не решена. Учащийся не может построить высказывание.

Учащийся не может грамматически верно построить высказывание. Речь понять не возможно.

Практическая работа № 1.

Read and translate the text. Give a summary of the text.

Economics

First of all, let us try to understand, what the global economy is? Owing to the growth of the international trade in goods and services, capital flows, and development of business relationship between companies, worldwide integration and interdependence is now a fact of life. This is globalization of economy. We can be reasonably confident that globalization will characterize the future, generally, because it has already existed.

Economists are tending to view globalization as a positive phenomenon in a long term. However, few of them would argue that its short run consequences, particularly for some economic groups, are likely to be extremely painful. Here I would like to underline that if this problem is ignored and little is done about it, the neglect won't be easy to dispute. Moreover, even if globalization's consequences include increased productivity, there is no guarantee that wealth and income will arise everywhere.

Nevertheless, for all of its many problems, globalization is worth pursuing as a way to raise the world's living standards. Firstly, the evident prospect is changes of the impact of time and distance factors. The international entrepreneurship, as it is known, is connected with overcoming long distances. Progressive high technologies enable to save considerable amount of time and costs on information transfer, goods transportation and people's movement. The achievements in the communication sphere, for example, satellites accelerate international interaction and intensify control over them.

Secondly, the fast information exchange regarding new products leads to growth of sales volume in foreign markets. Due to the technical innovations there is an opportunity to build up production in different countries. It means that there will be new working places and unemployment will probably decrease.

Besides, I believe that as a result of the world market expansion, the quality of goods may increase, but the prices will go down.

In addition to the above said, the important prospect of economic globalization is the global change of competition. Elimination of trade barriers means that there will be a decrease in national manufacturing and dominance of transnational production. Thus, small national companies won't be able to survive whereas large ones will have an opportunity to develop globally.

To sum up, I'm sure that these positive prospects will enable to get over the difficulties associated with unequal distribution of wealth. Therefore, I support the idea of the global economic development.

The economic environment

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

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

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

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

Changes in the state of the economy affect all types of business, though the extent to which they are affected varies. In the recession of the early 1990s the high street banks suffered badly.

Profits declined and, in some cases, losses were incurred. This was because fewer people borrowed money from banks, thus denying them the opportunity to earn interest on loans, and a rising proportion of those who did borrow defaulted on repayment. These so-called "bad debts" cut profit ;line-height: 120% "> No individual firm has the ability to control this aspect of its environment. Rather, it is the outcome of the actions of all the groups who make up society as well as being influenced by the actions of foreigners with whom the nation has dealings.

Практическая работа № 2.

Economic crisis

The current financial crisis has become an earthquake to the world's economic system. Have started in the USA, it has rapidly overcome the boundaries of the States and has spread over the Europe and Asia, bringing unemployment and financial recession along. One can hardly say whether it will last long or is going to slump. The following remains obvious, if we don't want its recurrence in future, we should investigate its root causes now.

The world economic system endures times of prosperity as well as followed by inevitable declines. The circulating scheme is characterized by the rise of manufacturing and it is following recession, thus permitting to keep to the world financial and economic balance order. No one in the world was ready to take the burdens of the economic crisis on the shoulders and to resist its unpredictable consequences. In spite of the fact, almost everybody understood how important it is to examine the reasons of it.

In my opinion there are several important factors to discuss, which obviously have affected the present economic situation. First of all it is the spendthrift lending or, in other term, the so-called housing price bubble. Every family buying a house can take a loan from the bank, which should be given back. In order to return money to the bank, the family first of all should take the house it can afford. Otherwise it will not be able to pay the money back. In the recent years the prices on real estate have been so high and raising so quickly like a bubble. It has resulted in the fact that people started taking loans, which they can't pay off. Many banks' borrowers got unable to make their mortgage payments. As a result, the mortgage market was undermined.

This was just the beginning. One of the consequences was the fall of prices on real estate. The institutions and businesses depending on real estate prices or making money on real estate underwent the risk and suffered losses. To such companies belong Freddie Mac and Fannie Mae. It was the blow to the financial system in general, which led to the problems in other pecuniary stocks. This process, started with the bank system and led to the banking liquidity crisis, affected all financial and economic sectors of business all over the world.

Another reason of the present economic crisis is the unrestricted emission of American dollars. The emission of the most wide-spread world currency was strictly controlled by the government of the USA. Each dollar had gold equivalent in the gold reserve of the States. Purchasing capacity of it corresponded to the quantities of products manufactured. That's not how things stack any more up today. As a result while the USA was loosing its positions on the world market, the dollar was weakening in the world.

To sum it up one can say that the root cause of the current economic crisis lie in the ineffective policies of the economic and financial sectors of the leading and developing countries in the world. One should take into account the root causes to oust its re-occurrence in future.

6 factors that influence exchange rates

Aside from factors such as interest rates and inflation, the exchange rate is one of the most important determinants of a country's relative level of economic health. Exchange rates play a vital role in a country's level of trade, which is critical to most every free market economy in the world. For this reason, exchange rates are among the most watched, analyzed and governmentally manipulated economic measures. But exchange rates matter on a smaller scale as well: they impact the real return of an investor's portfolio. Here we look at some of the major forces behind exchange rate movements.

Overview

Before we look at these forces, we should sketch out how exchange rate movements affect a nation's trading relationships with other nations. A higher currency makes a country's exports more expensive and imports cheaper in foreign markets. A lower currency makes a country's exports cheaper and its imports more expensive in foreign markets. A higher exchange rate can be expected to lower the country's balance of trade, while a lower exchange rate would increase it.

Determinants of Exchange Rates

Numerous factors determine exchange rates, and all are related to the trading relationship between two countries. Remember, exchange rates are relative, and are expressed as a comparison of the currencies of two countries. The following are some of the principal determinants of the exchange rate between two countries. Note that these factors are in no particular order; like many aspects of economics, the relative importance of these factors is subject to much debate.

1. Differentials in Inflation

As a general rule, a country with a consistently lower inflation rate exhibits a rising currency value, as its purchasing power increases relative to other currencies. During the last half of the 20th century, the countries with low inflation included Japan, Germany and Switzerland, while the U.S. and Canada achieved low inflation only later. Those countries with higher inflation typically see depreciation in their currency in relation to the currencies of their trading partners. This is also usually accompanied by higher interest rates.

2. Differentials in Interest Rates

Interest rates, inflation and exchange rates are all highly correlated. By manipulating interest rates, central banks exert influence over both inflation and exchange rates, and changing interest rates impact inflation and currency values. Higher interest rates offer lenders in an economy a higher return relative to other countries. Therefore, higher interest rates attract foreign capital and cause the exchange rate to rise. The impact of higher interest rates is mitigated, however, if inflation in the country is much higher than in others, or if additional factors serve to drive the currency down. The opposite relationship exists for decreasing interest rates – that is, lower interest rates tend to decrease exchange rates.

3. Current-Account Deficits

The current account is the balance of trade between a country and its trading partners, reflecting all payments between countries for goods, services, interest and dividends. A deficit in the current account shows the country is spending more on foreign trade than it is earning, and that it is borrowing capital from foreign sources to make up the deficit. In other words, the country requires more foreign currency than it receives through sales of exports, and it supplies more of its own currency than foreigners demand for its products. The excess demand for foreign currency lowers the country's exchange rate until domestic goods and services are cheap enough for foreigners, and foreign assets are too expensive to generate sales for domestic interests.

4. Public Debt

Countries will engage in large-scale deficit financing to pay for public sector projects and governmental funding. While such activity stimulates the domestic economy, nations with large public deficits and debts are less attractive to foreign investors. The reason? A large debt

encourages inflation, and if inflation is high, the debt will be serviced and ultimately paid off with cheaper real dollars in the future.

In the worst case scenario, a government may print money to pay part of a large debt, but increasing the money supply inevitably causes inflation. Moreover, if a government is not able to service its deficit through domestic means (selling domestic bonds, increasing the money supply), then it must increase the supply of securities for sale to foreigners, thereby lowering their prices. Finally, a large debt may prove worrisome to foreigners if they believe the country risks defaulting on its obligations. Foreigners will be less willing to own securities denominated in that currency if the risk of default is great. For this reason, the country's debt rating (as determined by Moody's or Standard & Poor's, for example) is a crucial determinant of its exchange rate.

5. Terms of Trade

A ratio comparing export prices to import prices, the terms of trade is related to current accounts and the balance of payments. If the price of a country's exports rises by a greater rate than that of its imports, its terms of trade have favorably improved. Increasing terms of trade shows greater demand for the country's exports. This, in turn, results in rising revenues from exports, which provides increased demand for the country's currency (and an increase in the currency's value). If the price of exports rises by a smaller rate than that of its imports, the currency's value will decrease in relation to its trading partners.

6. Political Stability and Economic Performance

Foreign investors inevitably seek out stable countries with strong economic performance in which to invest their capital. A country with such positive attributes will draw investment funds away from other countries perceived to have more political and economic risk. Political turmoil, for example, can cause a loss of confidence in a currency and a movement of capital to the currencies of more stable countries.

The Bottom Line

The exchange rate of the currency in which a portfolio holds the bulk of its investments determines that portfolio's real return. A declining exchange rate obviously decreases the purchasing power of income and capital gains derived from any returns. Moreover, the exchange rate influences other income factors such as interest rates, inflation and even capital gains from domestic securities. While exchange rates are determined by numerous complex factors that often leave even the most experienced economists flummoxed, investors should still have some understanding of how currency values and exchange rates play an important role in the rate of return on their investments.

Практическая работа № 3.

Market Economy

The notion of a "free market" where all economic decisions regarding transfers of money, goods, and services take place on a voluntary basis, free of coercive influence, is commonly considered to be an essential characteristic of capitalism. Some individuals contend, that in systems where individuals are prevented from owning the means of production (including the profits), or coerced to share them, not all economic decisions are free of coercive influence, and, hence, are not free markets. In an ideal free market system none of these economic decisions involve coercion. Instead, they are determined in a decentralized manner by individuals trading, bargaining, cooperating, and competing with each other. In a free market, government may act in a defensive mode to forbid coercion among market participants but does not engage in proactive interventionist coercion. Nevertheless, some authorities claim that capitalism is perfectly compatible with interventionist authoritarian governments, and/or that a free market can exist without capitalism.

A legal system that grants and protects property rights provides property owners the entitlement to sell their property in accordance with their own valuation of that property; if there are no

willing buyers at their offered price they have the freedom to retain it. According to standard capitalist theory, as explained by Adam Smith, when individuals make a trade they value what they are purchasing more than they value what they are giving in exchange for a commodity. If this were not the case, then they would not make the trade but retain ownership of the more valuable commodity. This notion underlies the concept of mutually-beneficial trade where it is held that both sides tend to benefit by an exchange.

In regard to pricing of goods and services in a free market, rather than this being ordained by government it is determined by trades that occur as a result of price agreement between buyers and sellers. The prices buyers are willing to pay for a commodity and the prices at which sellers are willing to part with that commodity are directly influenced by supply and demand (as well as the quantity to be traded). In abstract terms, the price is thus defined as the equilibrium point of the demand and the supply curves, which represent the prices at which buyers would buy (and sellers sell) certain quantities of the good in question. A price above the equilibrium point will lead to oversupply (the buyers will buy less goods at that price than the sellers are willing to produce), while a price below the equilibrium will lead to the opposite situation. When the price a buyer is willing to pay coincides with the price a seller is willing to offer, a trade occurs and price is determined.

However, not everyone believes that a free or even a relatively-free market is a good thing. One reason proffered by many to justify economic intervention by government into what would otherwise be a free market is market failure. A market failure is a case in which a market fails to efficiently provide or allocate goods and services (for example, a failure to allocate goods in ways some see as socially or morally preferable). Some believe that the lack of "perfect information" or "perfect competition" in a free market is grounds for government intervention. Other situations or activities often perceived as problems with a free market may appear, such as monopolies, monopsonies, information inequalities (e.g. insider trading), or price gouging. Wages determined by a free market mechanism are also commonly seen as a problem by those who would claim that some wages are unjustifiably low or unjustifiably high. Another critique is that free markets usually fail to deal with the problem of externalities, where an action by an agent positively or negatively affects another agent without any compensation taking place. The most widely known externality is pollution. More generally, the free market allocation of resources in areas such as health care, unemployment, wealth inequality, and education are considered market failures by some. Also, governments overseeing economies typically labeled as capitalist have been known to set mandatory price floors or price ceilings at times, thereby interfering with the free market mechanism. This usually occurred either in times of crises, or was related to goods and services which were viewed as strategically important. Electricity, for example, is a good that was or is subject to price ceilings in many countries. Many eminent economists have analyzed market failures, and see governments as having a legitimate role to mitigate these failures, for examples through regulation and compensation schemes.

However, some economists, such as Nobel prize-winning economist Milton Friedman as well as those of the Austrian School, oppose intervention into free markets. They argue that government should limit its involvement in economies to protecting freedom rather than diminishing it for the sake of remedying "market failure." These economists believe that government intervention creates more problems than it is supposed to solve. Laissez-faire advocates do not oppose monopolies unless they maintain their existence through coercion to prevent competition, and often assert that monopolies have historically only developed because of government intervention rather than due to a lack of intervention. They may argue that minimum wage laws cause unnecessary unemployment, that laws against insider trading reduce market efficiency and transparency, or that government-enforced price-ceilings cause shortages.

