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ДЕРЖАВНИЙ ВИЩИЙ НАВЧАЛЬНИЙ ЗАКЛАД  
«УЖГОРОДСЬКИЙ НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ»  
КАФЕДРА ІНОЗЕМНИХ МОВ

**АНГЛІЙСЬКА МОВА  
ДЛЯ ЕКОНОМІСТІВ  
Частина I**

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**ENGLISH FOR ECONOMISTS  
Part I**

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Навчально - методичний посібник «English for Economists» призначений для студентів економічних спеціальностей вищих навчальних закладів, які вивчають англійську мову для професійних цілей.

Основна його мета – забезпечити розуміння та інтерпретування студентами текстів економічного профілю, а також практичне оволодіння лексичними та мовленнєвими моделями, необхідними для вільного спілкування англійською мовою у сфері економіки.

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## ПЕРЕДМОВА

В сучасних умовах стрімкого поширення економічних зв'язків та інтеграції у світовий економічний простір України одним з першочергових завдань освіти стає якісна підготовка фахівців, здатних до успішної професійної діяльності в межах світової спільноти. В цьому контексті істотно змінюються вимоги до володіння іноземною мовою фахівцями всіх рівнів, першорядного значення набувають практичні навички, вміння використовувати іноземну мову у своїй професійній діяльності. Знання мови міжнародного спілкування стало важливою частиною кваліфікаційної характеристики економіста, що дозволяє йому якісно виконувати свої функціональні обов'язки, відкриває доступ до бази сучасних наукових даних і забезпечує конкурентоспроможність вітчизняного фахівця на світовому ринку праці.

Пропонований посібник розрахований на студентів економічних спеціальностей вищих навчальних закладів і спрямований на ґрунтовне засвоєння англійської мови професійного спрямування. Він має на меті сприяти опануванню студентами сучасною економічною лексикою, вивченню за допомогою автентичних матеріалів основних економічних понять та концепцій, розумінню принципів функціонування економічних систем і структур. Широке охоплення професійної тематики дозволяє найбільш повно виділити навчальний термінологічний словник, а також скласти уявлення про соціокультурні особливості функціонування економічних систем в різних країнах.

Посібник (частина I) складається з 11 розділів, які охоплюють базові економічні питання (What Is Economics?, Macroeconomics and Microeconomics), основні аспекти мікроекономіки (Supply and Demand, Goods and Services, Public Goods, Factors of Production, Forms of Business Organization, Financing a Business, Market Structures, Competition, Marketing, Advertising), а також а також знайомлять студентів з їх факультетом та особливостями професії економіста (Faculty of Economics, My Specialty). Зміст усіх розділів відповідає теоретичному матеріалу, який студенти вивчають на заняттях із спеціальності. Розділи посібника побудовано таким чином, щоб студент мав змогу зосередитися на різних видах діяльності, таких як читання, мовлення (діалогічного і монологічного), письмо та виконання системи лексичних вправ, які спрямовані на формування базових компетенцій професійної іншомовної комунікації, що забезпечують ефективне усне і письмове спілкування у майбутніх економістів.

Призначено для використання на практичних заняттях з англійської мови в рамках навчальної дисципліни «Іноземна мова професійного спілкування».

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## Unit 1. FACULTY OF ECONOMICS. MY SPECIALTY

### *Active Vocabulary*

correspondence training - заочне навчання  
to provide – надавати, забезпечувати  
industry planning - промислове планування  
logistical supply - матеріально-технічне постачання  
bookkeeping, accounting – бухгалтерія, бухгалтерський облік  
customs - митниця  
evaluation activity - оціночна діяльність  
economy of enterprise – економіка підприємства  
undergraduate level (course) – рівень бакалавра  
graduate level (course) – рівень магістра  
postgraduate level (course) – аспірантура  
opt – вибирати, надавати перевагу (for; between)  
unlimited wants - необмежені бажання  
виробництвом, розподілом та споживанням товарів та послуг  
to be concerned with - займатися  
production - виробництво  
distribution - розподіл  
consumption - споживання  
goods and services - товари та послуги  
to determine – визначати  
costs – витрати  
benefit – вигода, перевага  
forecast - прогнозувати  
tax revenues - податкові надходження  
interest rates - процентні ставки  
total output - загальний обсяг виробництва  
entrepreneur - підприємець  
fringe benefits - додаткові пільги  
make a profit – отримувати прибуток

### **1. Read and translate the text:**

The Faculty of Economics was founded in 1963 when the correspondence training in the following specialisms: Industry Planning, Economy and Logistical Supply Planning, Agriculture Planning, Finance and Credits, Bookkeeping, was started.

