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АНГЛИЙСКИЙ ЯЗЫК ДЛЯ ЭКОНОМИСТОВ (B1—B2)

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Языковой материал учебника и практикума носит академический характер и включает изучение специальной терминологии в области экономики. В результате освоения материала данного издания учащиеся овладеют умениями и навыками, необходимыми для ведения иноязычной профессионально-ориентированной коммуникации в академической и научной среде. Учебник также предлагает курс повторения грамматики, который позволит выработать навык структурирования высказывания как в письменной, так и в устной речи.

Соответствует актуальным требованиям Федерального государственного образовательного стандарта высшего образования.

Для бакалавров, обучающихся по экономическим направлениям и специальностям, продолжающих изучение английского языка на уровне Intermediate — Upper Intermediate.

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Book map

PART I. Student's Book

Units	Topics	Vocabulary	Grammar	Skills focus	
1	What is economics about?	<ul style="list-style-type: none">• economics as a science• society's needs and wants• scarcity of resources• alternative uses• importance of economics	<ul style="list-style-type: none">• words easily confused• collocations	<ul style="list-style-type: none">• subject and verb agreement• nouns with different singular and plural meanings• nouns with foreign plurals• prepositions	reading speaking writing
2	Basic economic questions	<ul style="list-style-type: none">• what, how and for whom to produce• types of economic systems• the production possibilities curve	<ul style="list-style-type: none">• words easily confused• word sets: synonyms• collocations• abbreviations and acronyms	<ul style="list-style-type: none">• articles: zero article or <i>the</i> with place names• prepositions	reading speaking writing
Check your progress (1)					
3	Positive and normative economics	<ul style="list-style-type: none">• positive and normative statements• objective and personal value judgements• <i>ceteris paribus</i>	<ul style="list-style-type: none">• words easily confused• words of Greek and Latin origin• collocations	<ul style="list-style-type: none">• quantifiers: <i>few/a few, little/a little</i>• prepositions	reading speaking writing
4	Free and economic good	<ul style="list-style-type: none">• free and economic good• opportunity cost• capital, labour, land, entrepreneurial skills	<ul style="list-style-type: none">• words easily confused• metaphors of growth• collocations	adjectives with a change in meaning	reading speaking
Check your progress (2)					
5	The role of the market	<ul style="list-style-type: none">• market• adjustment of prices• the “invisible hand”• Adam Smith <i>The Wealth of Nations</i>	<ul style="list-style-type: none">• words easily confused• idioms with <i>issue</i> and <i>problem</i>• collocations	if-clause (I and II type)	reading speaking writing

Units		Topics	Vocabulary	Grammar	Skills focus
6	Demand, supply and equilibrium	<ul style="list-style-type: none"> • demand, quantity demanded • supply, quantity supplied • the law of demand and the law of supply • determinants of demand and supply 	<ul style="list-style-type: none"> • words easily confused • collocations 	Passive Voice	reading speaking writing
Check your progress (3)					
7	Government in the economy	<ul style="list-style-type: none"> • the role of the government • government regulations • transfers, social payments • public goods, externalities 	<ul style="list-style-type: none"> • words easily confused • collocations • synonyms 	<i>tenses</i> : Present Perfect, Present Perfect Continuous, Past Simple	reading speaking
8	Micro- and macro-economics	<ul style="list-style-type: none"> • macroeconomics • microeconomics • the measurements of the economy • GDP vs. GNP 	<ul style="list-style-type: none"> • words easily confused • economics idioms 	<i>tenses</i> : Past Simple, Past Continuous, Past Perfect	reading speaking writing
Check your progress (4)					
9	Economic growth and development	<ul style="list-style-type: none"> • economic growth and development • measures and variables • poverty-weighted index of social welfare 	<ul style="list-style-type: none"> • <i>faux amis</i> (pseudo-international words) I • collocations 	<i>tenses</i> : types of future	reading speaking writing
10	Economics and globalization	<ul style="list-style-type: none"> • the global economy • the top ten economies • multinational and transnational corporations 	<ul style="list-style-type: none"> • <i>faux amis</i> (pseudo-international words) II • international economic organisations 	gerund/infinite	reading speaking
Check your progress (5)					

PART II. Workbook (additional grammar and vocabulary activities)

- Unit 1. What is economics about?
- Unit 2. Basic economic questions
- Unit 3. Positive and normative economics
- Unit 4. Free and economic good

- Unit 5. The role of the market
- Unit 6. Demand and supply
- Unit 7. Government in the economy
- Unit 8. Micro- and macroeconomics
- Unit 9. Economic growth and development
- Unit 10. Economics and globalization

Reading file (economics related texts with exercises for self-studying)

1. What is economics all about?
2. Basic types of economic systems
3. Positive versus normative analysis in economics
4. Scarcity and choice
5. The Chinese economy
6. Nobel Prize in economics 2014 awarded to...
7. Government involvement in the American economy
8. Micro stars, macro effects
9. W. W. Rostow and the stages of economic growth
10. The fastest growing economies in 2013

Glossary (300 economics related terms and other vocabulary units)

Key section

- PART I. Student's book
- PART II. Workbook

Preface

Данный учебный комплекс представляет собой новое издание, которое существенно отличается от предыдущего. Сохранив содержательную ценность, авторы обогатили комплекс творческими и ситуационными заданиями, стимулирующими интерес к процессу изучения английского языка и способствующими развитию важных языковых умений, востребованных в рамках иноязычной профессиональной коммуникации. Задания сформулированы таким образом, что от учащегося требуется комплексная активизация основных речевых умений в чтении, письме, говорении. Помимо этого, новое издание пополнилось большим количеством заданий, способствующих закреплению изученного материала, а также упражнений, развивающих учебную инициативу и самостоятельность мышления: осмысление цитат великих мыслителей современности, обработка данных проводимых исследований в области экономики, решение учебных ситуаций, основанных на знании экономического материала, представленного в разделах учебника, и активном использовании английского языка как в режиме диалога, так и в ходе групповой дискуссии.

Учебный комплекс, который включает в себя учебник и рабочую тетрадь, предназначен для студентов-экономистов, изучающих английский язык на уровне Intermediate — Upper Intermediate.

Целью создания данного комплекса является развитие таких видов речевой деятельности, как письмо, чтение, аудирование и устная речь.

Языковой материал носит академический характер и включает изучение специальной терминологии в области экономики. В результате освоения материала данного комплекса учащиеся овладеют умениями и навыками, необходимыми для ведения иноязычной профессионально-ориентированной коммуникации в академической и научной среде, а именно: говорение в монологическом и диалоговом форматах, чтение и анализ академических и научно-популярных текстов, умение конспектировать прочитанную и услышанную информацию, составлять развернутые письменные высказывания.