Origins of money

There are numerous myths about the origins of money. The concept of money is often confused with coinage. Coins are a relatively modern form of money. Their first appearance was probably in Asia in the 7th century BC. And whether these coins were used as money in the modern sense has also been questioned.

To determine the earliest use of money, we need to define what we mean by money. We will return to this issue shortly. But with any reasonable definition the first use of money is as old as human civilization. The early Persians deposited their grain in state or church granaries. The receipts of deposit were then used as methods of payment in the economies. Thus, banks were invented before coins. Ancient Egypt had a similar system, but instead of receipts they used orders of withdrawal – thus making their system very close to that of modern checks. In fact, during Alexander the Great's period, the granaries were linked together, making checks in the 3rd century BC more convenient than British checks in the 1980s.

However, money is older than written history. Recent anthropological and linguistic research indicates that not only is money very old, but it's origin has little to do with trading, thus contradicting another common myth. Rather, money was first used in a social setting. Probably at first as a method of punishment.

Early Stone Age man began the use of precious metals as money. Until the invention of coins, metals were weighed to determine their value. Counting is of course more practical, the first standardized ingots appeared around 2200 BC. Other commonplace objects were subsequently used in the abstract sense, for example miniature axes, nails, swords, etc.

Full standardization arrived with coins, approximately 700 BC. The first printed money appeared in China, around 800 AD. The first severe inflation was in the 11th century AD. The Mongols adapted the bank note system in the 13th century, which Marco Polo wrote about. The Mongol bank notes were "legal tender", i.e. it was a capital offense to refuse them as payment. By the late 1400s, centuries of inflation eliminated printed bank notes in China. They were reinvented in Europe in the 17th century.

Практическая работа № 4.

Economic growth

One of the primary objectives in a social system in which commerce and property have a central role is to promote the growth of capital. The standard measures of growth are Gross Domestic Product or GDP, capacity utilization, and 'standard of living'.

The ability of capitalist economies to increase and improve their stock of capital was central to the argument which Adam Smith advanced for a free market setting production, price and resource allocation. It has been argued that GDP per capita was essentially flat until the industrial revolution and the emergence of the capitalist economy, and that it has since increased rapidly in capitalist countries. It has also been argued that a higher GDP per capita promotes a higher standard of living, including the adequate or improved availability of food, housing, clothing, health care, reduced working hours and freedom from work for children and the elderly. These are reduced or unavailable if the GDP per capita is too low, so that most people are living a ;line-height: 120% "> Economic growth is, however, not universally viewed as an unequivocal good. The downside of such growth is referred to by economists as the 'externalization of costs'. Among other things, these effects include pollution, the disruption of traditional living patterns and cultures, the spread of pathogens, wars over resources or market access, and the creation of underclasses.

No matter how wealthy the richest capitalists are, it does not ensure the well-being of all the citizens. Such examples of this include the Hurricane Katrina crisis in New Orleans where the working class (a majority of them being African-American) were left without aid despite the US being the wealthiest country in the world at that time.

In defense of capitalism, liberal philosopher Isaiah Berlin has claimed that all of these ills are neither unique to capitalism, nor are they its inevitable consequences.

TAX

A tax is a compulsory charge or other levy imposed on an individual or a legal entity by a state or a functional equivalent of a state (e.g., tribes, secessionist movements or revolutionary movements). Taxes could also be imposed by a subnational entity.

Taxes may be paid in cash or in kind or as corvee labor. In modern capitalist taxation systems, taxes are designed to encourage the most efficient circulation of goods and services and are levied in cash. In kind and corvee taxation are characteristic of traditional or pre-capitalist states and their functional equivalents. The means of taxation, and the uses to which the funds raised through taxation should be put, are a matter of hot dispute in politics and economics, so discussions of taxation are frequently tendentious.

Public finance is the field of political science and economics that deals with taxation.

HISTORY OF TAXATION

Political authority has been used to raise capital throughout history. In many pre-monetary societies, such as the Incan empire, taxes were owed in labor. Taxation in labor was the basis of the Feudal system in medieval Europe.

In more sophisticated economies such as the Roman Empire, tax farming developed, as the central powers could not practically enforce their tax policy across a wide realm. The tax farmers were obligated to raise large sums for the government, but were allowed to keep whatever else they raised.

Many Christians have understood the New Testament to support the payment of taxes, through Jesus's words "Render unto Caesar the things that are Caesar's".

There were certain times in the Middle Ages where the governments did not explicitly tax, since they were self-supporting, owning their own land and creating their own products. The appearance of doing without taxes was however illusory, since the government's (usually the Crown's) independent income sources depended on labor enforced under the feudal system, which is a tax exacted in kind.

Many taxes were originally introduced to fund wars and are still in place today, such as those raised by the American government during the American Civil War (1861-1865). Income tax was first introduced into Britain in 1798 to pay for weapons and equipment in preparation for the Napoleonic wars and into Canada in 1917 as a "temporary" tax under the Income War Tax Act to cover government expenses resulting from World War I.

The current income tax in America was set up by Theodore Roosevelt in 1913. It was called The Federal Income Tax and was deducted from incomes at rates varying from 1-7%. But, since then, the American Tax Code has been modified and new taxes have been added, especially over the World War I and II periods. Since World War II, the American Tax Code has increased in size four-fold.

TYPES OF TAXES

Taxes are sometimes referred to as direct or indirect. The meaning of these terms can vary in different contexts, which can sometimes lead to confusion. In economics, direct taxes refer to those taxes that are collected from the people or organizations on whom they are imposed. For example, income taxes are collected from the person who earns the income. By contrast, indirect taxes are collected from someone other than the person responsible for paying the taxes.

From whom a tax is collected is a matter of law. However, who pays the tax is determined by the market place and is found by comparing the price of the good (including tax) after the tax is imposed to the price of the good before the tax was imposed. For example, suppose the price of gas in the U.S., without taxes, were \$2.00 per gallon. Suppose the U.S. government imposes a tax of \$0.50 per gallon on the gas. Forces of demand and supply will determine how that \$0.50 tax burden is distributed among the buyers and sellers. For example, it is possible that the price of gas, after the tax, might be \$2.40. In such a case, buyers would be paying \$0.40 of the tax while the sellers would be paying \$0.10 of the tax.

Практическая работа № 5.

INCOME TAX

Income tax is commonly a progressive tax because the tax rate increases with increasing income. For this reason, it is generally advocated by those who think that taxation should be borne more by the rich than by the poor, even to the point of serving as a form of social redistribution. Some critics characterize this tax as a form of punishment for economic productivity. Other critics charge that income taxation is inherently socially intrusive because enforcement requires the government to collect large amounts of information about business and personal affairs, much of which is considered proprietary and confidential.

Income tax fraud is a problem in most, if not all, countries implementing an income tax. Either one fails to declare income, or declares nonexistent expenses. Failure to declare income is especially easy for non-salaried work, especially those paid in cash. Tax enforcement authorities fight tax fraud using various methods, nowadays with the help of computer databases. They may, for instance, look for discrepancies between declared revenue and expenses along time. Tax enforcement authorities then target individuals for a tax audit – a more or less detailed review of the income and tax-deductible expenses of the individual.

Income tax may be collected from legal entities (e.g., companies) as well as natural persons (individuals), although, in some cases, the income tax on legal entities is levied on a slightly different basis than the income tax on individuals and may be called, in the case of income tax on companies, a corporation tax or a corporate income tax.

POLL TAX

A poll tax, also called a per capita tax, or capitation tax, is a tax that levies a set amount per individual. The earliest tax mentioned in the Bible of a half-shekel per annum from each adult Jew was a form of poll tax. Poll taxes are regressive, since they take the same amount of money (and hence, a higher proportion of income) for poorer individuals as for richer individuals. Poll taxes are difficult to cheat.

VALUE ADDED TAX

A value added tax (sometimes called a goods and services tax, as in Australia and Canada) applies the equivalent of a sales tax to every operation that creates value. To give an example, sheet steel is imported by a machine manufacturer. That manufacturer will pay the VAT on the purchase price, that amount to the government. The manufacturer will then transform the steel into a machine, selling the machine for a higher price to a wholesale distributor. The manufacturer will collect the VAT on the higher price, but will remit to the government only the excess related to the "value added" (the price over the cost of the sheet steel). The wholesale distributor will then continue the process, charging the retail distributor the VAT on the entire price to the retailer, but remitting only the amount related to the distribution markup to the government. The last VAT amount is paid by the eventual retail customer who cannot recover any of the previously paid VAT. Economic theorists have argued that this minimizes the market distortion resulting from the tax, compared to a sales tax.

VAT was historically used when a sales tax or excise tax was uncollectible. For example, a 30% sales tax is so often cheated that most of the retail economy will go off the books. By collecting the tax at each production level, and requiring the previous production level to collect the next level tax in order to recover the VAT previously paid by that production level, the theory is that the entire economy helps in the enforcement. In reality, forged invoices and the like demonstrate that tax evaders will always attempt to cheat the system.

Bond

In finance, a bond is a debt security, in which the authorized issuer owes the holders a debt and, depending on the terms of the bond, is obliged to pay interest (the coupon) to use and/or to repay the principal at a later date, termed maturity. A bond is a formal contract to repay borrowed money with interest at fixed intervals.

Thus a bond or fixed income is like a loan: the holder of the bond is the lender (creditor), the issuer of the bond is the borrower (debtor), and the coupon is the interest. Bonds provide the borrower with external funds to finance long-term investments, or, in the case of government bonds, to finance current expenditure. Certificates of deposit (CDs) or commercial paper are considered to be money market instruments and not bonds.

Bonds and stocks are both securities, but the major difference between the two is that (capital) stockholders have an equity stake in the company (i.e., they are owners), whereas bondholders have a creditor stake in the company (i.e., they are lenders). Another difference is that bonds usually have a defined term, or maturity, after which the bond is redeemed, whereas stocks may be outstanding indefinitely. An exception is a consol bond, which is a perpetuity (i.e., bond with no maturity).

3 Lessons Adam Smith Teaches Us

For all the attention Adam Smith receives as the father of modern economics, most of his lasting influences are best classified as moral and social – maybe even anthropological. Smith was a Scottish professor of moral philosophy at Glasgow, and most of his economic insights were byproducts of this pursuit. Smith championed self-interest as enlightening and beneficial, and he viewed political or business power with contempt.

Smith was wrong on many of the details of his economic theory; like Karl Marx after him, Smith operated under the assumption of the now-defunct labor theory of value, for example. Smith either ignored or never fully addressed other aspects; he lacked a full-bodied theory of prices and made virtually no mention of time factors. Still, there are some valuable economic lessons left to be learned from his classic book, “An Inquiry into the Nature and Causes of the Wealth of Nations.”

1. The Main Causes of Economic Growth Are Division of Labor and Accumulation of Capital
“Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of science is considerably increased by it.”

Adam Smith begins “The Wealth of Nations” with a simple discussion of the division of labor within a pin factory. From that point forward, his focus never really deviates; in some ways, “The Wealth of Nations” is a tribute to the nearly endless applications of this fundamental economic concept.

The division of labor increases productivity for three reasons: it saves time and reduces setup costs, repetition and specialized education lead to increased dexterity and productivity, and it encourages the invention of machines or automation in the specialized areas. Smith didn’t discover these truths, but he did bring them together.

Smith also makes frequent reference to the stock of an economy, meaning savings and accumulated capital. Without pre-existing capital, businesses and entrepreneurs can’t hire workers, build factories or begin production. Smith understood that an economy requires savings to grow, for savings fuel investment and credit.

2. Voluntary Exchange Will Not Take Place Unless Both Parties Believe They Will Benefit
“Give me that which I want, and you shall this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of.”

It’s inaccurate to think of economics as a science about market gains and losses. What economics really studies is how separate individuals benefit each other; namely that they do so unintentionally. Smith’s crucial insight is that markets and society improve naturally when people are allowed to trade freely.

Basic deductive logic proves that people do not enter into a trades voluntarily when they don’t expect to gain; otherwise they would not make the trade and would be better off staying put. Each successful trade sends a signal in the market that a certain good or service has value; if this happens enough, greater forces will be mobilized to bring about that good or service in greater abundance.

Nobel-winning economist Milton Friedman once said, “Most economic fallacies derive from the neglect of this simple insight, that market participants trade to benefit themselves.” Friedman and Smith also knew that interfering with voluntary exchanges has the opposite effect.

3. Government Intervention Disrupts the Efficient Distribution of Resources on the Market
“But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies, much less to render them necessary.”

Though Smith believed in a functional, limited government, he didn’t want governments interfering with trade. Smith most famously used this argument against the prevailing economic theory of his time, something he labeled as “mercantilism,” because it favored subsidies and tariffs. Smith showed that free moving markets maximize the efficient flow of resources, which maximized the public good. Overreach by bureaucrats only hinders this process because it interrupts with crucial market signals.

Even though two trading partners accidentally create greater value by voluntarily exchanging, no third party can create additional value by forcing an exchange to take place – nor can a third party create additional value by forcefully interfering with the exchange of two separate parties. Rather, Smith felt that politicians and crony businessmen would likely use power to enrich themselves at the expense of the poor.