During its existence, the Faculty of Economics acquired the status of the well-known scientific faculty not only in Ukraine, but also far beyond its borders. It provides training in 8 specialisms (educational programmes) one can choose from: Finance and credit; Customs and evaluation activity; Accounting, audit and taxation; Business consulting; Economy of enterprise; Logistics; Personnel management and labour economics; International commerce.

The faculty confirms Bachelor's, Specialist's and Master's Degrees in the following qualifications: Finance, Banking, Accounting and Audit, Economy of Enterprise. The term of studies for day-time student is 4 years for Bachelor's Degree and 5 years for Specialist's and Master's Degrees, for correspondence students — one year more.

The undergraduate training of students is carried out at the following departments:

- Finance and Banking Department,
- Accounting and Audit Department,
- Economy of Enterprise Department,
- Economical Theory Department.

In 1992 the faculty started post-graduate programmes in the following qualifications: Finance, Money Circulation and Credits; Accounting and Audit; Enterprise Economy, Organization and Management.

Over 90 % of regional specialists in the sphere of accounting, finance, taxation, banking, logistics, economy of enterprise, agriculture economy were educated at the Economics Faculty. It has established close ties with various employers, who invite students to gain practical skills at their enterprises.

The faculty of Economics collaborates with the universities from other countries (Croatia, Germany, Slovakia, Hungary, Poland, Czech Republic, and Georgia). Its students and teachers participate in Erasmus+ exchange programmes.

Students of the Faculty of Economics do not just study or do study science; they have also been provided with the conditions and opportunities for broad socialization and personal development.

## ***2. Answer the following questions:***

1. What educational programmes can one choose from at the Faculty of Economics?
2. What degrees does the faculty confirm?
3. What foreign universities does our faculty collaborate with?
4. Why have you chosen the profession of an economist?
5. Would you like to work for a company, teach economic disciplines at university or operate your own economic business?

**3. Find English equivalents to the following words and word-combinations and use them in sentences of your own:**

набути статусу, здійснювати підготовку за спеціальностями, економіка підприємства, управління персоналом, встановлювати тісні звязки, проходити практику (набувати практичних навичок), програма обміну, займатися науковою роботою, особистісний розвиток, стрімкий розвиток, ринкова економіка, користуватися попитом, ефективне використання, виконавчий директор, займатися економікою, мати справу з, здійснювати внесок в, вирішувати економічні проблеми.

**4. Give Ukrainian equivalents to the following words and word-combinations:**

Far beyond its borders, customs, accounting, audit and taxation, labour economics, international commerce, day-time student, correspondence students, post-graduate programme, collaborate with, rapid development, individual businesses, do business, to suggest methods and ways, widely required profession, to employ economists, profound knowledge, to make more efficient use, to be in great demand, available resources, to practice economy, to make contribution.

**5. Read and translate the text:**

**MY SPECIALTY**

I am a first-year student of the faculty of Economics. In four years I will become a professional economist. Due to the rapid development of market economy, economists are in great demand today. Our graduates can work as financial managers, executive managers, sale managers, economists, accountants.

Except economics we should have a profound knowledge and a thorough training in mathematics, statistics, econometrics, macroeconomics, microeconomics and other subjects. Knowing the economic laws of the development of the society, economist can solve many problems facing our country. I hope I will manage to make my contribution to this process. The more you know about the subject, the better career decisions you will be able to make.

Economists study the ways in which individuals and society choose to use limited resources, such as natural resources, labor, factories, and machines, in an effort to satisfy unlimited wants. They are concerned with the production, distribution, and consumption of goods and services and are interested in helping society get as much satisfaction as possible from its limited resources. Economists collect, process, and analyze data to determine the costs and benefits of using resources in various ways.

Economists are employed in a number of different job settings. About half of them are academic economists, who engage in teaching, writing and doing research in colleges, and Universities. They also write textbooks and journal articles, develop and test new theoretical models, provide consulting services to governments and businesses, and engage in variety of other professional activities.

The other half of all economists work for government or business.

*Government economists* collect and analyze information about economic conditions in the nation and possible changes in government economic policies. Economists forecast tax revenues and interest rates, analyze, who gains and who loses from particular changes, monitor prices, compute total output and perform other useful tasks in the public sector.

*Business economists* work for banks, insurance companies, investment companies, manufacturing firms, economic research firms, and management consulting firms.