В результате освоения материала учащиеся будут:

знать

- широкий спектр экономических терминов и общеакадемической лексики, грамматических явлений, необходимых для грамотной иноязычной коммуникации как в устной, так и письменной формах;
- ключевые проблемы, обсуждаемые в рамках рассматриваемых тем, а именно фундаментальные вопросы науки экономики, роль рынка в регулировании экономических процессов, функции правительства в экономике, вопросы макро- и микроэкономики, проблемы экономического роста и развития, а также глобализации мировой экономики;

уметь

- быстро ознакомиться с текстом, выделить важную информацию, передать его основное содержание, определить актуальность рассматриваемых положений и найти ответы на вопросы, связанные с содержанием текста (*чтение*);

- в диалоговой речи дать подробный ответ на интересующие собеседника вопросы из академической и профессиональной сферы, описать экономическое явление или ситуацию, а также развить отдельные мысли, подкрепляя их дополнительными положениями и примерами; в монологической речи построить четкую систему аргументации, высказать собственную точку зрения, указывая на достоинства и недостатки различных систем или теорий, включаться в дискуссию и выходить из нее, используя необходимую лексику и лексико-грамматические обороты (*говорение*);

- сопоставлять или противопоставлять имеющиеся данные, делать заметки по ходу прочитанного или прослушанного материала, обобщить прочитанный материал и кратко изложить его содержание (*письмо*);

владеть навыками

- самостоятельной работы с языковым материалом с использованием справочной литературы, словарей, информационных сайтов;

- извлечения необходимой информации из оригинального текста на иностранном языке, выражения собственного отношения к изучаемому явлению как в межличностном, так и профессиональном общении;

- восприятия, анализа и создания устных высказываний и письменных текстов профессиональной и общеакадемической направленности.

Short forms and labels

Word classes

adj = adjective

adv = adverb

n = noun

v = verb

phr v = phrasal verb

prep = preposition

Grammar codes

Nouns	Verbs
<i>C</i> = countable nouns	<i>I</i> = intransitive verb
<i>U</i> = uncountable nouns	<i>T</i> = transitive verb
<i>sing.</i> = singular	
<i>pl.</i> = plural	

Other codes and labels

abb. = abbreviation

syn. = synonym

ant. = antonym

esp. = especially

smb = somebody

smth = something

AmE = American English

BrE = British English

PART I

STUDENT'S BOOK



Unit 1

WHAT IS ECONOMICS ABOUT?

Learning outcomes

After studying this unit you should be able to:

- 1) define economics as a social science of scarcity and choice;
 - 2) identify the ways society uses its scarce resources;
 - 3) distinguish between society's needs and wants;
 - 4) use the active vocabulary of the unit in speaking and writing;
 - 5) read for different purposes (skimming, scanning);
 - 6) use grammar effectively (subject/verb agreement, singular/plural forms of a noun, prepositions).
-

Lead-in

1. Read the following sentences and decide which word from the list a—d is synonymous to the word in bold.

1. **Tangible** goods are merchandise that you can put your hands on. Stuff like jewellery, computers, clothing or even CD's are all tangible products. ____
a) insufficient
b) non-physical
c) plentiful
d) physical
2. On the other side of tangible are **intangible** goods which are products that cannot be seen or touched. Things like domain names or computer programs are intangible goods.

3. Libya, Saudi Arabia, Kuwait, any other Arabic nations have **abundant** oil resources. They are the main exporters of oil and its derivatives. ____
4. Many African nations suffer from limited resources such as water and food, so these **scarce** resources put tight constraints on their social and economic development. ____

2. Answer the questions and do the tasks.

1. Think of some of your most important needs and wants, and then explain whether these are satisfied by goods or by services.
2. Try to guess why services are called “non-physical activities”.
3. Think of some resources that are **(a)** scarce and **(b)** abundant.
4. What would happen to our society if resources were unlimited?
5. Is it possible to overcome scarcity of resources? Justify your opinion.

3. How do the following quotations characterise economics as a science? Do you agree with their authors?

- a) *An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today.* (Laurence J. Peter)
- b) *An economist is a surgeon with an excellent scalpel and a rough-edged lancet, who operates beautifully on the dead and tortures the living.* (Nicholas Chamfort)
- c) *An economist is a man who states the obvious in terms of the incomprehensible.* (Alfred A. Knopf)

TOPICS

Text A

Defining economics

1 The *social sciences* are academic disciplines that study human society and social relationships. They are concerned with discovering general principles describing how societies function and are organised. The social sciences include anthropology, economics, political science, psychology and sociology.

2 Economics is a social science because its approach to studying human society is based on the scientific method. It is a social science because it deals with human society and behaviour, and particularly those aspects concerned with how people organise their activities and how they behave *in order to satisfy their needs and wants*.

3 Human beings have very many needs and wants. Some of these are satisfied by physical objects and others by non-physical activities. All the physical objects people need and want are called *goods* (food, clothing, houses, books, computers, cars, televisions, refrigerators and so on); the non-physical activities are called *services* (education, health care, entertainment, travel, banking, insurance and many more).

4 The study of economics arises because people's needs and wants are unlimited. Whereas some individuals may be satisfied with the goods and services they have or can buy, most would prefer to have more.

5 They would like to have more and better computers, cars, educational services, transport services, housing, recreation, travel and so on; the list is endless.

6 Yet it is not possible for societies and the people within them to produce or buy all the things they want. Why is this so? It is because there are not enough *resources*. Resources are the inputs used to produce goods and services wanted by people. They include things like human labour, machines and factories, and "gifts of nature" like agricultural land and metals inside the earth. Resources do not exist in unlimited abundance: they are *scarce*, or limited and insufficient in relation to unlimited uses that people have for them.

7 Scarcity is a very important concept in economics. It arises whenever there is not enough of something in relation to the need for it. For example, we could say that food is scarce in poor countries. Or we could say that clean air is scarce in a polluted city. In economics, scarcity is especially important in describing the condition of *insufficient resources*, because the scarcity of resources causes

scarcity in goods and services. Defining scarcity, we can therefore say that: *Scarcity* is the condition in which available resources are not enough to produce everything that human beings need and want.

8 It follows that societies face a fundamental problem, which is the conflict between unlimited human needs and wants on the one hand, and limited or scarce resources on the other. The subject of economics is how to best resolve this conflict.

9 The conflict between unlimited needs and wants, and scarce resources has an important consequence. Since people can't have everything they want, they must make *choices*. The classic example of a choice forced on society by resource scarcity is that of "guns or butter", or more realistically the choice between producing defence goods (guns, weapons, tanks) or food: more defence goods mean less food, while more food means fewer defence goods. Societies must choose how much of each they want to have. Note that if there were no resource scarcity, a choice would not be necessary, since society could produce as much of each as was desired. But resource scarcity forces the society to make a choice between available alternatives. Economics is therefore a study of choices.

10 The conflict between unlimited needs and wants, and scarce resources has a second important consequence. Since resources are scarce, it is important to avoid waste in how they are used. If resources are not used effectively and are wasted, they will end up producing less; or they may end up producing goods and services that people don't really want or need. Economics must try to find how best to use scarce resources so that waste can be avoided. Defining economics, we can therefore say that:

Economics is the study of choices leading to the best possible use of scarce resources in order to best satisfy unlimited human needs and wants.