Практическая работа № 6.

What Is the Quantity Theory of Money?

By Reem Heakal

The concept of the quantity theory of money (QTM) began in the 16th century. As gold and silver inflows from the Americas into Europe were being minted into coins, there was a resulting rise in inflation. This led economist Henry Thornton in 1802 to assume that more money equals more inflation and that an increase in money supply does not necessarily mean an increase in economic output. Here we look at the assumptions and calculations underlying the QTM, as well as its relationship to monetarism and ways the theory has been challenged.

QTM in a Nutshell

The quantity theory of money states that there is a direct relationship between the quantity of money in an economy and the level of prices of goods and services sold. According to QTM, if the amount of money in an economy doubles, price levels also double, causing inflation (the percentage rate at which the level of prices is rising in an economy). The consumer therefore pays twice as much for the same amount of the good or service.

Another way to understand this theory is to recognize that money is like any other commodity: increases in its supply decrease ; background: #ffffff; line-height: 120% "> The Theory’s Calculations

In its simplest form, the theory is expressed as:

$$MV = PT \text{ (the Fisher Equation)}$$

Each variable denotes the following: M = Money Supply V = Velocity of Circulation (the number of times money changes hands) P = Average Price Level T = Volume of Transactions of Goods and Services

The original theory was considered orthodox among 17th century classical economists and was overhauled by 20th-century economists Irving Fisher, who formulated the above equation, and Milton Friedman.

It is built on the principle of “equation of exchange”:

$$\text{Amount of Money} \times \text{Velocity of Circulation} = \text{Total Spending}$$

Thus if an economy has US\$3, and those \$3 were spent five times in a month, total spending for the month would be \$15.

QTM Assumptions

QTM adds assumptions to the logic of the equation of exchange. In its most basic form, the theory assumes that **V** (velocity of circulation) and **T** (volume of transactions) are constant in the short term. These assumptions, however, have been criticized, particularly the assumption that **V** is constant. The arguments point out that the velocity of circulation depends on consumer and business spending impulses, which cannot be constant.

The theory also assumes that the quantity of money, which is determined by outside forces, is the main influence of economic activity in a society. A change in money supply results in changes in price levels and/or a change in supply of goods and services. It is primarily these changes in money stock that cause a change in spending. And the velocity of circulation depends not on the amount of money available or on the current price level but on *changes* in price levels.

Finally, the number of transactions (**T**) is determined by labor, capital, natural resources (i.e. the factors of production), knowledge and organization. The theory assumes an economy in equilibrium and at full employment.

Essentially, the theory's assumptions imply that the *value* of money is determined by the *amount* of money available in an economy. An increase in money supply results in a decrease in the value of money because an increase in money supply causes a rise in inflation. As inflation rises, the purchasing power, or the value of money, decreases. It therefore will cost more to buy the same quantity of goods or services.

Money Supply, Inflation and Monetarism

As QTM says that quantity of money determines the value of money, it forms the cornerstone of monetarism.

Monetarists say that a rapid increase in money supply leads to a rapid increase in inflation. Money growth that surpasses the growth of economic output results in inflation as there is too much money behind too little production of goods and services. In order to curb inflation, money growth must fall below growth in economic output.

This premise leads to how monetary policy is administered. Monetarists believe that money supply should be kept within an acceptable bandwidth so that levels of inflation can be controlled. Thus, for the near term, most monetarists agree that an increase in money supply can offer a quick-fix boost to a staggering economy in need of increased production. In the long term, however, the effects of monetary policy are still blurry.

Less orthodox monetarists, on the other hand, hold that an expanded money supply will not have any effect on real economic activity (production, employment levels, spending and so forth). But for most monetarists any anti-inflationary policy will stem from the basic concept that there should be a gradual reduction in the money supply. Monetarists believe that instead of governments continually adjusting economic policies (i.e. government spending and taxes), it is better to let non-inflationary policies (i.e. gradual reduction of money supply) lead an economy to full employment.

QTM Re-Experienced

John Maynard Keynes challenged the theory in the 1930s, saying that increases in money supply lead to a decrease in the velocity of circulation and that real income, the flow of money to the factors of production, increased. Therefore, velocity could change in response to changes in money supply. It was conceded by many economists after him that Keynes' idea was accurate. QTM, as it is rooted in monetarism, was very popular in the 1980s among some major economies such as the United States and Great Britain under Ronald Reagan and Margaret Thatcher respectively. At the time, leaders tried to apply the principles of the theory to economies where money growth targets were set. However, as time went on, many accepted that strict adherence to a controlled money supply was not necessarily the cure-all for economic malaise.

Globalization and the Butterfly Effect

By John Edwards

The butterfly effect concept has become important in the finance world as globalization continues to increase and capital markets connect. Volatility in one small area of the international markets can grow rapidly and bleed into other markets, and a hiccup in one corner of the international markets can have global consequences. Improvements in technology and wider access to the Internet has increased the degree to which international markets influence each other. This has led to more episodes of extreme market volatility.

The butterfly effect has become well-known in popular culture, and the concept has clear applications to finance. It and chaos theory may provide a partial explanation for the unpredictability of capital markets.

Origin and Meaning of Butterfly Effect

The phrase “the butterfly effect” was first coined during a scientific meeting in 1972. Scientist Edward Lorenz gave a talk on his work regarding weather prediction models. The phrase suggests that the flap of a butterfly’s wings in Japan could create a small change in the atmosphere that might eventually lead to a tornado in Texas.

Lorenz studied how small differences in initial values led to large differences in weather models at the Massachusetts Institute of Technology. In 1961, he had entered an initial condition in a weather model as 0.506, rather than the precise number of 0.506127, which resulted in a completely different and unexpected weather pattern. In 1963, he wrote a paper on this concept, titled “Deterministic Nonperiodic Flow.” The butterfly effect concept shows how difficult it is to predict dynamic systems, such as weather and financial markets. Study of the butterfly effect has led to advances in chaos theory.

Практическая работа № 7.

Application of Chaos Theory to Markets

Capital markets go through alternating periods of calm and storminess. However, they are not always chaotic, and the shift between calm and chaos is often sudden and unpredictable. Some believe that these concepts of chaos theory can be used to understand how financial markets operate.

Markets tend to grow bubbles that eventually pop with drastic consequences. Financial bubbles often grow because of positive feedback. When investors make money during a rise in the financial markets, other observers think the investors must have made a smart decision, which leads the observers to invest their own money in the markets. The result is more buying and stock prices going higher. The positive feedback loop leads to prices beyond any logical or justifiable level. The loop eventually ends, and the last investors in are left hanging with the worst positions.

The same concept can explain volatile bear markets. The markets can suddenly shift due to outside factors, which causes investors to pay attention only to negative news. Initial selling leads to more selling as market participants liquidate their positions. The negative feedback loop tends to accelerate quickly, often resulting in a market full of undervalued stocks.

Fractals and the Markets

Prominent scientist Benoit Mandelbrot applied his work in fractals in nature to financial markets. He found that examples of chaos in nature, such as the shape of shorelines or clouds, often have a high degree of order. These fractal shapes can also explain chaotic systems, including financial markets. Mandelbrot noted that asset prices can jump suddenly with no apparent cause.

Many in the markets tend to dismiss the extreme events that occur less than 5% of the time. Mandelbrot argued that these outliers are important and play a significant role in financial market movements. Traditional portfolio theory tends to underestimate how often these high-

volatility events occur. While his fractals cannot predict price movements, he argued that they could create a more realistic picture of market risks.

Examples of the Butterfly Effect in Markets

Although technology has increased the impact of the butterfly effect in global markets, there is a long history of financial bubbles going back to the tulip market bubble in Holland during the 17th century. Tulips were a status symbol among the elite. They were traded on exchanges in Dutch towns and cities. People sold their belongings to begin speculating on tulips. However, prices began to drop and panic selling ensued.

There are more recent examples of bubbles. On October 1987, known as Black Monday, the Dow Jones Industrial Average (DJIA) lost around 22% in one trading day, the largest percentage drop ever for that market. There was no apparent cause for the drop, though the DJIA had some large down days the week before, and there were international issues in the Persian Gulf. In retrospect, issues with panic selling and perhaps program trading might be partly to blame.

In 2015, the Chinese stock market encountered significant volatility, dropping over 8% in one day. Similar to Black Monday, there was no single event or cause for the drop. This volatility quickly spread to other markets, with the S&P500 and the Nikkei losing around 4%. Also like Black Monday, there had been weakness in the Chinese markets in prior months.

Chinese officials had begun devaluing the renminbi. However, the main cause was likely the high degree of

How the Federal Reserve Manages Money Supply

By Richard Cloutier

Throughout history, free market societies have gone through boom-and-bust cycles. While everyone enjoys good economic times, the downturns are often painful. The Federal Reserve was created to help reduce the injuries inflicted during the slumps and was given some powerful tools to affect the supply of money. Read on to learn how the Fed fights recession.

The Evolution of the Fed

When the Federal Reserve System was established, its founders did not intend it to pursue an active monetary policy to stabilize the economy. The basic ideas of economic stabilization policy were foreign at the time, dating only from John Maynard Keynes' work in 1936. Instead, the founders viewed the Fed as a means of preventing the supplies of money and credit from drying up during economic contractions, as happened often in the pre-1914 period.

One of the principal ways in which the Fed was to provide such insurance against financial panics was to act as the "lender of last resort". That is, when risky business prospects made commercial banks hesitant to extend new loans, the Fed would step in by lending money to the banks, thus inducing banks to lend more money to their customers.

The function of the central bank has grown and today, the Fed primarily manages the growth of bank reserves and money supply in order to allow a stable expansion of the economy. To implement its primary task of controlling money supply, there are three main tools the Fed uses to change bank reserves:

A change in reserve requirements

A change in the discount rate

Open-market operations

The Tools

A change in reserve ratio is seldom used but is potentially very powerful. The reserve ratio is the percentage of reserves a bank is required to hold against deposits. A decrease in the ratio will allow the bank to lend more, thereby increasing the supply of money. An increase in the ratio will have the opposite effect.

The discount rate is the interest rate that the central bank charges commercial banks that need to borrow additional reserves. It is an administered interest rate set by the Fed, not a market rate; therefore, much of its importance stems from the signal the Fed is sending to the financial markets (if it's low, the Fed wants to encourage spending and vice versa). As a result, short-term market interest rates tend to follow its movement. If the Fed wants to give banks more reserves, it can reduce the interest rate that it charges, thereby tempting banks to borrow more. Alternatively, it can soak up reserves by raising its rate and persuading the banks to reduce borrowing.

Open-market operations consist of the buying and selling of government securities by the Fed. If the Fed buys back issued securities (such as Treasury bills) from large banks and securities dealers, it increases the money supply in the hands of the public. Conversely, the money supply decreases when the Fed sells a security. Note that the terms "purchase" and "sell" refer to actions of the Fed, not the public. For example, an open-market purchase means the Fed is buying but the public is selling. Actually, the Fed carries out open-market operations only with the nation's largest securities dealers and banks, and not with the general public. In the case of an open-market purchase of securities by the Fed, it is more realistic for the seller of the securities to receive a check drawn on the Fed itself. When the seller deposits it in his or her bank, the bank is automatically granted an increased reserve balance with the Fed. Thus, the new reserves can be used to support additional loans. Through this process, the money supply increases.

The process does not end there. The monetary expansion following an open-market operation involves adjustments by banks and the public. The bank in which the original check from the Fed is deposited now has a reserve ratio that may be too high. In other words, its reserves and deposits have gone up by the same amount; therefore, its ratio of reserves to deposits has risen. To reduce this ratio of reserves to deposits, it chooses to expand loans.

When the bank makes an additional loan, the person receiving the loan gets a bank deposit. At this stage, when the bank makes a loan, the money supply rises by more than the amount of the open-market operation. This multiple expansion of the money supply is called the money multiplier. Bank loans and purchases of securities are described as bank credit. It is the existence of bank credit that makes the money stock larger than the monetary base, also known as "high-powered money". High-powered money consists of currency and bank deposits at the Fed.

Looking for a Hero

Today, the Fed uses its tools to control the supply of money to help stabilize the economy. When the economy is slumping, the Fed increases the supply of money to spur growth. Conversely, when inflation is threatening, the Fed reduces the risk by shrinking the supply. While the Fed's mission of "lender of last resort" is still important, the Fed's role in managing the economy has expanded since its origin.

Практическая работа № 8.

Levels of economics

MACROECONOMICS

The word macroeconomics means economics in the large. The macroeconomist's concerns are with such global questions as total production, total employment, the rate of change of overall prices, the rate of economic growth, and so on. The questions asked by the macroeconomist are in terms of broad aggregates — what determines the spending of all consumers as opposed to the microeconomic question of how the spending decisions of individual households are made; what determines the capital spending of all firms combined as opposed to the decision to build a new factory by a single firm; what determines total unemployment in the economy as opposed to why there have been layoffs in a specific industry.

Macroeconomists measure overall economic activity; analyze the determinants of such activity by the use of macroeconomic theory; forecast future economic activity; and attempt to formulate policy responses designed to reconcile forecasts with target values of production, employment, and prices.