Some economists operate their own economic businesses. They are called *entrepreneurs*. This is a French word that has been accepted into the English language. Entrepreneurs are a mystery to some people, especially those who are only comfortable with a nine-to-five existence and assured weekly paychecks and fringe benefits. The entrepreneur is a business person who prefers to take calculated risks in order to be his or her own boss. An individual hoping to start up a new company needs to have entrepreneurial flair or talent, as well as good technical skills and financial skills, because they make a profit through risk-taking or initiative. They are self-employed, and often work long hours for less pay than they would if they were an employee of another company.

#### **6. Answer the questions:**

1. What do economists study?
2. What job settings are economists employed in?
3. What are the spheres of activities of:
  - academic economists?
  - government economists?
  - business economists?
4. How do entrepreneurs differ from above mentioned economists?
5. What traits is a successful businessman supposed to possess?

#### **7. Study the meaning of the following words, then use them to fill in the gaps: monitor, check and control.**

- We *check* something to see if it is correct.
- The word *control* refers to power and domination. It is both a noun and a verb.

- If you *monitor* something you regularly check its progress.

1. I've ... the documentation and everything is in order.
2. Inflation has not gone away but it is under ....
3. We constantly ... the situation and if anything goes wrong we take action immediately.
4. We apologize for the delay which is due to reasons beyond our ....
5. Economists ... prices, compute total output and perform other useful tasks.

**salary, wages and fringe benefits** (also known as *perks*).

- A salary is paid monthly and usually by bank transfer. We use the word *salary* for monthly payments to professional employees.
- Wages are paid weekly to manual or unskilled workers.
- Fringe benefits (also known as *perks*) are extra payments (a company car, free accommodation etc.). In many job advertisements the combination of salary plus perks is called a *remuneration package*.

*Complete this extract from a job advertisement.*

We are offering an attractive ... .., including basic ... of 60 thousand per year, plus numerous ... such as subsidized accommodation, free medical insurance etc.

**8. Match the following word combinations in column A with their Ukrainian equivalents in column B:**

**A**

1. academic argument
2. to provide fringe benefits
3. a private entrepreneur
4. an independent entrepreneur
5. to show a flair
6. to engage in business
7. to monitor performance
8. to qualify as an economist
9. tax revenue

**B**

- a) отримати професію економіста
- b) займатися комерцією
- c) чисто теоретичний доказ
- d) дохід від податків, податкові надходження
- e) приватний підприємець
- f) виявляти здатність (до чого-небудь)
- g) незалежний підприємець
- h) керувати роботою
- i) надати додаткові пільги

**9. Express in one word:**

Involving a greater amount of reading and study than technical or practical work; extra things that some people get from their job in addition to their salary; a person who starts or organizes a commercial enterprise; a natural ability to do sth well; the place of work; to watch and check sth over a period of time; to reach the

standard of ability; knowledge required in order to enter a particular profession; working independently for customers or clients and not for an employer; to say in advance what is expected to happen; an amount of money needed for a particular activity or purpose, esp in business; to make sth available for sb to use by giving it.

*Words for reference:* costs, provide, academic, entrepreneur, self-employed, perks (fringe benefits), monitor, forecast, job-setting; flair, qualify, skill.

**10. Choose the words with similar meaning from two columns and arrange them in pairs:**

<b>A</b>	<b>B</b>
costs (n)	supply, equip, outfit
monitor (v)	expenses, outlay
flair (n)	control, manage
entrepreneur (n)	skill, talent, inclination
forecast (n)	employer
provide (v)	responsible
job-setting (n)	place of work
liable (a)	prediction, prophecy

**11. Expand the sentences:**

1. Economists study the ways in which individuals and society choose to use ... .
2. They are concerned with ... .
3. About half of them are academic economists who ... .
4. The other half of the profession work for ... .
5. Government economists forecast ... .
6. Business economists work for ... .
7. Rather than to take low-wage, big-industry job, people opt to ... .
8. An individual hoping to start up a new company needs to have ... .
9. Entrepreneurship is regarded to be ... .

## Unit 2. WHAT IS ECONOMICS?

### *Active Vocabulary*

to determine - визначати

output - випуск; продукція

input - вклад; витрати

consumer - споживач

factors of production - чинники виробництва

to manufacture - виробляти

commodity - товар, крам

return - обіг, відшкодування

distribution - збут, розподіл

entrepreneurship - підприємництво

ownership - власність, володіння

wage - заробітна плата (щотижнева)

salary - заробітна плата, оклад

rent - орендна плата; рента

interest - відсоток

substitute - замітник

issue - питання

to allocate – розміщувати (ресурси)

scarce – недостатній, рідкісний, дефіцитний

scarcity - нестача, дефіцит

at what rate – за яких умов

to replenish – поповнювати

deal (with smth) – мати справу, стикатися (з чим-небудь); боротися (з чимось)

economic policy – економічна політика

### ***1. Read and translate the text:***

In business and our everyday life we face many questions which are fundamentally economic in nature. Economics often affects our decisions. Economic principles influence all choices that people do. Knowledge of, the study of how people and countries use their resources to produce, distribute and consume goods and services, is of great importance nowadays.