11. As you can see from this definition of economics, economists study the world from a social perspective, with the objective of determining what is in society's best interests.

Ellie Tragakes. Economics for the IB Diploma. — Cambridge University Press, 2009. — P. 2.

Target vocabulary of text A

abundance (n) =	when there is more than enough of smth <i>We had natural resources in <u>abundance</u>.</i>
alternative (n) =	smth that is different from smth else, especially from what is usual, and offering the possibility of choice <i>There must be an <u>alternative</u> to people sleeping on the streets.</i>
goods (n) =	everything that is produced in the economy <i>The government will pay for the new schools by increasing the tax on luxury <u>goods</u>.</i>
needs and wants =	the things that a person must have in order to have a satisfactory life <i>They don't have enough food to meet their <u>needs and wants</u>.</i>
produce (v) =	to make smth or bring smth into existence <i>France <u>produces</u> a great deal of wine for export.</i>

satisfy (<i>v</i>) =	to have or provide smth that is needed or wanted <i>She <u>satisfies</u> all the requirements for the job.</i>
scarce (<i>adj</i>) =	not easy to find or get <i>Food and clean water were becoming <u>scarce</u>.</i>
service (<i>n</i>) =	a system or organisation that provides for a basic public need <i>the ambulance/health/postal/prison <u>service</u></i>
social sciences =	the study of society and the way people live <i>Examples of <u>social sciences</u> are sociology, psychology, economics, etc.</i>

1. a) Use your dictionary to check the correct pronunciation of the words below.

science, discipline, society, scarce, consequence, perspective, principles, anthropology, psychology, sociology

b) Read text A and do the tasks/answer the questions below.

1. Why does the study of economics exist? Why is it necessary to study economics?
2. Divide the following concepts into the two groups “goods” and “services”: Oxford University tuition, engineering, a house, marketing research, a luxury Swarovski necklace, currency exchange, transport, a tuna sandwich, the *Moscow Times* subscription, a box of chocolate.
3. Give some examples of unlimitedly abundant resources. Does economics show interest towards these resources? Why?
4. How to avoid waste in the use of resources in modern economies?
5. Which consequences does a conflict between our wants and limited resources have?

2. Decide whether the following statements are *True* or *False* according to text A.

1. Economics is a science because it uses principles of anthropology, sociology and psychology. ____
2. Most individuals are satisfied with what they have and do not strive for more goods and services. ____
3. The amount of resources available for consumption is limited. ____
4. The subject of economics is to teach individuals how to consume less. ____
5. Societies have to make choices because resources are scarce. ____
6. Economists try to find out how to satisfy society’s wants in the best possible way. ____

3. Scan through text A and find the words corresponding to these definitions.

para 2

- 1) to make someone feel pleased by doing what they _____
want (*v*)

para 3

- 2) things that are produced in order to be sold (*n*) _____

para 6

3) a large quantity of smth (*n*) _____

4) limited (*adj*) _____

para 7

5) smth that is able to be used or can easily be bought or found (*adj*) _____

6) to make smth to be bought, used, or enjoyed by people (*v*) _____

para 8

7) to find a satisfactory way of dealing with a problem or difficulty (*v*) _____

para 9

8) smth that happens as a result of a particular action or set of conditions (*n*) _____

9) smth you can choose to do or use instead of smth else (*n*) _____

para 10

10) the ineffective use of smth (time or money) (*n*) _____

para 11

11) a way of thinking about smth (*n*) _____

12) smth that you are trying hard to achieve (*n*) _____

4. Match the term with its definition.

- | | |
|-----------------|---|
| 1) resources | a) the provision of payments facilities, credit and capital to individuals, firms and the government |
| 2) human labour | b) society's decision on the kind, quality, and quantity of goods for consumption |
| 3) banking | c) anything which can contribute to economic activity. This includes natural resources, capital goods, etc. |
| 4) insurance | d) human beings as factors of production |
| 5) choice | e) the use of contracts to reduce and redistribute risk |

5. Use the words from exercise 4 to fill in the gaps.

1. _____ is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. _____ is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for payment.
2. _____ is the stock of competencies, knowledge and personality attributes embodied in the ability to perform labour so as to produce economic value.
3. A _____ is a source or supply from which benefit is produced. Typically _____ are materials or other assets that are transformed to produce benefit and in the process may be consumed or made unavailable.

4. _____ is the business of operating a financial institution. A bank connects customers that have capital deficits to customers with capital surpluses.
5. If the product doesn't work, you are given the _____ of a refund or a replacement.

6. Fill in the gaps using the prepositions from the box below.

with (x2) • to (x4) • in • of • on

1. Their relationship was based _____ mutual respect.
2. Nowadays the department operates with the objective _____ raising as much taxes as possible.
3. All the people concerned _____ children's education should be submitted to testing.
4. I'm not satisfied _____ the way the company served me.
5. Women's earnings are still low _____ relation _____ men's.
6. Since our research so far has not produced any answers _____ this problem, we need to adopt a different approach _____ it.
7. A degree in English could lead _____ a career in journalism.

7. a) Choose the correct letter (a, b or c).

1. If you are __satisfied with this product, please return it.
a) un b) mis c) dis
2. It is __realistic to expect these changes to happen overnight.
a) in b) un c) dis
3. The system can support an __limited number of users.
a) in b) un c) dis
4. His salary was __sufficient for their needs.
a) in b) un c) non
5. Various drugs have proved __effective against the virus.
a) in b) un c) dis
6. It would be __profitable to pursue this argument any further.
a) in b) dis c) un
7. The parking facilities are __adequate for a busy shopping centre.
a) in b) non c) dis
8. Prices for natural resources are __normally high at the moment.
a) in b) un c) ab
9. We have been __successful in finding a new manager.
a) in b) un c) dis
10. Never __estimate the power of the press.
a) in b) dis c) under

b) Group the words from exercise 7. a) under the following headings.

un-

in-

dis-

ab-

under-

8. Give a definition of the word in bold using the words given in the list below.

need situation to want necessary	resource useful to use production	goods things to produce to sell
to produce to make goods resources	scarce not much available resources	problem situation to cause difficulties
conflict disagreement argument people	choice to choose things several	to buy to get to pay money

Text B

Scarcity and importance of economics

1 Naturally, reality constrains our choices. There has never been enough to satisfy everyone completely. That is what scarcity means. Although per capita real income in the United States increased 50 per cent in just one generation, these middle-class families have had to work hard for their modest gains. (Were they expecting manna from heaven?) As for how hard they worked and the modesty of their gains, it is doubtful whether most other people in the world would regard Americans' work in air conditioned offices with coffee breaks as "hard" or their standard of living as "just getting by". However, as someone once said: "Just as soon as people make enough money to live comfortably, they want to live extravagantly." Even millionaires can have a hard time making ends meet if they try to live like billionaires. *The New York Times* reporter wrote of one of these middle-class families: After getting in over their heads in credit card spending years ago, their finances are now in order. "But if we make a wrong move," Geraldine Frazier said, "the pressure we had from the bills will come back, and that is painful."