An important task of macroeconomics is to develop ways of aggregating the values of the economic activities of individuals and firms into meaningful totals. To this end such concepts as gross domestic product (GDP), national income, personal income, and personal disposable income have been developed.

Macroeconomic analysis attempts to explain how the magnitudes of the principal macroeconomic variables are determined and how they interact. And through the development of theories of the business cycle and economic growth, macroeconomics helps to explain the dynamics of how these aggregates move over time.

Macroeconomics is concerned with such major policy issues as the attainment and maintenance of full employment and price stability. Considerable effort must first be expended to determine what goals could be achieved. Experience teaches that it would not be possible to eliminate inflation entirely without inducing a major recession combined with high unemployment. Similarly, an overambitious employment target would produce labor shortages and wage inflation.

During the 1960s it was believed that unemployment could be reduced to 4 percent of the labor force without causing inflation. More recent experience suggests that reduction of unemployment to 5.5 percent of the labour force is about as well as we can do.

VOCABULARY

1. What does the word macroeconomics mean?
2. What are the concerns of a macroeconomist?
3. What is the difference between the questions asked by macroeconomists and microeconomics?
4. What is, according to the text, the important task of macroeconomist?
5. What does macroeconomic analysis attempt to explain?
6. What are the concepts of macroeconomics?
7. What are the most important theories of macroeconomics ?
8. What is said about the correlation between the inflation and unemployment?

1. Macroeconomics vs. microeconomics. Fill in the table to show the difference between:



2. Which of the following statements are true about macroeconomics and macroeconomists:
 1. Macroeconomics deals with global questions only.
 2. Macroeconomics means economics in the large because it asks more questions than microeconomics.
 3. Macroeconomist analyzes activities of families and large firms.
4. Such concepts as gross domestic product, national income and personal disposable income serve as meaningful totals.
 5. Macroeconomic analysis shows the development of the economic theory.
6. Theory of business cycles concerns business. That is why this is a microeconomic theory.
 7. Inflation could not be eliminated without some negative changes in economics.
 8. More recent experience proves that macroeconomists of 60s were wrong.



3. Translate into Russian:
 1. The questions asked by the macroeconomist are in terms of **broad, aggregates**.
2. What determines the capital spending of all firms combined as opposed to the decision to build a new factory by a single firm?

3. Macroeconomists measure overall *economic activity*; analyze the *determinants* of such activity by the use of macroeconomic theory.
 4. Macroeconomic analysis attempts to explain how the magnitudes of the principal macroeconomic variables are determined.
 5. Considerable effort must first be expended to determine what goals could be achieved.
6. More recent experience suggests the *reduction* of unemployment to 5.5 percent of the labor force.
 7. Experience teaches that it would not be possible to *eliminate* inflation entirely.



4. Explain in your own words the importance and practical applications of the following concepts. (Give Russian equivalents):
 1. total production
 2. total employment
 3. the rate of change of overall prices
 4. GDP
 5. national income
 6. personal income
 7. personal disposable income
5. Are you able to answer the following macro- economic questions (If not, explain why it is impossible):
 1. What determines the spending of all consumers?
 2. What determines the capital spending?
 3. What determines the capital spending of all firms?



Questions for discussion:

1. Was there a difference between macroeconomics and microeconomics in the Soviet economics? In 18th century? In 19th century?
2. What is more important for economy in general - microeconomics or macroeconomics?
3. Is there a difference in analyzing macroeconomic and microeconomic problems?

MICROECONOMICS

The word «micro» means small, and microeconomics means economics in the small. The optimizing behavior of individual units such as households and firms provides the foundation for microeconomics.

Microeconomists may investigate individual markets or even the economy as a whole, but their analyses are derived from the aggregation of the behavior of individual units. Microeconomic theory is used extensively in many areas of applied economics. For example, it is used in industrial organization, labor economics, international trade, cost-benefit analysis, and many other economic subfields. The tools and analyses of microeconomics provide a common ground, and even a language, for economists interested in a wide range of problems.

At one time there was a sharp distinction in both methodology and subject matter between microeconomics and macroeconomics.

The methodological distinction became somewhat blurred during the 1970s as more and more macro- economic analyses were built upon microeconomic foundations. Nonetheless, major distinctions remain between the two major branches of economics. For example, the microeconomist is interested in the determination of individual prices and relative prices (i.e., exchange ratios between goods), whereas the macroeconomist is interested more in the general price level and its change over time.

Optimization plays a key role in microeconomics. The consumer is assumed to maximize utility or satisfaction subject to the constraints imposed by income or income earning power. The producer is assumed to maximize profit or minimize cost subject to the technological constraints under which the firm operates. Optimization of social welfare sometimes is the criterion for the determination of public policy.

Opportunity cost is an important concept in microeconomics. Many courses of action are valued in terms of what is sacrificed so that they might be undertaken. For example, the opportunity cost of a public project is the value of the additional goods that the private sector would have produced with the resources used for the public project.

Theory of the Consumer

The individual consumer or household is assumed to possess a utility function, which specifies the satisfaction, which is gained from the consumption of alternative bundles of goods. The consumer's income or income-earning power determines which bundles are available to the consumer. The consumer then selects a bundle that gives the highest possible level of utility.

With few exceptions, the consumer is treated as a price taker — that is, the consumer is free to choose whatever quantities income allows but has no influence over prevailing market prices. In order to maximize utility the consumer purchases goods so that the subjective rate of substitution for each pair of goods as indicated by the consumer's utility function equals the objective rate of substitution given by the ratio of their market prices. This basic utility - maximization analysis has been modified and expanded in many different ways.

Theory of the Producer

The individual producer or firm is assumed to possess a production function, which specifies the quantity of- output produced as a function of the quantities of the inputs used in production. The producer's revenue equals the quantity of output produced and sold times its price, and the cost to the producer equals the sum of the quantities of inputs purchased and used times their prices.

Profit is the difference between revenue and cost. The producer is assumed to maximize profits subject to the technology given by the production function. Profit maximization requires that the producer use each factor to a point at which its ;line-height: 120%"> A producer's cost function gives production cost as a function of output level on the assumption that the producer combines inputs to minimize production cost. Profit maximization using revenue and cost functions

requires that the producer equate the decrement in revenue from producing one less unit (called ;

Vocabulary

constraints — ограничение, стеснение



General understanding:

1. What is, according to the text, microeconomics?
2. What is meant by «economics in the small»?
3. What economic phenomena are of microeconomists attention?
4. Where is microeconomic theory used?
5. What is «optimization»?
6. What is the concept of the theory of consumer?
7. What is the major difference between the theory of consumer and the theory of producer?



Find equivalents in Russian:

1. optimizing behavior of individual units
2. industrial organization
3. labor economics
4. international trade
5. cost-benefit analysis
6. sharp distinction in both methodology and subject matter
7. subjective rate of substitution



Translate into Russian:

1. Microeconomic theory is used extensively in many areas of applied economics.
2. Their analyses are derived from the aggregation of the behavior of individual units.
3. The consumer then selects a bundle that gives the highest possible level of utility.
4. The consumer is free to choose whatever quantities income allows but has no influence over prevailing market prices.
5. The producer equates ; line-height: 120% "> The producer recognizes that price declines as sales are expanded.
7. Under pure competition, the producer is a price taker who may sell at the going market price whatever has been produced.



Give definition to the following:

1. microeconomics
2. applied economics
3. optimization
4. opportunity action
5. utility maximization



Questions for discussion:

1. What areas of applied economics are of the most importance?
2. What distinction in methodology between macro— and microeconomics is the most distinctive?

Практическая работа № 9.

THE LAW OF DEMAND

Demand is a key concept in both macroeconomics and microeconomics. In the former, consumption is mainly a function of income; whereas in the latter, consumption or demand is primarily, but not exclusively, a function of price. This analysis of demand relates to microeconomic theory.

The theory of demand was mostly implicit in the writings of classical economists before the late nineteenth century. Current theory rests on the foundations laid by Marshall (1890), Edgeworth (1881), and Pareto (1896). Marshall viewed demand in a cardinal context, in which utility could be quantified. Most contemporary economists hold the approach taken by Edgeworth and Pareto, in which demand has only ordinal characteristics and in which indifference or preferences become central to the analysis.

Much economic analysis focuses on the relation between prices and quantities demanded, the other variables being provisionally held constant. At the various prices that could prevail in a market during some period of time, different quantities of a good or service would be bought. Demand, then, is considered as a list of prices and quantities, with one quantity for each possible price. With price on the vertical axis and quantity on the horizontal axis, the demand curve slopes downward from left to right, signifying that smaller quantities are bought at higher prices and larger quantities are bought at lower prices. The inverse relation between price and quantity is usually called the law of demand. The law rests on two foundations. One is the theory of the consumer, the logic of which shows that the consumer responds to lower prices by buying more. The other foundation is empirical, with innumerable

studies of demand in actual markets having demonstrated the existence of downward-sloping demand curves.

Exceptions to the law of demand are the curiosa of theorists. The best-known exception is the Giffen effect

- a consumer buys more, not less of a commodity at higher prices when a negative income effect dominates over the substitution effect.

Another is the Veihien effect — some commodities are theoretically wanted solely for their higher prices. The higher these prices are, the more the use of such commodities fulfills the requirements of conspicuous consumption, and thus the stronger the demand for them.

Vocabulary



General understanding:

1. What is «demand»?
2. What is the current theory of demand based on?
3. What prominent economists contributed to the development of the theory of demand?
4. How is it possible to show the interrelation of price and quantities consumed?
5. What is «Giffen effect»?
6. What is Veihien effect?



Find equivalents in Russian and write two sentences with each:

a)

key concept

b)

consumption

c)

empirical foundation

d)

curiosa of theorists

e)

of a commodity at higher prices

f)

strong demand

g)

quantities of a goods

h)

ordinal characteristics

i)

conspicuous consumption



Complete the table.



Which is not true about the law of demand:

1. Consumption is the key concept of microeconomics.
2. Classical economists contributed a lot to the development of the theory of demand.



Translate into Russian:

1. Much economic analysis focuses on the relation between prices and quantities demanded.
2. Marshall viewed demand in a cardinal context, in which utility could be quantified.
3. Consumption or demand is primarily, but not exclusively, a function of price.
4. With price on the vertical axis and quantity on the horizontal axis, the demand curve slopes downward from left to right.
5. A consumer buys more, not less of a commodity at higher prices when a negative income effect dominates over the substitution effect.



Innumerable studies of demand in actual markets having demonstrated the existence of downward-sloping demand curves. Explain the difference and write one sentence with each:

1. sign — signify
2. list - page
3. quantity — quality
4. effect — effective
5. substitute - retribute
6. conspicuous - curious



Find antonyms to the following:

1. negative -
2. possible -
3. numerable -
4. vertical -



Think of examples of exceptions to the Law of Demand in the contemporary Russia. Write an essay of 100—150 words.

Questions for discussion:

1. Do you agree that «conspicuous consumption» plays the great role in the economy of Russia?
2. Do you think that the economic crisis and instant and immediate raise of prices in September 1998 in Russia was provoked by a) producers b) consumers c) wholesalers d) traders?
3. Do you think it is logical that «consumer responds to lower prices by buying more»? Think of an example when consumer believes that prices would go even lower and doesn't react immediately in the expected way.

Практическая работа № 10.

CHANGES IN CONSUMER DEMAND

Increases or decreases in demand are changes in the quantities that would be bought at any of the possible array of prices. Changes in demand are shifts or movements of the entire demand curve. A shift to the right means an increase in demand. It can come from any one or a combination of the following: a change in consumer desire or taste, sometimes augmented by volumes of advertising; a rise in consumers income; a rise in the prices of

In an uncertain economy, especially an inflationary one, price expectation can affect demand. For storable commodities, when consumers believe that expected future prices will be higher, buyers tend to increase their current demand and thus tend to make their expectations self-fulfilling.

The demands for durable goods can fluctuate widely over time, as consumers' incomes vary. A durable good has both a stock demand and a flow demand. The stock demand is for the amount

that consumers want to hold over a period of years. The flow demand in a given year consists of replacement demand, i.e., for purchases to maintain the stock at some level, and of expansion demand, i.e., for purchases to increase the stock.

Vocabulary



General understanding:

1. What are increases or decreases in demand?
2. What does the shift to the right of the demand curve mean?
 3. What are possible causes of the process?
4. What does the shift to the left of the demand curve mean?
 5. Are there exceptions to the general rule?
6. How does price expectation affect demand?
7. What is said about demand fluctuations?



Find equivalents in Russian and write two sentences with each:

1. array of prices
2. increase in demand
3. a fall in the prices of complements
 4. price expectation
 5. current demand
 6. replacement demand
 7. flow demand



Translate into Russian:

1. Changes in demand are shifts or movements of the entire demand curve.
2. Inferior goods are those goods and services bought in smaller amounts as consumer incomes rise.
3. In an uncertain economy, especially an inflationary one, price expectation can affect demand.
4. The stock demand is for the amount that consumers want to hold over a period of years.