So, what is economics?

Informally, economics is a science of making a living. Knowledge of basic economic principles helps us earn our living and make our money, and get satisfaction.

More formally, economics is the study of how society chooses to allocate its scarce resources to the production of goods and services in order to satisfy unlimited wants. Economics can actually be defined a few different ways: it is the study of scarcity, the study of how people use resources, or the study of decision-making. In fact, economics is the study of how human beings allocate scarce resources to produce various commodities and how those commodities are distributed for consumption among the people in society. The essence of economics lies in the fact that resources are scarce, or at least limited, and that not all human needs and desires can be met. How to distribute these resources in the most efficient and equitable way is a principal concern of economists. Economics often involves topics like wealth, finance, recessions, and banking, leading to the misconception that economics is all about money and the stock market. An economy is a system of organizations and institutions that either facilitate or play a role in the production and distribution of goods and services in a society. Economies determine how resources are distributed among members of a society; they determine the value of goods or services; and they even determine what sorts of things can be traded or bartered for those services and goods. The principle and problem of economics is that human beings occupy a world of unlimited wants and limited means. For this reason, the concepts of efficiency and productivity are held paramount by economists. Increased productivity and a more efficient use of resources, they argue, could lead to a higher standard of living.

The economy as a whole, like an individual, can produce only products for which it has the necessary resources. Resources are the materials (things and services) that people use to produce goods for satisfaction of their wants. No economy can produce the things people want if it does not have enough of the right kinds of resources. And no economy has an unlimited amount of resources, which people can use in order to produce goods and services for satisfaction of human needs and wants. Even the very rich, who seem to have everything, find new things to buy.

So, we can speak of three major kinds of resources:

□ **Human resources (or labour)** are people. A person's knowledge, skills, attitudes, and ability to work determine that individual is important as a human resource.

□ **Natural resources (or land)** are raw materials, such as land, water, oil, timber, iron ore, and coal, from which goods are made.

□ **Capital resources (or capital)** are the money or property, such as tools, equipment, machines and buildings that are used to produce consumer goods or services.

Two other extremely important types of resources are **entrepreneurship** and **information**.

Economists are particularly concerned with four basic questions which regard the working of any economic system. These questions are directed at the major characteristics of economic systems.

**Question #1. What is to be produced?**

Every society should determine how much of each product must be produced during each period of time. What people must produce is a very important question because resources are limited or scarce. Many possible mixtures of goods and services can be produced with a country's human, natural and capital resources. Thus, the first question raises many others. For example, are more goods and services for consumers wanted? If so, is it better to produce more shoes or more electric dishwashers? Does the country want more capital resources? If so, then what tools and machines must be produced? Which public policies are favored? Do people want more national defense or better health care, more roads or better schools? Economists are very interested in nation's answers to these questions. They also study the ways a country makes its economic choices. So, it means that the country must make choices.

**Question #2. How to produce the output?**

The answer to this question is related to each country's basic economic system and the knowledge and skills of its work force. Once a business firm determines the quantity of each product that it must manufacture, it is necessary to make decisions on how to produce this item. There are many types of factors of production – something that can be used in the production of a commodity or service. Economists usually classify them into four categories: *labour, land, capital and entrepreneurship*. Usually a business firm can use a lot of different combinations of these factors to produce a certain product.

**Question #3. Who gets that? – Distribution.**

The first two questions deal with the production of goods and services. The third question concerns the way goods and services are distributed to consumers. To be able to answer this question, it is necessary to determine the returns to each type of productive input – labour, land, capital and entrepreneurship, which are firm ownership. These returns can be classified as:

- Wages and salaries:** payments for the service of labour;
- Rent:** the payment for the use of land and other natural resources;
- Interest:** the payment for the use of capital;
- Profit:** the return to owners of business firm for their innovative skills and risk taking.

**Question #4. How much will be produced for now and how much for the future?**

Each society must decide at what rate it will use up its natural resources and if it will try to replenish or develop substitutes for these resources.

All countries must answer the basic economic questions. Each wants answers that will best satisfy its people and protect its self-interests. The answers to economic questions involve important choices both for countries and for individuals. These choices reflect values and priorities, and both limit and create opportunities. Your study of economics will help you to understand the basic economic issues facing you and the country. Understanding economics will help you to make more effective economic choices now and in the future.