2 To all these people — from academia and journalism, as well as the middle-class people themselves — it apparently seemed strange somehow that there should be such a thing as scarcity and that this should imply a need for both productive efforts on their part and personal responsibility in spending. Yet nothing has been more pervasive in the history of the human race than scarcity and all the requirements for economising that go with scarcity. Not only scarcity but also "alternative uses" are at the heart of economics. If each resource had only one use, economics would be much simpler. But water can be used to produce ice or steam by itself or innumerable mixtures and compounds in combination with other things. A virtually limitless number of products can also be produced from wood or from petroleum, iron ore, etc. How much of each resource should be allocated to each of its many uses? Every economy has to answer that question, and each one does, in one way or another, efficiently or inefficiently.

3 Doing so efficiently is what economics is all about. Whether the people in a given economy will be prosperous or poverty-stricken depends in large part on how well their resources are allocated. Rich resources often exist in very poor countries, simply because the country lacks the economic mechanisms, as well as specific skills, for efficiently turning those resources into abundant output. Conversely, countries with relatively few natural resources — Japan or Switzerland, for example — can have very high standards of living, if their people and their economy are well adapted for allocating and using whatever resources they have or can purchase from other countries. Economics is not about the financial fate of individuals. It is about the material well-being of society as a whole. It shows cause and effect relationships involving prices, industry and commerce, work and pay, or the international balance-of-trade — all from the standpoint of how this affects the allocation of scarce resources in a way that raises or lowers the material standard of living of the people as a whole. Money doesn't even have to be involved to make a decision be economic.

4 Most of us hate even to think of having to make such choices. Indeed, as we have already seen, some middle-class Americans are distressed at having to make much milder choices and trade-offs. But life does not ask what we want. It presents us with options. Economics is just one of the ways of trying to make the most of those options. While there are controversies in economics, as there are in science, this does not mean that economics is just a matter of opinion. There are basic propositions and procedures in economics on which a Marxist economist like Oskar Lange did not differ in any fundamental way from a conservative economist like Milton Friedman.

5 All sorts of economies — capitalist, socialist, feudal, etc. — must determine in one way or another how the available resources are directed toward their various uses. But how well they do it can lead to poverty or affluence for a whole country. That is what the study of economics is all about and that is what makes it important.

Thomas Sowell. Basic Economics: A Citizen's Guide to the Economy. — Basic Books, a Member of the Perseus Books Group, 2004. — Ch. 1.

Target vocabulary of text B

income (<i>n</i>) =	money that is earned from doing work or received from investments <i>Average <u>incomes</u> have risen by 4.5% over the past year.</i>
standard of living =	the amount of money and comfort people have in a particular society <i>The <u>standard of living</u> in many developing countries is low.</i>
economise (<i>v</i>) =	to try to save money by reducing the amount that you are spending <i>You could <u>economise</u> on food by not eating in restaurants all the time.</i>

alternative use =	the cost of any activity measured in terms of the value of the next best alternative forgone (that is not chosen)
prosperous (<i>adj</i>) =	rich and successful <i>a <u>prosperous</u> landowner</i>
poverty-stricken (<i>adj</i>) =	extremely poor <i><u>poverty-stricken</u> families</i>
purchase (<i>v</i>) =	<i>formal</i> to buy smth <i>You can <u>purchase</u> insurance on-line.</i>
well-being (<i>n</i>) =	the well-being of a country is the state in which it is strong and doing well <i>We are now concerned about the economic <u>well-being</u> of the country.</i>
balance-of-trade (<i>n</i>) =	the difference in value between the goods a country buys from abroad and the goods it sells abroad <i>a positive <u>balance-of-trade</u></i>
trade-off (<i>n</i>) =	a balance between two opposing things, that you are willing to accept in order to achieve smth <i>There has to be a <u>trade-off</u> between quality and quantity if we want to keep prices low.</i>
proposition (<i>n</i>) =	a statement that consists of a carefully considered opinion or judgment <i>The theory is founded on two basic <u>propositions</u>.</i>

1. a) Use your dictionary to check the correct pronunciation of the words below.

scarcity, per capita, pressure, pervasive, innumerable, ore, mechanism, procedures, Marxist, feudal, affluence, to vary, variable

b) Read text B and answer the questions below.

1. Why do people become extravagant with money when they get well-off?
2. Which two concepts lie at the heart of economics?
3. How can a country decide which way of resources allocation is the most effective?
4. Do rich resources guarantee prosperity for their owner (e.g. a country)?
5. Which factors affect the standard of living in a country?

2. Decide whether the following statements are *True* or *False* according to text B.

1. People eagerly welcome the opportunity to economise on their spending.
2. _____ Wrong decisions on resource allocation lead to economic inefficiency. _____
3. Countries with the immense resource supply are the richest in the world.
4. _____ Oskar Lange's and Milton Friedman's economic theories had little common ground. _____

5. The chief objective of economics is to make people more well-off and happy.

3. Scan through text B and find the words corresponding to these definitions.

para 1

- 1) used to describe the average amount of smth _____
in a particular place, calculated according to the
number of people who live there (*adj*)
- 2) financial profit, especially when this seems to be _____
the only thing someone is interested in (*n*)
- 3) events or conditions that cause changes and af- _____
fect the way a situation develops, especially in eco-
nomics or politics (*n*)

para 2

- 4) to suggest that smth is true, without saying this _____
directly (*v*)
- 5) existing everywhere (*adj*) _____
- 6) smth that you must do, or smth you need (*n*) _____
- 7) almost (*adv*) _____

para 3

- 8) rich and successful (*adj*) _____
- 9) to not have or not have enough of smth that is _____
needed or wanted (*v*)
- 10) in an opposite way (*adv*) _____
- 11) the state of feeling healthy and happy (*n*) _____
- 12) a set of beliefs and ideas from which opinions _____
and decisions are formed (*n*)

para 4

- 13) a situation in which you balance two opposing _____
situations or qualities (*n*)
- 14) a lot of disagreement or argument about smth _____
(*n*)
- 15) an idea or opinion (*n*) _____

para 5

- 16) to make a strong decision (*v*) _____
- 17) welfare, riches (*n*) _____

4. Match the term with its definition.

- | | |
|-----------------------|---|
| 1) real income | a) the money which is used for a particular purpose, especially by a government or organisation |
| 2) standard of living | b) the difference in value between the goods a country buys from abroad and the goods it sells abroad |
| 3) spending | c) the value of earnings/income, etc. after the effect of rising prices is considered |
| 4) alternative uses | d) a balance between two opposing things, that you are willing to accept in order to achieve smth |

- 5) balance-of-trade e) the amount of money and comfort people have in a particular society
- 6) trade-off f) ways of using smth differently

5. Use the words from exercise 4 to fill in the gaps.

- _____ refers to the level of wealth, happiness, comfort, material goods and necessities available to a certain socioeconomic class in a certain geographic area. _____ includes factors such as income, quality and availability of employment, class disparity, poverty rate, quality and affordability of housing, etc.
- A _____ is a situation that involves losing one quality or aspect of something in return for gaining another quality or aspect. It implies a decision to be made with full comprehension of both the upside and downside of a particular choice.
- The _____ is the difference between the monetary value of exports and imports of output in an economy over a certain period. It is the relationship between a nation's imports and exports.
- _____ includes all government consumption, investment but excludes transfer payments made by a state.
- _____ and scarcity lie at the heart of economics. This science would not exist at all if resources were abundant or had only one use.
- _____ is the income of individuals or nations after adjusting for inflation. It is calculated by subtracting inflation from the nominal income.