Explain the difference between the following words. Write one sentence with each to illustrate the lexical meaning:

1. able — willing
2. occur — happen
3. exceed — prevail
4. affect — effect
5. dependent — interdependent
6. relate — relative - relations



Questions for discussion:

1. What products could be referred to as inferior?
2. Do you think that the term inferior goods could be applied to the products of some countries, i.e. China, Turkey, etc.
3. Do you think that it has become traditional in Russia to have a stock of such storable commodities as salt, sugar, soap and matches?

LAW OF SUPPLY

Supply is a fundamental concept in both macro- and microeconomic analysis. In macroeconomic theory, aggregate supply is mainly a function of expected sales to consumers, businesses, and governments. In microanalysis supply is mainly a function of prices and costs of production. A more complex view of the supply curve for a commodity is its relation between quantities forthcoming and the possible current prices of that commodity, its expected future prices, the prices of alternative goods and services, the costs of the producer, and time.

Opportunity Costs

Incorporated in the supply curve of goods and services are opportunity costs. Economists differ from accountants and from the Internal Revenue Service by including both explicit and implicit costs, or opportunity costs. Implicit costs are mainly business costs for wages, rents, and interest, whereas opportunity costs are the alternative costs of doing something else. A sole proprietor or the owners of businesses should calculate what they forgo in wages, rents, and interest by not working for someone else, or by renting the property they use to others, or by the possibility of converting plant and equipment to alternative investment projects.

The Shape and Position of Supply Curves

In competitive markets the shape, or elasticity of supply, reflects time in the production process, such as the immediate or market period, the short run, and the long run. Elasticity of supply is the relative change in price that induces a relative change in quantity supplied. The supply curve is a line on a diagram where the vertical axis measures price and the horizontal axis is quantity. Usually the coefficient of elasticity is positive, meaning that a rise in price induces an increase in the quantity supplied. In the immediate or market period, a given moment, time is defined as too short to allow for a change in output. The supply curve is vertical, and the coefficient of elasticity is zero.

The short run is defined as a period sufficiently long to permit the producer to increase variable inputs, usually labor and materials, but not long enough -to permit changes in plant and equipment. The supply curve in the short run is less inelastic or more elastic than in the immediate period. The long run permits sufficient time for the-producer to increase plant and equipment. The longer the time, the greater the elasticity of supply.

Changes in supply are shifts in the position of supply curves. An increase in supply is a rightward movement of a supply curve, with more of the commodity being offered for sale at each possible price. Conversely, a decrease in supply shifts the supply to the left. An increase in supply can occur because sellers expect lower prices in the future, or, as in the agricultural sector, because of bountiful crops. The reverse is true of a decrease in supply. Over periods of time long enough for production processes to change, improvements in technology and changes in input prices and productivities are the main causes of changes in supply.

Vocabulary

to permit - позволять, разрешать



General understanding:

1. What is the difference of the concept of supply in macro— and microeconomics?
2. What are opportunity costs?
3. What are implicit costs?
4. What, according to the text, a sole proprietor or the owners should do?
5. What does the elasticity of supply show?
6. What is the difference between the short-time and long-time supply?
7. Why do changes in the supply affect the position of the supply curve?



Which of the following is not true:

1. Supply is a concept of macroeconomics.

2. Economists differ from bookkeepers and tax-gatherers because they include also opportunity costs.
3. The shape of the supply curve provides specialist with the information on elasticity of supply and the reflection of the shareholder.
4. The supply curve is a line on a diagram where the vertical axis measures price and the horizontal axis is quantity.
5. Bountiful crops is a cause of increase in supply.
6. Improvements in technology and changes in input prices and productivities are the main causes of the changes in elastic demand.



Find equivalents in Russian:

1. fundamental concept
2. current prices
3. business costs for wages,
4. sole proprietor
5. alternative investment projects.
6. coefficient of elasticity
7. a decrease in supply
8. improvements in technology



Find antonyms for the following words. Write one sentence with each:

1. expected —
2. complex —
3. possible —
4. future —
5. competitive —



Find the synonyms of the following:

1. accountant —
2. calculate —
3. permit —
4. expect —
5. complex —
6. opportunity —
7. businessman —
5. Define the following terms in English:
 1. aggregate supply
 2. opportunity costs
 3. sole proprietor
 4. elasticity of supply
 5. coefficient of elasticity



Questions for discussion:

1. How do you understand: «Economists differ from accountants and from the Internal Revenue Service»?
2. In what sphere can a person with the economic education work?
3. What is a better-paid job for economist: applied economics or theoretical research? Give examples to support your opinion

Практическая работа № 11.

Competitive and monopolistic markets

COMPETITIVE MARKET

Competition refers to the nature of the conditions under which individuals may trade property rights. It assumes a definition of property rights that individuals may trade among themselves as well as a description of the trading process. A competitive equilibrium is the outcome of competition. The very existence of such an equilibrium depends on the nature of the property rights. These aspects of competition are especially important in connection with the development of new technology and new products and with the use of low-cost, large-scale methods of production and distribution.

The simplest situation in an analysis of competition is a market where individuals have initial endowments of commodities that they own and that they may trade among themselves. All trades occur at the same time and place. The essential characteristics remain valid when trades do not all occur at the same time and place. However, individuals would have incomplete knowledge relevant for their decisions. This complication changes the nature of the outcome of competition. Incomplete knowledge is inevitable partly because the future is unknown. Even so, it is often less costly to take current actions that will have future consequences without knowing that these will be than to respond only to momentary events of the present. The advantages of planning and the resulting exposure to hazards that may occur alter the effects of competition.

These basic considerations help explain the nature of production and why the quantities of goods offered will change over time in response to the expectations and information firms have. They also explain why some common notions about competition are inadequate. Among the inadequate notions about competition is the belief that a necessary condition for competition is a lack of power by any firm to affect the prices of its products. Sometimes this is put in another form, that competition can exist in an industry only if the demand curves-facing the individual firms in that industry are infinitely elastic so that changes in the quantities sold by a single firm cannot affect the product price. This condition is not necessary for competition. Nor is it necessary for competition that the number of firms be so large that each one is of negligibly small size relative to the total market for the commodities made by firms in the industry. Finally, it may be consistent with competition that some or all firms in an industry have obtained very high profit rates.

Pure Exchange

Assume there is a market where there are individuals, each of whom starts with given amounts of various commodities. Each one would like to make trades that will result in the acquisition of goods preferred to those goods to be exchanged. The theory assumes that for each trader the purpose of trade is to improve the trader's position. Hence, the trader would not willingly leave the market with a bundle of goods worth less than his or her initial holdings. The theory also assumes that each trader owns the commodities to be traded, that they can be traded on terms that are mutually acceptable to the parties directly involved in an exchange, and that each trader may accept or reject the terms offered. Underlying the possibility of exchange is the existence of property rights in the goods. Competition requires voluntary exchange so that no trader is compelled to accept or reject offers without freely given consent. The very notion of exchange

implies, therefore, a voluntary agreement among those who are directly involved in the transaction on the terms that each one willingly accepts.

In pure exchange, although the total quantities of the commodities exchanged among the parties is constant, each one must regard the obtained goods as worth more than the exchanged goods. If the parties can reach agreement on mutually beneficial terms of exchange, the result is an allocation of the commodities among the individuals that must make at least one of them better off than before and cannot make anyone worse off than before.

The theory assumes that no individual accepts terms that would leave that individual in a worse position than if no trades at all were made. The existence of a state of competition in pure exchange allows the participants to seek the best terms that they can obtain from the others.

Competition does not require the presence of a very large number of traders nor does it require that each of the individual traders in the market must be of such a small relative size that none can affect the terms of trade. Traders can make tentative agreements with each other subject to the condition that these agreements become binding only if none can obtain better terms from others. The final outcome is a set of exchanges among the traders such that no individual or group of individuals can obtain better terms. The set of outcomes with these attributes need not be unique. All possible outcomes with these attributes represent the state of competition. The set of all possible trades that can satisfy these conditions is known as the core of a market.

Therefore, the set of trades induced by competition in a market is in the core of a market.

Vocabulary



General understanding:

1. What is competition?
2. What is a competitive equilibrium?
3. What is the simplest situation in the analysis of competition?
4. What, according to the text, are the basic considerations of the competition and what do they explain?
5. What are the «inadequate» notions about competition?
6. What does the competition require?
7. What are the features of pure exchange?



Which of the following is true:

1. Competition refers to both the trade of property rights and the description of the trading process.
2. A competitive equilibrium is the result of competition.
3. Goods are infinitely elastic when the demand for them is elastic.
4. Some or all firms may have high profits under competition.
5. Competition is only possible when people are willing to exchange commodities.
6. In pure exchange each participant exchanges bad goods for better ones.
7. Core market is the set of all possible trades that can satisfy these conditions.



Define the following terms in English:

1. competition
2. property rights
3. competitive equilibrium
4. infinitely elastic demand curves
5. pure exchange
6. individual trader
7. description



Translate into Russian:

1. Competition refers to the nature of the conditions under which individuals may trade property rights.
2. The very existence of such an equilibrium depends on the nature of the property rights.
3. The essential characteristics remain valid when trades do not all occur at the same time and place.
4. The theory assumes that for each trader the purpose of trade is to improve the trader's position.
5. Underlying the possibility of exchange is the existence of property rights in the goods.
6. Traders can make tentative agreements with each other.



Questions for discussion:

1. Under what circumstances competition is impossible?
2. Under what circumstances is pure exchange possible?
3. Do you think that competition stimulates the production of better goods? What role does advertising play in competition?

MONOPOLY

Monopoly is a market structure with only a single seller of a commodity or service dealing with a large number of buyers. When a single seller faces a single buyer, that situation is known as bilateral monopoly.

The most important features of market structure are those, which influence the nature of competition and price determination. The key element in this segment of market organization is the degree of seller concentration, or the number and size distributions of the sellers. There is monopoly when there is only one seller in an industry, and there is competition when there are many sellers in an industry. In cases of an intermediate number of sellers, that is, something between monopoly and competition, there can be two sellers (duopoly), a few sellers (oligopoly), or many sellers (atomistic competition).

Today the term monopoly is usually extended to include any group of firms, which act together to fix prices or levels of production. Complete control of all output is not necessary to exercise monopoly power. Any combination of firms, which controls at least 80 percent of an industry's production, can dictate the prices of the remaining 20 percent.

Aside from private monopolies, there are public monopolies. One example of a public monopoly in the United States is the nonprofit postal service. There is also the «natural» monopoly, which exists when it is more efficient, technically, to have a single seller.

Although the precise definition of monopoly — a market structure with only a single seller of a commodity or service — cannot be applied directly to a labor union because a union is not a seller of services, labor unions have monopolistic characteristics. For example, when a union concludes a wage settlement, which sets wage rates at a level higher than that acceptable to unorganized workers, the union clearly contributes to monopolistic wage results. In effect, the price of labor (wages) is set without regard to the available supply of labor.

Monopolies versus Competition

Pure monopoly is a theoretical market structure where there is only one seller of a commodity or service, where entry into the industry is closed to potential competitors, and where the seller has complete control over the quantity of goods offered for sale and the price at which goods are sold. Pure monopoly is one of two limiting cases used in the analysis of market structure. The other is pure competition, a situation in which there are many sellers who can influence neither the total quantity of a commodity or service offered for sale nor its selling price. Hence, monopoly is the exact antithesis of competition. It is generally agreed that neither of these two limiting cases is to be found among existing market structures.

The monopolist establishes market position by ability to control absolutely the supply of a product or service offered for sale and the related ability to set price. Theoretically, profit maximization is the primary objective, and it is often possible to achieve this by restricting output and the quantity of goods offered for sale. Levels of output are held below the quantity that would be produced in a competitive situation. Hence, monopoly is of interest to economic policymakers because it may impede the most efficient possible allocation of a nation's economic resources.

Monopolies held by individuals or organizations may begin by the granting of a patent or a copyright, by the possession of a superior skill or talent, or by the ownership of strategic capital. The huge capital investment necessary to organize a firm in some industries raises an almost insurmountable barrier to entry in these monopolistic fields and, thus, provides established corporations in these industries with potential monopoly power.

The use of such monopoly power may lead to the development of substitute products, to an attempt at entry into monopolistic fields by new firms (if profits are high enough), or to public prosecution or regulation. The antitrust policy of the federal government has prevented the domination of an industry by one firm or even a few firms. Moreover, with the growth of international trade and investment, it is no longer possible to determine whether an effective monopoly exists by studying market shares. The recent competitive pressures from Japanese sellers of autos and electronic products have resulted in more competition and less monopoly power on the part of U.S. manufacturers. Thus, the trend during the last 40 years or so in the United States has been away from monopolies in many industries and toward oligopolies.

Vocabulary



General understanding:

1. What is a monopoly, duopoly, oligopoly, atomistic competition?
2. What is a bilateral monopoly?
3. Is full control necessary for the monopoly?
4. What is an example of a public monopoly?
5. What is a «natural» monopoly?
6. What are the two «limiting cases» used in the analysis of market structures?
7. How do the monopolies begin?



Which of the following is wrong:

1. When two buyers meet two sellers it is called bilateral monopoly.
2. The degree of sellers concentration is the number and size distributions of monopolists.
3. Any group of firms which act together to fix prices or levels of production is a monopoly.
4. Monopoly is a 100% different thing than competition.
5. Economic policymakers are interested in monopolies on markets.