*An economic policy* is a course of action that is intended to influence or control the behavior of the economy. Economic policies are normally implemented and administered by the government. The goals of economic policy consist of value judgement about what economic policy should strive to achieve. While there is some disagreement about the appropriate goals of economic policy, there are three widely accepted goals including;

1. Economic growth. It means that the incomes of all consumers and firms (after accounting for inflation) are increasing over time.

2. Full employment. It means that every member of the labor force who wants to work is able to find work.

3. Price stability. It means to prevent increases in the general price level known as inflation, as well as decreases in the general price level known as deflation.

## **2. Vocabulary Focus**

***Easily confused words: economic / economics / economy / economical / economist / economize.***

### ***Economy***

- *a system according to which the money, industry, and trade of a country or region are organized.*
- *a country's economy is the wealth that it gets from business and industry.*
- *careful spending or the use of things in order to save money.*
- *large-size packages of goods which are cheaper than the normal sized packages on sale.*

### ***Economic***

- *concerned with economics and with the organization of the money, industry, and of a country, region, or social group.*
- *relating to services, businesses, etc. that produce a profit.*

### ***Economical***

- *something that is economical does not require a lot of money to operate.*
- *using the minimum amount of time, effort, language, etc. that is necessary.*

### ***Economics***

- *the study of the production of wealth and the consumption of goods and services in a society, and the organization of its money, industry, and trade.*

### ***Economist***

- *an expert or student of economics.*

### ***Economize***

- *save money by spending it very carefully and not buying expensive things.*

### ***Choose the suitable words:***

1. A good manager is \_\_\_\_\_ in the use of his funds.
2. An \_\_\_\_\_ person saves money and expense wherever possible.
3. An \_\_\_\_\_ is a person who studies, teaches, or writes about economics.
4. By exercising strict \_\_\_\_\_ he saved enough money to retire early.
5. By using \_\_\_\_\_ in buying food and clothes, we were soon able to save money for the new car we needed.
6. \_\_\_\_\_ is a social science concerning behavior in the fields of production, consumption, distribution, and exchange.
7. In times of difficulties we all have to \_\_\_\_\_.
8. It is much more \_\_\_\_\_ to buy in bulk.
9. Nations experience different rates of \_\_\_\_\_ growth.
10. The country is in the period of \_\_\_\_\_ and industrial crisis.

### ***3. Answer the questions:***

1. How often do you have to make choices between competing alternatives?
2. What choices does any society have to make to meet people's needs?
3. Do the words *economy* and *economics* mean the same?
4. Can you explain the difference between wants and needs? Is it possible to satisfy all the desires? Why?
5. Do you know what scarcity is? Do you agree that scarcity is typical for all nations?
6. What is a luxury and what is a necessity?
7. Why is so much attention paid to economics?
8. How can economics be defined?
9. What issues does economics deal with?
10. What are resources used for?
11. What kinds of resources do you know?
12. What are major economic questions directed at?
13. What is an economic policy?
14. What are the goals of economic policy?

**4. State which of the sentences are true and which are false:**

1. In business and everyday life people seldom face questions which are economic in nature.
2. People use scarce resources to produce goods for satisfaction of their wants and needs.
3. The number of free resources, which are obtained without charge, is not limited.
4. Economy is a theory of how society functions.
5. The principal concern of economists is how to increase productivity.
6. Raw materials, energy, and labor constitute free resources.
7. Scarce resources include land, labour, and capital.
8. Increased productivity is inversely proportional to a higher standard of living.
9. There are three central economic questions that economists are concerned with.
10. Because all resources are free, the question "what people must produce" is not important.
11. Labor, land, capital, and entrepreneurship are four factors of production.
12. Any business firm can use only one combination of factors of production.

**5. From two columns choose the words with similar meaning and arrange them in pairs:**

<b>A</b>	<b>B</b>
1. scarcity	a) insufficiency / shortage
2. goods	b) merchandise
3. degree of merit	c) manufacture
4. economical	d) quality
5. production	e) work done for somebody or some-thing
6. service	f) infinite
7. unlimited	g) option
8. choice	h) thrifty

**6. Match the phrases with the definitions:**

- |                 |   |
|-----------------|---|
| 1. economics    | a. the management of the resources of a community, country, etc., especially with a view to its productivity    |
| 2. profit       | b. the branch of knowledge concerned with the production, consumption, and transfer of wealth                   |
| 3. economy      | c. the act or system of bartering goods   |
| 4. productivity | d. a period when the economy of a country is doing badly  |
| 5. commodity    | e. money that is earned in trade or business after paying the costs of producing and selling goods and services |
| 6. recession    | f. the state of being scarce or in short supply   |
| 7. barter       |   |
| 8. scarcity     |   |