6. Fill in the gaps using prepositions from the box below if necessary.

from	•	on (x2)	•	for (x3)	•	to (x2)
------	---	---------	---	----------	---	---------

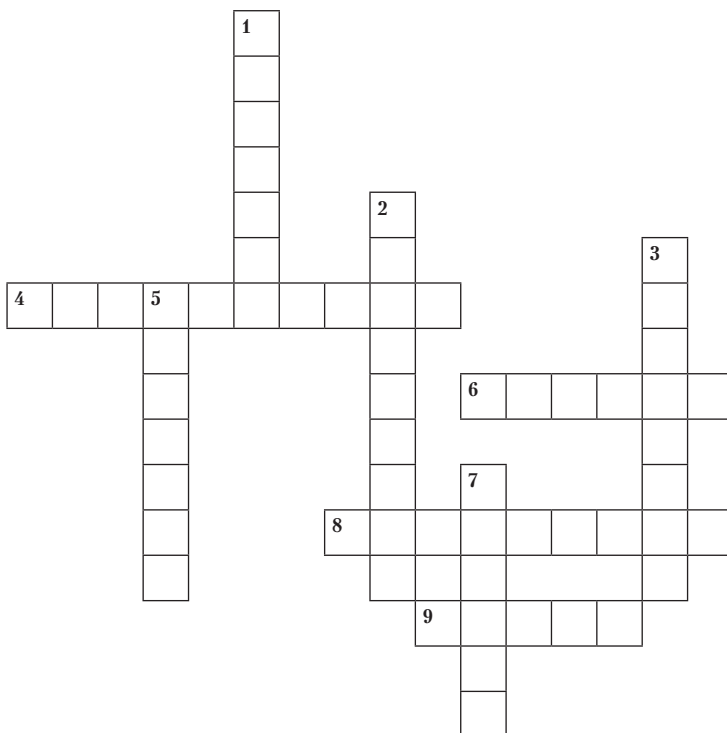
- The government is allocating £10 million ____ health education.
- As project leader, you will have to allocate jobs ____ people.
- "I have to put aside my emotions," he says, "and consider it ____ a professional standpoint."
- It was the event that led ____ the start of the First World War.
- The airline is legally responsible ____ the safety of its passengers.
- As a political party they are trying to effect ____ a change in the way that we think about our environment.
- Several factors are likely to influence ____ this decision.
- The Council had influence ____ many government decisions.
- They managed to agree ____ a date for the meeting.
- There is a huge demand ____ new cars.

7. Choose the correct letter (a, b or c).

- Works of art were lost, many of them ____ replaceable.
a) un b) in c) ir
- They have decided to ____ continue the production of Product P because sales have fallen.
a) de b) un c) dis
- The experiment produced some ____ expected results.
a) in b) un c) non

4. Punishment of ___ desirable behaviour should be severe.
a) in b) un c) non
5. The government plans to ___ regulate the banking industry.
a) de b) un c) dis
6. One shouldn't ___ estimate the difficulties of getting all the political parties to the conference table.
a) in b) under c) un
7. She owes \$30 000 in unpaid taxes based on \$100 000 of ___ reported income.
a) in b) non c) un
8. The minister maintained that the coal mines were ___ economic and would have to be closed.
a) in b) un c) non
9. If you're ___ satisfied with the service, why don't you complain to the hotel manager?
a) in b) un c) dis
10. The project has been delayed by ___numerable problems.
a) un b) dis c) in

8. Do the crossword. Use the words from the vocabulary lists to text A and B.



Across

4. rich and successful (*adj*)
6. not easy to find or get (*adj*)
8. to try to save money by reducing the amount that you are spending (*v*)
9. everything that is produced in the economy (*n, pl.*)

Down

1. a system or organisation that provides for a basic public need (*n*)
2. when there is more than enough of smth (*n*)
3. formal to buy smth (*v*)
5. to have or provide smth that is needed or wanted (*v*)
7. money that is earned from doing work or received from investments (*n*)

VOCABULARY

1. Look at the following pair of words, spot the difference and do the task.

TO AFFECT ≠ TO EFFECT

to affect — to influence someone or smth, or cause them to change
It's a decision which affects our life.

to effect — to make smth happen
The civil rights movement effected a huge change in America.

Insert the proper word *affect* or *effect* in these sentences. Change the form of the words where necessary.

1. Did the newspapers really _____ the outcome of election?
2. It is known that poor housing significantly _____ educational achievement.
3. The area has been badly _____ by pollution.
4. We have tried our best to _____ a reconciliation between the two parties.
5. It will take years to _____ meaningful changes in the educational system.
6. The building was badly _____ by the fire.
7. As a political party they are trying to _____ a change in the way that we think about our environment.
8. Trading has been adversely _____ by the downturn in consumer spending.
9. The transfer of a business is governed or _____ by the law of the country in which the business is situated.

2. Look through the two sets of sentences and decide which word *affect* or *effect* should be inserted to make these sentences complete.

1. Foreign trade is excluded from consideration, since it is assumed that such trade will not _____ the value of production, but merely affect its material form.
2. How will the Board's decision _____ householders?

3. National resources, combined with policy choice, _____ both the appropriateness of various forms of firm strategy and the nation's attractiveness to existing and potential investors.

The missing word is _____

1. Increasingly people looked to the state to provide services, to regulate more of the affairs between men and to _____ overall improvement in the quality of the nation's life.
2. They lack confidence in their ability to _____ change or improve the quality of their lives.
3. In order to _____ these objectives a number of changes were to be made in the provision and funding of social care.