Find the equivalents in Russian:

1. market structure
2. segment of market
3. public monopolies
4. labor unions
5. entry into the industry
6. profit maximization
7. substitute products
8. antitrust policy



Translate into Russian:

1. Monopoly is a market structure with only a single seller of a commodity or service dealing with a large number of buyers.
2. The key element in this segment of market organization is the degree of seller concentration.
 3. Complete control of all output is not necessary to exercise monopoly power
4. Pure monopoly is a theoretical market structure where there is only one seller of a commodity or service.
 5. Monopoly is the exact antithesis of competition.
 6. The use of monopoly power may lead to the development of substitute products.
7. The trend during the last 40 years or so in the United States has been away from monopolies in many industries and toward oligopolies.



Give definitions in English to the following:

1. monopoly
2. bilateral monopoly
3. duopoly
4. atomistic competition
5. «natural» monopoly
6. public monopoly



Questions for discussion:

1. Are there any examples of bilateral monopolies on the:
 - a. world market
 - b) domestic market
 - c) local market
2. Think of an example of a public monopoly. Is postal service in Russia also a public monopoly as it is in USA?
3. What are the criteria for defining a monopoly «natural»? Give an example.

Практическая работа № 12.

WHAT IS OLIGOPOLY

An oligopoly exists when a few sellers of a commodity or service deal with a large number of buyers. When a few sellers face a few buyers, that situation is known as bilateral oligopoly. In the case of oligopoly a small number of companies supply the major portion of an industry's output. In effect the industry is composed of a few large firms which account for a significant share of the total production. Thus, the actions of the individual firms have an appreciable effect on their competitors.

However, it does not follow as a consequence of the presence of relatively few firms in an industry that competition is absent. Although there are few firms in an industry, they may still act independently, and the outcome of their actions is consistent with competition. With few firms in an industry, each takes into account the likely repercussions of its actions. For example, each seller knows that if he or she lowers prices, the few competitors will immediately follow suit and lower their prices, leaving the seller with roughly the same share of the total market but lower profits. However, the seller may be reluctant to raise prices because competitors might not follow this lead.

One feature of markets with few sellers is that prices are often stable, except during periods of very rapid inflation. Also, prices of oligopolistic industries generally fluctuate less widely than in more competitive industries.

Vocabulary



General understanding:

1. When does oligopoly exist?
2. What is bilateral oligopoly?
3. Is absent of competition a common phenomenon?
4. What is known to happen if one competitor lowers the price?
5. What is the feature of the market with few sellers?



Translate into Russian:

1. When a few sellers face a few buyers, this situation is known as bilateral oligopoly.
2. The actions of the individual firms have an appreciable effect on their competitors.
3. Although there are few firms in an industry, they may still act independently
4. One feature of markets with few sellers is that prices are often stable.
5. Prices of oligopolistic industries generally fluctuate less widely.



Compose sentences using the following expressions:

1. to deal with smth.
2. to face smth.
3. to be composed of smth.
4. to be reluctant to smth.
5. in case of smth.



Write an occupation of a person. Compose one sentence with each word:

1. produce —
2. consume —
3. trade —
4. purchase —
5. sell —
6. observe —



Find equivalents in Russian:

1. act independently
2. take into account
6. not follow this lead
4. fluctuate less widely



Questions for discussion:

1. How can policymakers influence the economics via oligopolies?
2. Is price stability a good trend in economy? What about the 60s-70s in the history of USSR?
3. Why in your opinion there are no such institutions as natural and public oligopolies?

Обязанности бухгалтера

An accountant is a professional who works for a company and is responsible for recording all of the financial aspects related to all type of taxes, income and expenditures, budgets, and many other things.

Бухгалтер – это профессионал, работающий на компанию, и ответственный за регистрацию всех финансовых аспектов, связанных со всеми видами налогов, доходов и затрат, бюджетами, и многими другими вещами.

- duties – обязанности;
- responsible – ответственный;
- recording – регистрация, запись;
- income – доход, выручка;
- expenditures – расходы, затраты

- Tax – налог

• Tax liability – налоговое обязательство

The amount of tax that you have to pay = tax liability.

Сумма налогов, которые вы должны уплатить = налоговое обязательство.

- Deduction – вычет, удержание
- Taxable income – налогооблагаемый доход
- Itemized deduction – детализированный, постатейный вычет, вычет по видам расходов

A list of deductions from taxable income = itemized deduction.

Список вычетов из налогооблагаемого дохода = детализированный вычет

- Stock – акция (амер.)
- Bond – облигация, долговое обязательство
- Real estate – недвижимое имущество
- Capital gains – прирост капитала, доходы от прироста капитала

Money that you make from stocks, bonds, real estate, etc. = capital gains.

Деньги, которые вы заработали на акциях

Someone who promises to pay for you in case you can't = co-signer.

Кто-то, кто обещает заплатить за вас в случае, если вы не можете = соподписант.

- Legally liable – подлежащий ответственности перед законом, судом

A cosigner is legally liable (= responsible) for the repayment of the loan.

Соподписант несет юридическую ответственность за погашение займа.

- Borrower – заемщик
- Lender – кредитор (банк), займодавец (небанковская организация)

A contract between the borrower and the lender = promissory note.

Договор между заемщиком и займодавцем = простой вексель, долговая расписка, долговое обязательство.

Conditions, rules = terms.

Условия, правила = terms.

Перевод российского бухгалтерского баланса (форма 1) на английский язык

Quotes and sayings about money and shopping

- Money is a good servant but a bad master.
 - Money has no smell.
- Money often unmakes the men who make it.
 - A penny saved is a penny gained.
- Shopping makes me happy, spending money makes me depressed.
 - Shopping is the best medicine.
- A bargain isn't a bargain unless it's something you need.

- Work hard so you can shop harder.
- When I'm sad shopping helps

General Finance Related Vocabulary	Общая финансовая лексика
Interest rate	Процентная ставка
The global central banks want to keep interest rates at artificially (= unnaturally) low levels.	Центральные банки всего мира хотят поддерживать процентные ставки на искусственно (= неестественно) заниженных уровнях.
Going to end Short term	Закончиться, подойти к концу Короткий срок
This is not going to end soon = This is not going to end in the short term.	Это не закончится скоро = Это не закончится в короткий срок.
Government intervention	Вмешательство правительства, государства
Sometimes government intervention is necessary = Sometimes the government has to get involved.	Иногда вмешательство государства необходимо
Wage – заработная плата (сдельная)	
A list of all employees and their wages = payroll.	Список всех сотрудников и их заработной платы = платежная ведомость, ведомость заработной платы
Accounting records – документы бухгалтерского учета Business transaction – хозяйственная операция, транзакция	
An accounting record where all business transactions are initially entered = journal.	Документ бухгалтерского учета, в который первоначально вводятся все хозяйственные операции = журнал.
Expenses – затраты, расходы	
Money that is spent to purchase goods or services provided by someone else = expenses.	Деньги, затраченные на покупку товаров или услуг, предоставляемых сторонним лицом = затраты, расходы.
Detailed summary – подробная/дета	

Практическая работа № 13.

Translate into Russian:

Supply and demand have not traditionally affected the price of higher education. That's because supply largely remain unchanged, while demand was ever-rising.

The combination of stronger demand and limited supply is pushing up home prices. That could encourage more sellers to put their homes on the market because they can expect a better price.

Energy consumption had been rapidly increasing as the country's economy expands. More stable and sufficient energy supplies will be required in the coming years.

Low interest rates and strong consumer demand are boosting domestic consumption. As a result, economists expect Malaysia's gross domestic product to expand.

China is consuming natural resources too fast. Its rate of consumption is already disproportionately large relative to its GDP. This will push resource prices up and thus hinder its growth.

At the current economic growth rate, China's energy consumption will increase by 40 percent by 2020. That growth in consumption alone equals the total consumption of Japan and Canada in 2009.

Communism is the public ownership and public control of the means of production.

The state laws also allow Detroit to levy a higher income tax than other cities. It generated \$245 million last year.

He was eventually convicted of income-tax evasion and spent 16 months in prison.

I reject increasing the state income tax or state sales tax for several reasons.

In addition, raising income tax would have a negative effect on economic growth.

A limited liability company is a for-profit legal entity that behaves similarly to a corporation.

In addition, the other tax levied on fuel, VAT, is charged at the standard rate. So as the price of fuel rises, the amount of VAT charged also rises.

We want to make sure our retail customers make money. Over the last two years, we've worked to improve customer

economics. We've lowered some wholesale prices and introduced new products at lower prices. Also, there's a volume incentive plan. Through growth in sales, the retailer can receive additional funds.

Практическая работа № 14.

Тема: “*Экономика США*”.

Words:

due to	вследствие, из-за	downtown	деловая часть города
plenty of	много	to look alike	выглядеть одинаково
mine	шахта, рудник	cluster	скопление, концентрация
fertile	плодородный	to be dotted with ...	быть усеянным
to raise	выращивать	to advertise	рекламировать
skyscraper	небоскрёб	consumer goods	потребительские товары
average	средний	to deal in ...	иметь дело с ... , заниматься
store	магазин	to tend	иметь тенденцию, склонность
processing	переработка		

Text.

ECONOMY OF THE U.S.A.

The United States of America is a highly developed industrialized country. Shipbuilding, electronics, automobile industry, aircraft industry, space research are highly developed in the States.

Each region of the United States has characteristics of its own due to the differences in climate, landscape and geographical position.

Great Lakes, Atlantic Coast, Pennsylvania, New Jersey are biggest industrial regions of the country.

The United States has a lot of mineral deposits or resources such as coal, gold, silver, copper, lead and zinc. The south, especially Texas is rich in oil. The coalfields of Pennsylvania are rich in coal. There are plenty of coal mines.

Illinois, Iowa, Nebraska is the richest farming region of America and it is known as the Corn Belt. The land is fertile and well watered. They grow mostly corn and wheat there. Much livestock is also raised here.

There is a lot of fruit raising area. For example, California oranges, grapefruit, lemons, as well as other fruits, wines and vegetables are shipped all over the States and to other parts of the world. The most important crops grown in the States are also tobacco, soy-beans, peanuts, grapes and many others. There are a lot of large and modern cities, but a great proportion of the country consists of open land dotted with farmhouses and small towns. The usual average town, in any part of the United States, has its *Main Street* with the same types of stores selling the same products. Many American residential areas tend to have a similar look. As to big cities their centres or downtowns look very much alike. Downtown is the cluster of skyscrapers imitations of New York giants.

New York City is the first biggest city of the States. Its population is more than eight million people. It is a financial and advertising business centre. It is also a biggest seaport of the Hudson River. Industry of consumer goods is also developed here.

Chicago with a population of more than three and a half million is the second largest city in the U.S.A. It deals in wheat and other grains, cattle meat processing and manufacturing. Other big cities are Houston, an oil refining and NASA space research centre, New Orleans, a cotton industry centre, Los Angeles with Hollywood, Philadelphia, a shipping commercial centre, Detroit, a world's leading motor car producer and many others.

Exercises:

№ 1. Answer the questions using the text:

What industries are highly developed in the U.S.?

What mineral deposits are there?

What plants are grown in the U.S.? Why?

What can you say about the usual average town?

№ 2. Find the English equivalents in the text:

благодаря различиям в климате;

земли плодородны и хорошо орошаемы;

выращивают кукурузу и пшеницу;

разводят много скота;

большие площади заняты фруктовыми садами;

вывозятся в другие штаты и страны.

№ 3. Sum up what the text says about:

the biggest industrial regions of the U.S.A.

New York

Chicago

Huston

New Orleans

Практическая работа № 15.

Тема: *“Высшее образование в США”*.

Words:

Higher education	Высшее образование
A community college	Местный колледж
To have a special subject area	Специализироваться в определённой области
A humanity	Гуманитарный предмет
A social science	Общественная наука
A natural science	Естественная наука
An undergraduate	Студент
To get an undergraduate degree in the arts or sciences	Получить степень в области гуманитарных или естественных наук
Bachelor of Arts/ Science degree	Степень бакалавра гуманитарных/ естественных наук Продолжить обучение для получения степени магистра

To go on for a graduate or professional degree	или профессиональной степени
Publicly funded	Финансируемый из общественных источников
Privately funded	Финансируемый из частных источников
An exchange student	Студент, обучающийся по программе культурного обмена

Text:

HIGHER EDUCATION IN THE USA

In the United States, a student who has finished school may want to continue in higher education. There are some ways to do it: universities, colleges, community colleges, technical schools, etc.

A university in the USA usually has several different colleges in it. Each has a special subject area. There may be a college of arts where humanities, social sciences, natural sciences and mathematics are taught. There may be a college of education and a college of business. A program for undergraduates usually takes four years after which university students get an undergraduate degree in the arts or sciences. If they complete a course of study they get Bachelor of Arts or Science degree. Students may then either leave university or go on for a graduate or professional degree.

The university may get money from several different sources. A publicly funded university gets money from the state government, a privately funded university gets money from private sources.

College students usually spend 4 years at school, too. A college does not have graduate or professional programs. If a college student completes a course of study in arts or science, he or she gets Bachelor of Arts or Science degree. If college students want to continue their education they must go to university. The most famous American universities are: University of California, State University of New York, Columbia University and others.