- g. something that is sold for money
- h. the rate at which a company or country makes goods, usually judged in connection with the number of people and the amount of materials necessary to produce the goods

**7. Complete the following sentences with the words given below:**

*competitive environment   mathematical tools   economic forces*  
*limited resources   financial benefit   social science*

1. Economics is regarded as a \_\_\_\_\_ because it uses scientific methods to build theories that can help explain the behaviour of individuals, groups and organisations.
2. For any country, \_\_\_\_\_ include natural resources, capital, its labour force and its level of technology.
3. Economists rely on extensive \_\_\_\_\_, like econometrics, to analyze real world situations that have occurred and use that to forecast future situations.
4. \_\_\_\_\_ are economic factors that contribute to the success or failure of companies, business ventures, and individual products.
5. Profit is a \_\_\_\_\_ that is realized when the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity.
6. Factors such as level of employment, rate of inflation, rate of interest, demographic changes, and fiscal and monetary policies determine the state of \_\_\_\_\_ in which a firm operates.

**8. Multiple choice: there is one best answer for each sentence:**

1. Economics often \_\_\_\_\_ our everyday decisions.
  - a. *chooses*
  - b. *affects*
  - c. *satisfies*
  - d. *determines*
2. Economics is a study of how people can use \_\_\_\_\_ resources to satisfy their needs and wants.
  - a. *absolute*
  - b. *free*
  - c. *scarce*
  - d. *unlimited*
3. People use scarce resources for \_\_\_\_\_ of their human needs and wants.

- a. *distribution*
- b. *satisfaction*
- c. *information*
- d. *production*

4. Labor, land, capital, and entrepreneurship are major types of productive \_\_\_\_\_.

- a. *item;*
- b. *input;*
- c. *output,*
- d. *resources.*

5. Wages and \_\_\_\_\_ are payments for the services of labor.

- a. *profits;*
- b. *rent,*
- c. *salaries;*
- d. *interest.*

6. The payment for the use of capital is called \_\_\_\_\_.

- a. *interest;*
- b. *payment,*
- c. *profit;*
- d. *risk taking.*

7. The return to owners of business firms for their risk taking is known as \_\_\_\_\_.

- a. *profit;*
- b. *interest;*
- c. *rent,*
- d. *salary.*

### **9. Read and translate:**

- **Input:** financial input; human input; input from the work force; this business needs more input.
- **Commodity:** expensive commodity, a scarce commodity; cotton isn't a cheap commodity; the country exports such commodities as coffee and tea.
- **Profit:** total profit; do something for profit; a rise in profits; make a profit; the company's profits rose; we make a profit of \$1 on each book we sell.
- **Salary:** to increase salary; an annual salary, salary agreement; a monthly salary; his starting salary isn't very high.
- **Interest:** to pay interest, absolute interest; life interest; if you borrow (take) 100 hrn, the interest will be 10 hrn.
- **Wage:** minimum wage; real wages; wages check; wage level; guaranteed wage; to receive wages; she is earning a good wage.

**10. Write a definition for each of the following terms:**

- a. economics;
- b. consumer;
- c. consumer goods;
- d. services;
- e. producer;
- f. resources;
- g. scarcity;
- h. capital goods.

**11. Translate the following sentences into English:**

1. Слово економіка походить від грецького слова 'oikonomos', що означає 'той, хто керує домом'.
2. Перша необхідність вивчення економіки полягає в тому, що це знання допоможе зрозуміти людині світ, в якому вона живе.
3. Кожного разу, коли ви вирішуєте зробити одне, а не інше, ви приймати економічне рішення.
4. Економісти вивчають, як люди приймають рішення: скільки вони працюють, що вони купують, скільки вони заощаджують, і як вони вкладають свої заощадження.
5. Управління ресурсами суспільства є важливим, оскільки ресурсів недостатньо, щоб задовольнити всі людські потреби.
6. При прийнятті будь-якого рішення, особи, які приймають рішення, повинні знати про альтернативні витрати, які супроводжують кожну можливу дію.
7. Принципи економіки можуть застосовуватися майже у всіх життєвих ситуаціях.