The missing word is _____

3. Match the words in the box on the left with the words that they collocate with on the right.

1) agricultural	a) perspective
2) poor	b) stricken
3) social	c) well-being
4) real	d) responsibility
5) personal	e) land
6) poverty	f) income
7) material	g) country

4. Use the collocations from exercise 3 to complete the sentences.

1. Economic justice, as it is claimed, demands economic equality — defined as an equalised after-tax _____.
2. Preventing pollution is one dimension of maintaining a safe environment which is largely a public rather than a _____.
3. The war muffles the voices of humanity, of ordinary people who care about democracy, _____, the protection of nature, and above all, human life.
4. I think the County Council looked at government guidance in relation to the need to protect and safeguard National Parks, greenbelt, high quality _____, to the need to protect the countryside for its own sake.
5. Others say the best way to get private sectors working is to reform the public sector: the World Bank can use its clout with _____ to insist on structural reforms when it lends them money.
6. The result in Chile is that poor, small farmers exist alongside medium-sized farms which are capital intensive and produce for export, and a large number of the rural population have become landless and are _____.
7. Despite these problems, natural law and rights-based theories undoubtedly have something to contribute to an understanding and development of law in a broader _____.

5. Translate the sentences from Russian into English using the collocations from exercise 3.

1. Сегодня Россия напоминает «африканскую» модель колониальной экономики, которая распродает по дешевке минеральное сырье и *сельскохозяйственные земли*.
2. Нынешний этап торговых переговоров ВТО провалился в 1999 г. в Сиэтле, так как более *бедные страны* поняли, что они не дождутся от этой организации ничего, в то время как богатые мировые корпорации получают новые и новые права.
3. Теоретически выгоднее платить больше налогов и нормальную зарплату чиновникам, поскольку решения, принятые коррумпированным чиновником, *с общественной точки зрения*, заведомо хуже, чем честным.
4. Министр уверяет, что *реальный доход* у всех бюджетников к началу следующего года при этом увеличится почти на 40 процентов.
5. Фундаментальными ценностями либерализма являются личная свобода и *личная ответственность*, свобода слова и объединений.
6. *Беднейшие* государства обвиняют богатые в нежелании увеличивать им финансовую помощь, открывать рынки для их товаров.
7. Цель социальной политики — обеспечить каждому гражданину России достаточное *материальное благосостояние* и цивилизованный образ жизни.

6. Look at the following pair of words, spot the difference and do the task.

CLASSIC ≠ CLASSICAL

classic — having a high quality or standard against which other things are judged

Fielding's classic novel is "Tom Jones".

classical — considered to be part of a long especially formal tradition and to be of lasting value

Do you prefer classical music like Mozart and Mahler, or pop?

Use either *classic* or *classical* to fill in the gaps.

1. the _____ film "Gone with the Wind"
2. a _____ black jacket
3. the _____ Roman world
4. _____ literature
5. a _____ French wine
6. _____ music like Mozart and Mahler
7. a _____ example of poor design
8. _____ ballet or modern ballet

9. a _____ blue suit
10. a _____ example of a child who's clever but lazy
11. Beethoven and Schubert belong to the _____ period
12. our greatest _____ actors

GRAMMAR

1. Look through the two definitions and try to guess which one refers to "a collective noun".

a) a noun which you cannot make plural by adding -s, because it only has a singular form

b) a noun that can be singular in form whilst referring to a group of people or things

2. Choose the examples of the collective nouns from the list below.

audience, news, economics, committee, government, species, means, craft, council, team, belongings, staff, data, riches, jury, company, people

3. Use either a word *singular* or *plural* to make rules 1 and 2 complete.

1. When a group is considered as a single unit, the collective noun is used with a _____ verb and _____ pronoun.
2. When the focus is on the individual parts of the group, British English sometimes uses a _____ verb and _____ pronouns.

4. Choose either *is* or *are* to complete the sentences below.

1. Government ____ one of humanity's oldest and most important institutions.
2. The company ____ almost entirely dependent on Royal Navy orders, although it has built the odd merchant ship of a more complex kind.
3. The staff ____ all expert stylists, accustomed to helping customers create their own individual look from their marvellous range of exclusive labels.
4. It is an attempt to deal with a prevalent problem, but I fear a distortion – the Government ____ considering only one aspect of the issue.
5. The staff ____ frequently consulted by national bodies in the UK, as well as by international organisations, the UN family, World Bank, etc.
6. The government has announced that an environmental committee ____ to be set up to advise the Forestry Commission.
7. The Government ____ helping to support the idea that coal is a pollutant but that nuclear power is green friendly and that gas is green friendly.
8. This system has been in operation for three months now so the staff ____ gradually becoming more settled.
9. Check if the company ____ a member of the Hamper Industry Trade Association.
10. Such work is not without its dangers and the Committee ____ currently making enquiries about an insurance policy.

5. Group the nouns under the two headings.

<i>noun + singular verb</i>	<i>noun + plural verb</i>
<u>news</u>	<u>people</u>
_____	_____
_____	_____
_____	_____
_____	_____

advice • *arms* • *Athens* • *billiards*
binoculars • *Brussels* • *earnings* • *economics*
education • *evidence* • *mathematics*
money • *Naples* • *news* • *outskirts*
people • *premises* • *quarters* • *riches*
stationery • *the blind* • *the clergy*
the military • *the police*

6. The nouns below have different meanings in the singular and plural. Fill in the gaps using either singular or plural form of these nouns.

Example:

content / contents

1. Please empty out the contents of your pockets.
2. The content of the article was controversial.

custom / customs

1. The _____ of naming women after flowers is becoming less common.
2. She was stopped at _____ and questioned.

damage / damages

1. The court awarded him £15 000 in _____.
2. The insurance covers accidental _____ to the vehicle.

experience / experiences

1. My trip to Australia was full of _____ I'll never forget.
2. He had no previous _____ of managing a farm.

minute / minutes

1. Has everyone seen the _____ of last month's meeting?
2. The train arrived at four _____ past eight.

saving / savings

1. Buying a house had taken all their _____.
2. For many companies this can mean _____ of up to 10% per year on energy, maintenance and labour costs.

work / works

1. There isn't a lot of _____ at this time of the year.
2. The exhibition includes _____ by Picasso and Klee.

people / peoples

1. Europe is made up of many different _____.
2. Our company employs over 400 _____.

7. Divide the following nouns of foreign origin into the two categories: nouns with both foreign and anglicised plurals (A) and nouns with foreign plurals only (B).

<i>antenna</i>	•	<i>alumnus</i>	•	<i>stratum</i>	•	<i>phenomenon</i>
<i>index</i>	•	<i>criterion</i>	•	<i>appendix</i>	•	<i>axis</i>
<i>alumnus</i>	•	<i>medium</i>	•	<i>automaton</i>	•	<i>analysis</i>

A	B
1) <u><i>antenna/antennae/antenna</i></u>	1) <u><i>alumnus/alumni</i></u>
2) _____	2) _____
3) _____	3) _____
4) _____	4) _____
5) _____	5) _____
	6) _____

SKILLS FOCUS

Reading

1. Read the text which focuses on the definition of economics given by the famous economist of the past Adam Smith. In the second part of the text match the criticisms of Smith’s definitions (they are given in the left-hand column) to their headings (the right-hand column).