Exercises:

№ 1. Answer the questions using the text

1. What are the ways to get higher education in the USA?
2. What subjects are taught in the college of arts?
3. What degree do university students get in the USA?
4. Does the US government give financial support to the universities?

5. Imagine you are an exchange student. What American University or college would you like to study at? Why?

№ 2. Translate from Russian into English using the text:

Программа для студентов, степень в области гуманитарных наук, продолжить образование, самые знаменитые американские университеты.

№ 3. Fill in the words used in the text:

A university in the USA ... has several different colleges in it.

Students may then either ... university or go on for a graduate or professional degree.

The university may get money from ... different sources.

Практическая работа № 16.

“Деловая активность”.

Тема: *“Рабочее время”.*

Words:

to break (broke, broken)	ломать, нарушать	labour <i>syn. work</i>	труд
law	закон	thanksgiving	благодарение
to break the law	нарушать закон	Thanksgiving (Day)	День Благодарения
criminal proceedings	уголовное судебное разбирательство	to date back to ...	восходить (к определённой эпохе)
to take criminal	начать судебное	century	век

proceedings	расследование	act	акт, постановление
to abolish	отменять, упразднить	to act	действовать
Easter	Пасха	supplement	дополнение
to celebrate	праздновать	supplementary	дополнительный
independence	независимость	Supplementary Act	дополнение к акту, постановлению, закону
to be independent of	быть независимым от		

Text.

BUSINESS HOURS

The standard working day in the United Kingdom and the U.S.A. starts at 9:00 a.m. and lasts till 5:00 p.m. with lunch time from 1:00 p.m. to 2:00 p.m. Many banks are usually open for customers from 9:30 a.m. to 3:30 p.m. Some businesses and industries traditionally work different hours.

Most employees have a five-day working week, Monday through Friday. The working week is between 35 and 40 hours long. Overtime is quite common and is generally paid, often at a premium to the basic rate of pay. The weekend usually starts on Friday night and lasts till Monday.

Thus on Saturdays and Sundays most businesses are closed. But as to shops they are open on Saturdays and some of them are open on Sundays.

In Britain the law does not say what shops can be open on Sundays but it says what goods can be sold on Sundays. They are newspapers, magazines and fresh food. If the law is broken, criminal proceedings may be taken. Many officials and the public demand that the Sunday trading rules should be abolished in the U.K.

Most businesses are closed on public or national holidays.

The main public holidays of the **U.K.** are as follows:

<i>New Year's Day</i>	1 January
<i>Good Friday</i>	in April

<i>Easter</i>	in April
<i>Easter Monday</i>	in April
<i>May Day</i>	in May
<i>Christmas Day</i>	25 December
<i>Boxing Day</i>	26 December

Exercises:

I. Answer the questions using the text.

1. When does the standard working day start and finish in the U.K. and the U.S.A.?
2. What is a weekend?
3. How long is the working week there?
4. What goods can be sold on Sundays in the U.K.?

II. Fill the words used in the text:

Most businesses are ... on public or national holidays.

The weekend usually starts on Friday night and ... till Monday.

Some businesses and ... traditionally work different hours.

III. Find the English equivalents in the text.

1. Большинство предприятий закрыты.
2. Товары могут продаваться.
3. Если нарушается закон.
4. Работают в разное время.

Тема: *“Виды предприятий Великобритании”*.

Words:

sole	единственный
to trade	торговать

partnership	товарищество
limited liability company	компания с ограниченной ответственностью
branch	отделение
to own	владеть
estate agent	агент по купле-продаже недвижимого имущества
management	управление, менеджмент
stationery	канцелярские бланки
joint-stock company	акционерная компания
shareholder	акционер
stock exchange	фондовая биржа
to offer	предлагать
law	закон

Text.

TYPES OF BUSINESSES IN THE U.K.

Most businesses in the United Kingdom operate in one of the following ways:

- sole trader
- partnership
- limited liability company
- branch of a foreign company.

The ***sole trader*** is the oldest form of business. There are many one-man owners, for example: a fanner, doctor, solicitor, estate agent, garage man, jobber, builder, hairdresser etc. The ***partnership*** is a firm where there are a few partners. They are firms of solicitors, architects, auditors, management consultants etc. The names of all the partners of the firm are printed on the stationery of a partnership.

The most common type of company in the United Kingdom is the ***limited liability company***. At the end of the name of such a company the word *Ltd.* is used. For example: *Wilson and Son Ltd.*

Many of such companies are joint-stock companies owned by shareholders.

Limited liability companies are divided into public and private ones. Only public companies may offer shares to the public at the stock exchange. The names of such companies end in *p.l.c.* which stands for *public limited company*. For instance: *John and Michael p.l.c.*

Private limited companies may not offer shares to the public. The names of such companies end simply in *Ltd.*

A **branch of a foreign company** is a part of a company incorporated outside Great Britain but acting under the law of the U.K. Usually these companies act in the U.K. under their normal foreign names.

Exercises:

I. Answer the following questions:

1. What is the most common type of company in the U.K.?
2. Are all limited liability companies joint-stock companies ?
3. What can you say about the types of the following companies ?

Fine Furniture Ltd.

General Foods p.l.c.

II. Translate into Russian:

Sole trader, farmer, garage man, joint-stock limited liability company, private limited liability company, a company acting under the British law.

III. Fill in the words used in the text:

1. The names ofof the firm are printed on the stationery of a partnership.
2. The names of such companies ... simply in Ltd.
3. Many of such companies are joint-stock companies ... by shareholders.

Практическая работа № 17.

Тема: “*Виды предприятий США*”.

Words:

corporation	корпорация	at will	по желанию
alien	иностранец	authorities	власти

liable	ответственный	state authorities (Am.)	власти штата (ам.)
liable for ...	ответственный за...	state authorities (E)	государственные власти (европ.)
debt	долг	to state	указывать
to share	делить, участвовать	power	способность, возможность
profit	прибыль, доход	powers	полномочия
to profit	получать прибыль	to prefer	предпочитать
investment	инвестиция, вложение капитала	taxation	налогообложение
stockholder	акционер	to require	требовать
to elect	выбирать	requirement	требование
		to buy (bought, bought)	покупать
		to sell (sold, sold)	продавать

Text.

FORMS OF BUSINESSES IN THE U.S.A.

Businesses in the U.S.A. may be organized as one of the following forms:

- individual business
- general partnership
- limited partnership
- corporation
- alien corporation

An ***individual business*** is owned by one person.

A ***general partnership*** has got several owners. They all are liable for debts and they share in the profits.

A *limited partnership* has got at least one general owner and one or more other owners. They have only a limited investment and a limited liability.

A *corporation* is owned by persons, called stockholders. The stockholders usually have certificates showing the number of shares which they own. The stockholders elect a director or directors to operate the corporation. Most corporations are closed corporations, with only a few stockholders. Other corporations are owned by many stockholders who buy and sell their shares at will. Usually they have little interest in management of the corporations.

Alien corporations are corporations of foreign countries.

All the corporations are to receive their charters from the state authorities. The charters state all the powers of the corporation. Many corporations try to receive their charters from the authorities of the State of Delaware, though they operate in other states. They prefer the State of Delaware because the laws are liberal there and the taxation is rather low. Such corporations, which receive their charters from an outside state, are called *foreign corporations*.

All the corporations require a certificate to do business in the state where they prefer to operate.

№ 1. Sum up what the text says about:

individual businesses

general partnerships

limited partnerships

corporations

alien corporations

foreign corporations

charters and certificates

№ 2. Translate into Russian:

general partnership to be liable for debts,

to share in profits, limited partnership,

to have a limited investment, to have a limited liability corporation,

closed corporation, certificates showing the number of shares they own.

№ 3. Compare the two previous text on the following types of business in the

U.K. and the U.S.A.:

sole traders – individual businesses

partnerships – general and limited partnerships

Тема: *“Регистрация корпораций и обществ”*.

Words:

incorporation	корпорация, регистрация, оформление
to regulate	регулировать
act of parliament	акт парламента
to register	регистрировать
to deliver	представить
to certify	удостоверять
charter	учредительный документ
to issue	издавать, выпускать
file	дело
hereby	настоящим, этим
fee	сбор
deed stamp	печать о совершении дела
stamp duty	гербовый сбор

Text.

INCORPORATION

All partnership and companies are regulated by the law of the U.K. or by Acts of Parliament, and are to be registered with the Registrar of companies. In order to be registered they are to deliver a few documents, namely:

- a certified copy of the company’s charter
- statute
- memorandum and others.

When a company is registered a certificate of incorporation is issued by the Registrar.

Here is one of the certificates:

Duplicate for the file No 989855

Certificate of Incorporation

I hereby certify that the Goldfields, Limited is this day incorporated under Companies Acts, 1862 to 1994, and that the Company is Limited.

Given under my hand at London this tenth day of July one thousand nine hundred and ninety four.

Fees and Deed Stamps 15,200. 00

Stamp Duty on Capital 13,510. 00

Registrar of Joint Stock Companies

Certificate received by Stephen Low

65 London Wall, E.C.,

Date 13 the July, 1994

Exercises:

I. Find the English equivalents in the text:

1. Деятельность товариществ и компаний.
2. Зарегистрированы официальным регистратором.
3. Представить несколько документов.
4. Выдается свидетельство о регистрации.

II. Give the Russian equivalents:

a certified copy

company's charter

statutes

fees

deed stamps

stamp duty on capital

III. Fill the sentences from the text:

1. When a company is registered a certificate
2. In order to be registered they are to deliver
3. All partnerships and companies are regulated by the law of the U.K. or by Acts of Parliament, and are to be registered with

Практическая работа № 18.

“Деловые люди”

Тема: “Директора и менеджеры”.

Words:

private	частный
public	публичный
upper	верхний
to list	вносить в список
to head	возглавлять
board of directors	директоров
to elect	выбирать
to appoint	назначать
to be in charge of something	заведовать чем-либо, отвечать за что-либо
to run the company	управлять компанией
assistant	помощник управляющего
deputy	заместитель
affairs	дела

restriction	ограничение
responsible	ответственный
personnel	персонал
business card	визитная карточка

Text:

DIRECTORS AND MANAGERS

As a rule a private company has only one director.

A public company must have at least two directors.

Usually there is no upper limit on the number of directors a public company may have. The company's note-paper must list either all or none of the names of its directors.

A limited liability company or a corporation is headed by the board of directors elected by shareholders. The directors appoint one of their number to the position of managing director to be in charge of the day-to-day running of the company. In large organizations managing director is often assisted by a general manager. Some companies also have assistant general managers. Many directors have, deputies who are named deputy directors.

Directors need not be shareholders. They are responsible for the management of a company's affairs. They are not subject to any residence or nationality restrictions.

Big companies have many managers heading departments. They are all responsible to the managing director. Among various departmental managers the following can be mentioned:

- sales manager
- personnel manager
- chief manager
- district manager
- sales and marketing manager
- industrial engineering manager
- etc.

Exercises:

№ 1. Find the answers to the following questions in the text:

1. How many directors can a private company have ?
2. Who heads a limited liability company ?
3. How is managing director appointed ? What are his duties ?
4. What is the deputy manager ?

№ 2. Fill in the words used in the text:

In large organizations managing director is of ten ... by a general manager.

A ... company must have at least two directors.

They are not subject to any ... or nationality restrictions.

№ 3. Sum up what the text says about:

directors of private companies

directors of public companies

managers

assistants and deputies

Тема: *“Секретари”*.

Words:

executive	руководитель	to entertain	развлекать
to require	требовать	customer	клиент, покупатель
to suit	устраивать	to supply	поставлять
to qualify	квалифицировать	associate	партнёр, компаньон
officer	служащий, должностное лицо	to appoint	назначать
enquiry	запрос	to arrange	устраивать
accounts	счетоводство, отчётность	to invite	приглашать
to handle	иметь дело	equipment	оборудование
message	сообщение	to reply	отвечать

Text:

SECRETARIES

There are two types of secretaries: company secretaries and private secretaries of executives.

Every company, both in Great Britain and the United States, is required, under the law, to have a company secretary.

In the case of private companies the directors are free to appoint any suitable person for this position. But in the case of public companies the *company secretary* must be a properly qualified person, a member of a recognised institute or association. He or she may be one of the directors of the company. But if the company has only one director, the director cannot also be the secretary.

The company secretary is the chief administrative officer of the company. He or she is normally responsible for the company, to comply with company law.

The correspondence of the company secretary is particularly concerned with shareholders' meetings, board meetings and various forms that must be sent outside. The company secretary may also deal with enquiries for information concerning other firms, although the accounts department often handles these matters. Administrative questions come into the sphere of the company secretary, under instructions of the board of directors.

As to *private secretaries* of executives they are practically personal assistants of executives. A secretary answers telephone calls, receives messages and makes telephone calls on the instruction of her boss.

A secretary also helps in organization of meetings and conferences, entertainments of visiting customers, suppliers and other associates of the firm. She also deals with all the correspondence of her boss.

Secretaries write letters on making appointments or travel arrangements, letters of introduction, congratulation or condolence, invitations and replies to invitations.

Secretaries use various office equipment, like microcomputers, fax machines, photocopying machines and others.

Exercises:

№ 1. Answer the questions using the text:

What types of secretaries do you know ?