## Unit 3. MACROECONOMICS AND MICROECONOMICS

### *Active Vocabulary*

macroeconomics – макроекономіка

microeconomics - мікроекономіка

irreducible elements - невичерпні ресурси

GDP (gross domestic product) - валовий внутрішній продукт

consumption level - рівень споживання

aggregated indicators – сукупні показники

short-run fluctuations – короткострокові коливання

causes and consequences - причини та наслідки

evaluation of economic policy - оцінка економічної політики

to encompass a variety of concepts - включати різні концепції

to generate income - генерувати дохід

to slip into recessions - привести до економічного спаду

predictable patterns and trends - передбачувані моделі і напрямки

GNP (gross national product) - валовий національний продукт

to respond to market changes реагувати на ринкові зміни

to simplify smth - спрощувати

input and output – вклад и вихід

mutually exclusive action – взаємовиключні дії

monetary costs - валютно-грошові витрати

durable goods - товари тривалого використання

to improve efficiency – покращувати, підвищувати продуктивність

### ***1. Read and translate the text:***

Economics is the study of how society chooses to allocate its scarce resources to the production of goods and services in order to satisfy unlimited wants. Society makes two kinds of choices: economy-wide, or macro choices and individual, or micro, choices. The prefixes macro and micro come from the Greek words meaning “large” and “small,” respectively. Reflecting the macro and micro perspectives, economics consists of two main branches: macroeconomics and microeconomics.

Macroeconomics is a branch of economics that study the performance, structure, decision-making, behavior of the whole economies or economic systems instead of the behavior of individuals, individual firms, or markets (which is the domain of Microeconomics). It is concerned primarily with the forecasting of national income, through the analysis of major economic factors that show predictable patterns and trends, and of their influence on one another. These factors include level of employment/unemployment, gross national product (GNP), balance

of payments position, and prices (deflation or inflation). Macroeconomics also covers role of fiscal and monetary policies, economic growth, and determination of consumption and investment levels. This includes national, regional, and global economies.

While macroeconomics is a broad field of study, there are two areas of research that are emblematic of the discipline: the attempt to understand the causes and consequences of short-run fluctuations in national income (the business cycle), and the attempt to understand the determinants of long-run economic growth (increases in national income). Macroeconomic models and their forecasts are used by governments to assist in the development and evaluation of economic policy.

Macroeconomics encompasses a variety of concepts and variables, but there are three central topics for macroeconomic research. Macroeconomic theories usually relate the phenomena of output, unemployment, and inflation. Outside of macroeconomic theory, these topics are also important to all economic agents including workers, consumers, and producers.

Microeconomics, on the other hand, is the branch of economics that is primarily focused on the actions of individual agents, such as firms and consumers, and how their behaviour determines prices and quantities in specific markets. One of the goals of microeconomics is to analyse market

mechanisms that establish relative prices among goods and services and the allocation of limited resources among many alternative uses. Microeconomics analyses market failure, where markets fail to produce efficient results, as well as describing the theoretical conditions needed for perfect competition, significant fields of study in microeconomics include markets under asymmetric information, choice under uncertainty, the elasticity of products within the market system.

Such analysis includes the theory of supply and demand. Analysis of change in a single market often proceeds from the simplifying assumption that relations in other markets remain unchanged, that is, partial-equilibrium analysis. General-equilibrium theory allows for changes in different markets and aggregates across all markets, including their movements and interactions toward equilibrium. Here economists distinguish between Production theories, Opportunity cost, Economic efficiency, and Production-possibility frontier.

In microeconomics, production is the conversion of inputs into outputs. It is an economic process that uses inputs to create a commodity for exchange or direct use. Production is a flow and thus a rate of output per period of time. Inputs used in the production process include such primary factors of production as labour services, capital (durable produced goods used in production, such as an existing factory), and land (including natural resources). Other inputs may include intermediate goods used in production of final goods, such as the steel in a new car.

Opportunity cost refers to the economic cost of production: the value of the next best opportunity foregone. Choices must be made between desirable yet mutually exclusive actions. It has been described as expressing «the basic relationship between scarcity and choice»

Economic efficiency describes how well a system generates desired output with a given set of inputs and available technology. Efficiency is improved if more output is generated without changing inputs, or in other words, the amount of «waste» is reduced.

Macroeconomic and microeconomic analyses are not mutually exclusive and often rely on each other to produce a complete look at the economy. Macroeconomic models and their forecasts are used by both governments and large corporations to assist in the development and evaluation of economic policy and business strategy. Small-business owners should study both branches of economic analysis to make rational and beneficial choices for their business and also to understand the mind of the average person. Microeconomics is especially useful when starting a new business. Small business owners need to determine whether they can earn a profit by looking at the price at which they can sell goods and the price consumers are willing to pay.