(I) Adam Smith and his definition of economics

There is no unique definition of *economics* which has a general acceptance. The formal roots of the scientific framework of economics can be traced back to classical economists. The pioneers of the science of economics defined economics as the science of wealth.

Adam Smith (1723–1790), the founder of economics, described it as a body of knowledge which relates to wealth. Accordingly to him if a nation has larger amount of wealth, it can help in achieving its betterment. He defined economics as:

“The study of nature and causes of generating of wealth of a nation.”

Adam Smith in his famous book, *“An Enquiry into the Nature and Causes of the Wealth of Nations”*, emphasised the production and expansion of wealth as the subject matter of economics.

The main points of the definitions of *economics* given by Adam Smith and other classical economists are that:

(1) Economics is the study of wealth only. It deals with consumption, production, exchange and distribution aspects of wealth.

(2) Only those commodities which are scarce are included in wealth. Non-material goods such as air, services, etc. are excluded from the category of wealth.

(II) Criticism on the classical definition of economics

The definitions given by Adam Smith and other classical economists were severely criticised by social reformers and men of letters of that time Ruskin

and Carlyle. They dubbed economics as a “dismal science” and a “science of getting rich”. The main criticisms on these definitions are as under:

CRITICISM	HEADINGS
1. _____ The definitions of economics give primary importance to wealth and secondary importance to man. The fact is that the study of man is more important than the study of wealth	a) <i>Defective logic</i> b) <i>Narrow meaning of wealth</i>
2. _____ The word “wealth” in the classical economist’s definitions of economics means only material goods such as chair, book, pen, etc. These do not include services of doctors, nurses, soldiers, etc. In modern economics, the word “wealth” includes material as well as non-material goods	c) <i>No mention of man’s welfare</i> d) <i>Too much importance to wealth</i>
3. _____ According to “wealth” definitions, man works only for his self-interest. Social interest is ignored. Dr. Marshall and his followers were of the view that economics does not study a selfish man but a common man	e) <i>Concept of economic man</i>
4. _____ The “wealth” definitions ignore the importance of man’s welfare. Wealth is not <i>be all and the end all of all</i> human activities	f) <i>It does not study means</i>
5. _____ The definitions of economics lay emphasis on the earning of wealth as an end in itself. They ignore the means which are scarce for the earning of wealth	
6. _____ The definitions economics given by classical economists were unduly criticised by the literary writers of that time. The fact is that what Adam Smith wrote in his book <i>The Wealth of Nations</i> (1776) still holds well. The central argument of the book that market economy enables every individual to contribute his maximum to the production of wealth of nation still not only holds good but is also being practised and advocated throughout the capitalistic world. Since the word “wealth” did not have clear meaning, therefore the definition of economics became controversial. It was regarded unscientific and narrow. At the end of the 19th century, Dr. Alfred Marshall gave his own definition of economics and therein he laid emphasis on man and his welfare	

2. Read more about economics as a social science in Reading file: Unit 1.

Speaking

A

Women and work

This activity is based on the materials taken from <http://www.economist.com/>. The site presents the debate between the two economists: Linda Basch

and Christina Hoff Sommers. They discuss the question “Is a woman’s place at work?” The brief description of the problem is given below:

Nearly two-thirds of women in rich countries now have paid jobs, not far off the proportion for men, compared with under half only a few decades ago. This house believes this to be a good thing all round: for the national economies concerned, because it provides extra labour as working populations in many countries are beginning to age and shrink; for employers, because they are able to draw on a much larger and more diverse pool of talent; and for women themselves, because they now enjoy a wider choice of careers and more financial independence at a time when many marriages end in divorce. But more remains to be done. The pay gap between women and men for comparable work remains substantial, and women in top positions in any field are still relatively rare. For women to get the most out of work, and workplaces to get the most out of women, it needs to become easier for them to combine work and family. This will involve a change in men’s attitudes too.

Your task is to visit <http://www.economist.com/debate/overview/219> and do the following:

1. Summarise the viewpoints of the debate participants. Use the speech patterns given below.

a) Linda Baschs is a ... She is defending the idea of ... Her arguments in favour of the statement are ...

b) Christina Hoff Sommers is a ... She is against the idea of ... because ... Her arguments are ...

2. Speak about the results of the debate.

3. Tell your partner about your own viewpoint on the problem discussed.

B Discuss the following questions with the partner.

1. Who are the greatest women in your country’s history?

2. Harriet Beecher Stowe said: “Women are the real architects of society.”

Do you agree?

3. What common characteristics do all women share?

4. How would the world be different if all leaders were women?

5. Do men and women have equal career opportunities?

C Do you agree with the following statements? Give arguments.

1. Men are more effective workers than women.

2. Women are too emotional about doing business.

3. The best economists and rational-thinkers are men.

Writing

1. Render¹ the following text using the plan:

1 State the central idea of the article.

2 Give a summary of the article.

3 State the main problem discussed in the article.

¹ Rendering is the exposition of the content of the Russian text in English.

- 4 Point out the facts that turned out to be new for you.
- 5 Express your own point of view on the problem discussed.

Мужчины недооценивают роль женщин в экономике

*5 ошибок, которые совершают руководители-мужчины,
когда их клиенты — женщины*

Мужчины, управляющие бизнесом, зачастую не задумываются о том, какую фундаментальную роль играют женщины как потребители товаров и услуг. Между тем именно женская половина человечества представляет собой самую стремительно развивающуюся «экономику» мирового рынка, которая превышает даже вместе взятые потребительские рынки Китая и Индии.

Согласно исследованию Бостонской консалтинговой группы (BCG), женщины покупают 70% всех потребительских товаров не первой необходимости. При этом они не удовлетворены тем, что предлагает им рынок во многих сферах, в особенности в области здравоохранения, финансовых услуг и товаров длительного пользования.

Большинством компаний руководят мужчины, значительная часть из которых не понимают женщин и не осознают ту фундаментальную роль, которую женщины играют в экономике и которую сложно игнорировать. Между тем женщины приобретают товары и услуги иначе, чем мужчины, у них больше опыта в шопинге, они уделяют процессу и результату больше эмоций.

Мужчины-боссы плохо знакомы со столь важной потребительской категорией по ряду причин. Прежде всего, производители товаров не проводят достаточного количества исследований в отношении особенностей потребления женским полом, а на этапах разработки новых продуктов, определения цены и создания маркетинговой концепции мужчины-руководители привыкли взаимодействовать с другими мужчинами, нежели с женщинами.

По результатам исследований BCG *Wall Street Journal* публикует 5 основных ошибок, которые совершают мужчины-руководители при разработке и продаже товаров, предназначенных преимущественно для женщин.

1. Игнорирование значимости эмоционального фактора.

Мужчины-руководители часто не осознают, что женщины покупают тот или иной товар, ориентируясь на эмоции, которые он вызывает. Они прислушиваются к своим ощущениям от процесса и результата покупки. Мужчины обычно более прагматичны: покупая новые товары на замену старым, они руководствуются привычкой. Вот почему, например, мода в женской одежде гораздо более переменчива, чем в мужской.