What must be a company secretary in the public company ?

What are the duties of the private secretary ?

№ 2. Complete the following sentences as in the text :

There are two types of secretaries

In the case of private companies

But if the company has only one director

Secretaries write letters

As to private secretaries of executive

№ 3. Sum up what the text says about:

company secretaries

private secretaries

Практическая работа № 19.

“Внутреннее производство и цена”.

Тема: *“Производство”.*

Words:

domestic	внутренний
production	производство
price	цена
report	отчёт, сообщение, доклад
executive	должностное лицо, руководитель
record	данные
figure	цифра
strike	забастовка
to increase	увеличивать
target	цель, задание
to manage	справляться, суметь
to reach	достигнуть
to rise (rose, risen)	подниматься, увеличиваться
reason	причина
major	крупнейший

maintenance	обслуживание, эксплуатация
to take turns	делать что-либо по очереди

Text:

PRODUCTION

Very often newspapers, journals and other publications and speeches give information on production of goods.

Here is a report of a big English radio company executive at a conference:

Well, ladies and gentlemen, it has been a very difficult year for us. We've had difficulties in production and our production record this year is not good. These are the figures:

At the start of the year all our factories had been on strike for two months; the strike finished on January 29th, so in January we produced only two hundred radios.

Production started slowly because of continued one - day strikes; in February we produced twenty eight thousand radios.

Then the production figures increased every of the three months. In May we reached target figure of one hundred and forty thousand radios and in June we managed to produce one hundred and forty nine thousand radios. This last figure is the best production figure we have ever reached.

Then we had the two-week factory holiday at the beginning of September, which accounts for the figure of eighty thousand radios for that month

In October production rose to one hundred and twenty thousand- and then, for reasons beyond our control, we had our second major strike of the year. Some workers continued working, and others, mainly the engineers and maintenance people, took turns in staying away.

In November we produced only one hundred thousand radios and in December ninety thousand. So our production figures for last year were, I am afraid, not very good.

Exercises:

№ 1. Find the answers in the text:

Who made the report ?

How did he characterize the year in general ?

How did the year start ?

What was the result in May ?

How did the situation change in September ?

How did the year end ?

№ 2. Write down the production figures for every month mentioned in the text, as in the model:

In January they produced 200 radios.

Практическая работа № 20.

Тема: *“Валовой внутренний продукт”*.

Words:

Gross Domestic Product	валовой внутренний продукт
amount	сумма
to calculate	подсчитывать
manufacturing	обрабатывающая промышленность
science	наука
leisure	досуг
oil	нефть
agriculture	сельское хозяйство
to define	определять
trade	торговля
to account for	составлять

to satisfy	удовлетворять
needs	потребности
to engage	заниматься
to earn	зарабатывать

Text:

GROSS DOMESTIC PRODUCT

Gross Domestic Product or ***GDP*** is the amount of money a country makes from goods and services inside the country for a certain period of time, usually for a year.

When ***GDP*** is calculated different sectors of economy are analysed.

In the United Kingdom the following sectors of economy are usually analysed: manufacturing, services (financial, professional and scientific services, leisure and tourism), energy (oil, natural gas, coal) and agriculture. In the United States the following sectors of economy are usually analysed when the ***GDP*** is defined: construction and manufacturing; trade and finance; transport, communication and services; agriculture; and mining.

Speaking, as an example, about one of the recent year's ***GDP*** figures, the following can be quoted:

In the U.K. the services sector accounted for roughly 60 per cent of Gross Domestic Product. Manufacturing sector accounted for a small percentage of gross domestic product. Energy production sector accounted for about 8 per cent of ***GDP***. Agriculture — only for 4 per cent of ***GDP***. But the agri-cultural sector satisfies two-thirds of the country's needs. And only small fractions of the total population, about 2 per cent, are engaged in agriculture.

In the U.S.A. the construction and manufacturing sector accounted for 40 per cent of ***GDP***; trade and finance earned 25 per cent of ***GDP***; transport, communication and services sector earned 20 per cent of ***GDP***; agriculture and mining earned 5 per cent of ***GDP***. By the way 10 per cent of the employed population of the United States is engaged in agriculture.

Exercises:

№ 1. Answer the questions using the text:

What is Gross Domestic product or ***GDP*** ?

What sectors of economy are usually analysed ?

When ***GDP*** is calculated in the United Kingdom ?

What can you say about ***GDP*** in the U.S.A. ?

№ 2. Complete as in the text and translate into Russian:

Speaking, as an example, about

Manufacturing sector

Energy production sector

Agriculture

Trade and finance

Transport, communication and services

№ 3. Compare the agriculture sector of GDP of the U.K. and U.S.A. that year.

Практическая работа № 21.

Тема: *“Инфляция и дефляция”.*

Words:

deflation	дефляция	damage	ущерб, вред
consequence	следствие	to decrease	уменьшаться
even	равномерный	to come to a halt	приходить к остановке, останавливаться
available	наличный		
to	определять	state	государство
determine	уровень	to take measures	принимать меры
rate	причина	to reduce	уменьшать (ся)
cause	сложный	supply	снабжение, предложение
complex	бороться	to arise (arose, arisen)	возникать
to combat			

Text:

INFLATION AND DEFLATION

An inflationary development is characterized by rising prices within a certain period of time.

The rising prices is a consequence of an uneven development in the quantity of goods on offer and the quantity of money available, which it self determines the demand and is the inflation rate.

The causes of inflation are generally complex and can arise either from the goods or from the monetary side.

The consequences of inflation are extremely damaging for the economy. Inflation becomes stagflation when economic growth decreases or comes to a halt, but inflation continues to rise. If the state does not take measures to combat *stagflation*, this leads to deflation.

Deflation, the opposite development to inflation, represents a reduction in the supply of money in comparison with the supply of goods.

Exercises:

№ 1. Answer the questions using the text:

When does inflation become stagflation ?

What is deflation ?

What are the characteristics of inflation ?

№ 2. Write down the sentences or parts of sentences which describe:

inflation

stagflation

deflation

“Внешняя торговля”.

Тема: *“Основные термины внешнеторговой деятельности”.*

Words:

foreign	иностранный, внешний	term	термин
food	продовольствие	insurance	страхование
invisible	невидимый	abroad	за границу
freight	фрахтование, фрахт	visible	видимый

expertise	экспертиза, знания	total	общий
Gross National Product	валовой национальный продукт	amount	сумма
to balance earnings	балансировать, уравновешивать	expenditure	расходы
to spend	доходы, поступления	surplus	излишек
	тратить, расходовать	to earn	зарабатывать

Text:

BASIC TERMS IN FOREIGN TRADE

Countries buy and sell various goods as well as various services. Goods bought from abroad, such as food, cars, machines, medicines, books and many others, are called ***visible imports***. Goods sold abroad are called ***visible exports***.

Services, such as insurance, freight, tourism, technical expertise and others, are called ***invisible imports and invisible exports***. The total amount of money a country, makes including money from visible and invisible exports, for a certain period of time, usually for a year, is ***Gross National Product***, or ***GNP***. The difference between a country's total earnings or GNP, and its total expenditure is called its ***balance of payments***.

The difference between what a country receives for its visible exports and what it pays for its visible imports is its ***balance of trade***. If a country sells more goods than it buys, it will have a ***surplus***. If a country buys more than it sells, it will have a ***deficit***.

Exercises:

№ 1. Find the definitions of the following terms in the text and write them down:

visible imports

invisible imports

GNP

balance of payment

balance of trade

a surplus

a deficit

№ 2. Underline the correct word in the brackets:

1. Goods sold to other countries are (visible, invisible) exports.
2. Services sold to other countries are invisible (imports, exports).
3. The difference between total earnings of a country and its total expenditure is called its balance of (payments, trade).
4. The difference between a country's GNP and its total expenditure is called its balance of (payments, trade).
5. If a country sells more goods than it buys it will have a (deficit, surplus).

№ 3. Complete the sentences:

If a country buys more goods than it sells it will have a

Gross National Product is the total amount

Gross Domestic product is

Invisible exports and import are

A country's trade balance is

Практическая работа № 22.

Тема: *“Европейский экономический союз”*.

Words:

to establish	образовывать, создавать	regulation	положение, постановление
to be established	быть образованным, созданным	council	совет
to join	присоединять (ся) присоединиться к кому-либо/ чему-либо	cart	суд
to join smb./ smth.		justice	правосудие, юстиция
enormous	огромный	cart of justice	суд
duty	пошлина*	headquarters	центральный орган, штаб-квартира
free of duty	беспошлина	to be located in ...	быть расположенным в...
customs	таможенные пошлины*		

to contribute	вносить долю	relative	относительный
to contribute to smth.	вносить долю во что-либо	output	выпуск

Text:

THE EUROPEAN ECONOMIC COMMUNITY

The European Economic Community, or the Common Market, or the EEC was established in 1957. The original six member countries of the Community were France, West Germany, Belgium, Italy, Luxembourg and the Netherlands. Then a few other countries joined the Community. Britain, together with the Irish Republic and Denmark, joined the E.E.C. on 1st January, 1973.

Now the Community forms an enormous trading area of almost 250 million people, and accounts for two fifths of the world's trade.

The membership allows imports to enter member countries either free of duty or at lower customs duties.

All member countries contribute to a common budget for certain purposes, based on relative total output of goods and services, or gross national product.

Under the Community regulations, people of member countries may freely enter another member state to travel or to work there.

The Community has the following institutions:

- The European Parliament
- The Council of Ministers
- The Court of Justice

The headquarters of the European Economic Community are located in Brussels, Belgium.

Exercises:

№ 1. Find the answers in the text:

1. When was the E.E.C. established ?
2. What countries established the E.E.C. ?
3. How many people live in the E.E.C. ?

4. What privileges do E.E.C. citizens have, coming to those countries ?

5. Where are the E.E.C. headquarters ?

№ 2. Agree or disagree:

1. It is a good privileged when imports to any country are free of duty.

2. It is a very positive factor when people can freely enter any other country.

3. It would be a very good thing if our country joined the E.E.C. or the European Union.

№ 3. Write the words in the sentences:

The headquarters of the European Economic Community are ... in Brussels,
Belgium.

The ... was established in 1957.

Then a few other countries ... the community.

Britain, together with the Irish Republic and Denmark, joined the E.E.C. on 1 st
January, 1973.

The cart of

Тема: *“Английские банкноты и монеты”*.

Words:

money	деньги	to issue	выпускать
		issue	выпуск
banknote	банкнота	to mint	чеканить
coin	монета	denomination	достоинство
currency	валюта	circulation	обращение
to authorize	уполномочивать	to be in circulation	быть в обращении
government	правительство	face	лицевая сторона
		on the face	на лицевой стороне
cashier	кассир	figure	цифра
Chief Cashier	главный кассир		

to feature	показывать, помещать	in figure	цифрами
scientist	учёный	inscription	надпись
discovery	открытие	to promise	обещать
law	закон	bearer	предъявитель
gravitation law	закон тяготения	to bear	нести
duke	герцог	demand	требование
		on demand	по требованию
		signature	подпись

Text:

ENGLISH BANKNOTES AND COINS

The official currency of the United Kingdom is the ***pound sterling*** which is equal to one hundred pence.

English banknotes are issued by the Bank of England. As to ***coins*** they are minted also by this state bank.

There are banknotes of the following denominations: **£ 1, £ 5, £ 10, £ 20, £ 50 and £ 100.**

The following coins are in circulation: halfpenny, one penny, two pence, five pence, ten pence, fifty pence.

On the face of English banknotes one can read the denomination given both in figures and in words.

Then the inscription on the face of the banknote reads: ***I promise to pay the bearer on demand the sum of...*** And then there are two signatures. The first signature is that of the person authorized by the Government and the Bank of England.

The second signature is that of the Chief Cashier.

The back of English banknotes, like many other banknotes, feature portraits of different famous people.

The one pound banknote, for example, features **I s a a c N e w t o n** (1642 - 1727) a well-known English scientist who made a few very important discoveries including gravitation law.

The back of the five pound note portrays the **D u k e o f W e l l i n g t o n** (1769 - 1852), a famous Irish general who defeated Napoleon at Waterloo, Belgium in 1815.

On the back of the ten pound note one can see **F l o r e n c e N i g h t i n g a l e** (1820 - 1910), founder of the nursing profession. She volunteered as a nurse to Turkey to take care of the wounded soldiers from Crimean War, war of England and France versus Russia.

And the back of the twenty pound banknote features **W i l l i a m S h a k e s p e a r e** (1564 - 1616), the greatest playwright of all time.

Exercises:

№ 1. Find the answer to the following questions in the text:

1. What is the official currency of the U.K. ?
2. What is the smallest unit ?
3. How many pence are there in one pound ?
4. What banknotes and coins are in circulation in the U.K. now ?
5. What famous people are featured on the back of various English banknotes ?

№ 2. Sum up what the text says about:

English banknotes

English coins

№ 3. Write words in the sentences and translate:

On the face of English banknotes one can read the denomination given both in ... and in words.

On the back of the ten pound note one can see Florence Nightingale, ... of the nursing profession.

№ 4. Imagine you are speaking with an Englishman about money. Compare two banknotes (coins) of the two countries. Act out this dialogue.