2. Неизменный ассортимент из года в год.

Руководители часто не видят необходимости в разработке чего-то нового, если бизнес идет достаточно успешно. Они могут увеличивать цикл разработки продукции, внося незначительные изменения от сезона к сезону, мало чем отличаясь на фоне конкурентов. Женщин больше, чем мужчин, интересуют новинки, им нравится пользоваться чем-то обновленным и улучшенным.

3. То же самое, но в розовом цвете.

Если тот или иной товар достаточно успешно продается среди мужской потребительской группы, то руководители компаний часто считают, что достаточно внести минимальные изменения формы и цвета, чтобы он приобрел такую же популярность среди женщин. Однако если по сути ничего не изменилось, женщины оказываются не удовлетворены тем, что мужскую вещь просто перекрасили в розовый цвет.

4. Неуклюжая маркетинговая стратегия.

Маркетинговые кампании часто базируются на стереотипах, а не на глубоком понимании действительных потребностей женщин. Руководители компаний зачастую даже не осознают, что их продукция работает совсем не так, как обещает реклама. В результате товары, предназначенные той или иной части потребителей, попросту проваливаются в продаже.

5. Игнорирование проблемы дефицита времени.

По данным BCG женщины называют своей основной проблемой нехватку времени. Производители упускают из внимания и тот факт, что современная женщина живет в постоянном состоянии цейтнота, в большей степени это касается работающих замужних женщин. Поэтому работающая женщина нуждается в товарах и услугах, позволяющих максимально сэкономить время.

<http://www.rb.ru/article/mujchiny-nedootsenivayut-rol-jenshhin-v-ekonomike/6246157.html>

2. Write a summary of the article *Russia economic structure* (100 words). Use the plan given below:

Thesis statement (the main idea of the text)

Main points of para 1

Main points of para 2

...

Conclusion

Russia economic structure

The economic structure that exists in the Russian Federation today was created mostly as a consequence of decisions made during the prior economic regime.

For nearly 60 years, the Russian economy operated on the basis of centralized planning where the Russian state government controlled virtually all means of production, investment and consumption decisions throughout the economy. Economic policy was made according to directives from the Communist Party, which controlled all aspects of economic activity. The State Planning Committee formulated countrywide output targets for stipulated planning periods. Regional planning bodies then refined these targets for economic units such as state industrial enterprises and state farms and collective farms, each of which had its own specific output plan.

Since 1991, under the leadership of Boris N. Yeltsin, the country has made great strides toward developing a market economy by implanting basic tenets such as market-determined prices. Critical elements such as privatisation of state enterprises and extensive foreign investment went into place in the first few years of the post-Soviet period.

But other fundamental parts of the economic infrastructure, such as commercial banking and authoritative, comprehensive commercial laws, are still lacking in Russia today, limiting its potential growth and ability to attract and sustain investments.

Russia Economic Structure: The Road Ahead

Although Russia is well placed in its path to economic growth and development, given the feeble global economy, it needs to take lessons from its 1998 crisis to avoid the pitfalls of debt and balance sheet crises. Russia, an emerging economy, must structure its fiscal policies in line with government policies and the external environment. With its over reliance on energy and oil exports, Russia needs to guard itself from the fluctuating oil prices and the US dollar, and create diversity in its economic structure.

With interest rates set to decline further and bank deposits continuing to grow, Russian financial institutions are also likely to restart their credit facilities and reorganise their consumer and investment banking policies.

http://www.economywatch.com/world_economy/russia/structure-of-economy.html

Unit 2

BASIC ECONOMIC QUESTIONS

Learning outcomes

After studying this unit you should be able to:

- 1) identify the basic economic questions, and their relationship to resource allocation;
 - 2) use the production possibility curve to analyse a variety of economic choices;
 - 3) distinguish between the basic types of economic systems;
 - 4) use the active vocabulary of the unit in speaking and writing;
 - 5) read for different purposes (skimming, scanning);
 - 6) use grammar effectively (articles: *zero* article or *the* with place names, prepositions).
-

Lead-in

1. There are four basic types of economic systems: traditional, market, command, mixed. Match the description of the economy (1–8) with its type.

1. Its decisions regarding investment, production and distribution are based on supply and demand. _____
2. Its decisions regarding production and investment are embodied in a plan formulated by a central authority, usually by a government agency. _____
3. It is based on custom and tradition or command, with economic decisions based on the traditions of community, family or religion. _____
4. It is an economy where both the state and private sector direct the economy. _____
5. It is popularly conceived of as a “primitive” or “underdeveloped” economic system, having tools or techniques seen as outdated. _____
6. The government of this economy allows and protects ownership of property and voluntary exchange. _____
7. It is considered as a compromise between state socialism and free-market capitalism that is superior in net effect to either of those. _____
8. It may consist of state-owned enterprises, cooperative enterprises, or private enterprises directed by the state. _____

2. There are some famous quotations which were brought to the world by economists, humorists and politicians. Read them all and decide how they characterise a market economy.

The market can stay irrational longer than you can stay solvent. (John Maynard Keynes, English economist)

The government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it. (Ronald Reagan, 40th president of US)

Entrepreneurs and their small enterprises are responsible for almost all the economic growth in the United States. (Ronald Reagan)

The nine most terrifying words in the English language are, "I'm from the government and I'm here to help." (Ronald Reagan)

As scarce as truth is, the supply has always been in excess of the demand. (Josh Billings, US humorist)

TOPICS

Text A

Three basic economic questions

1 Scarcity forces every economy in the world, regardless of its form of organisation or its level of economic development, to address three basic questions:

What to produce: all economies must choose what particular goods and services and what quantities of these they wish to produce.

How to produce: all economies must make choices on how to use their resources in order to produce goods and services. Goods and services can be produced by use of different combinations of factors of production (for example, relatively more labour with less capital, or relatively more capital with less labour), by using different skill levels of labour, and by using different technologies.

For whom to produce: all economies must make choices about how the goods and services produced are to be distributed among the population. Should everyone get an equal amount of these? Should some people get more than others? Should some goods and services (such as education and health care services) be distributed more equally?

2 The way that a country handles these questions is based on their economic system. An economic system is basically the decision making that is done to answer these questions.

3 There are four main types of economic systems present in the world: the traditional economy, the market economy, the command economy, and the mixed economy. But there are also unlimited amounts of variations of these systems.

4 A traditional economy is an economy that answers the three questions based on their social customs and how the society has dealt with these questions in the past. A country's customs can differ greatly to that of a neighbouring country so traditional economies vary from one another.

5 A market economy is the type of economy that the United States has and these questions are answered in the marketplace by the interaction of buyers and sellers. For example, the question of what to produce may be based on what trend is popular right now. The producer would create a product that they think would sell well to the public in hopes to make a profit. The question of how to produce is usually based on the producer's choice. They might