## **2. Answer the following questions to the text:**

1. What is the difference between macroeconomics and microeconomics?
2. Try to guess which of the following can be the macroeconomics or the microeconomics decisions:
  - *a person is concerned about the changes in the price of sugar*
  - *government spending*
  - *aggregate demand*
  - *European export of goods and services in the USA*
  - *a Japanese firm decides on how many computer printers should be exported to Europe*
  - *aggregate supply*
  - *inflation*
  - *a person's decision about buying a very expensive brand thing on eBay site*
3. Why do you think the knowledge of macroeconomics and microeconomics is important?
4. What are the main fields that macroeconomics is concerned about?
5. Dwell upon the basic macroeconomic concepts.
6. What is microeconomics?
7. What is the main goal of microeconomics?
8. Is there any interrelation between macroeconomics and microeconomics?

9. What does economic efficiency describe?

10. What is production?

**3. Match the phrases with the definitions:**

- |                                 |  |
|---------------------------------|--|
| <b>1</b> gross domestic product | <b>a</b> the percentage number that shows the extent to which a price has changed over a period as compared with the price in a certain year taken as a standard |
| <b>2</b> unemployment rate      | <b>b</b> the total value of goods produced and services provided in a country during one year  |
| <b>3</b> price index            | <b>c</b> the sum of income taken from all sectors, including personal, business and government   |
| <b>4</b> national income        | <b>d</b> the percentage of total workforce who are unemployed and are looking for a paid job   |
| <b>5</b> output                 | <b>e</b> the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling           |
| <b>6</b> investment             | <b>f</b> the degree to which individuals, consumers or producers change their demand or the amount supplied in response to price or income changes               |
| <b>7</b> inflation              | <b>g</b> the study of human conflict and cooperation within a competitive situation  |
| <b>8</b> elasticity             | <b>h</b> an asset or item that is purchased with the hope that it will generate income or will appreciate in the future  |
| <b>9</b> game theory            | <b>i</b> the amount of goods and services produced by a company in a period  |

**4. Complete the sentences with the correct forms of the capitalized words in brackets:**

The microeconomic concepts that drive the decision-making processes of an established firm are also \_\_\_\_\_ (APPLY) to a start-up business. Data shows that four out of five new business ventures fail within the first five years of opening. There are many causes for these \_\_\_\_\_ (FAIL), including \_\_\_\_\_ (ADEQUATE) financing, a poor business plan, an \_\_\_\_\_ (ABLE) to compete in a difficult market, too much total debt, and \_\_\_\_\_ (OCCASIONAL), the owners lose interest, or realize they would prefer to work for someone else.

The key \_\_\_\_\_ (PREDICT) of success have not changed. Businesses that have employees and that have good financing tend to survive longer. Another key

predictor of success for a start-up enterprise is the advanced microeconomic research and planning conducted by the entrepreneur starting the business.

Before studying the microeconomics of starting a business, the entrepreneur should also be aware of the larger aspects of a start-up business. These include writing a business plan, a strategy, a marketing and \_\_\_\_\_ (ADVERTISE) plan, and a sales programme. The entrepreneur should also consider whether employees will be required, and the legal and insurance aspects of the business.

Another major concerns of start-up businesses are the vendors and suppliers \_\_\_\_\_ (REQUIRE), the physical premises in which the business will be conducted, and the all-important \_\_\_\_\_ (FINANCE). The most important in starting a business, at least from a microeconomics perspective, is the supply-demand factor. Will there be enough demand for what the new business intends to supply? That is a \_\_\_\_\_ (CRITIC) question, and if the answer is negative, the chances that the business will succeed are minimal.

Whatever product or products, or whatever services the start-up business plans to sell, a thorough study of the potential market for those items should be undertaken before a business plan is written.

**5. Complete the following sentences with the words given below:**

*Public economics*

*Applied microeconomics*

*Economic history*

*Urban economics*

*Labour economics*

*Political economy*

*Health economics*

*Financial economics*

1. \_\_\_\_\_ includes a range of specialized areas of study, many of which draw on methods from other fields.
2. \_\_\_\_\_ examines wages, employment, and labour market dynamics.
3. \_\_\_\_\_ examines the design of government tax and expenditure policies and economic effects of these policies (e.g. social insurance programmes).
4. \_\_\_\_\_ examines the role of political institutions in determining policy outcomes.
5. \_\_\_\_\_ examines the organization of health care systems, including the role of the health care workforce and health insurance programmes.
6. \_\_\_\_\_ examines the challenges faced by cities, such as sprawl, air and water pollution, traffic congestion, and poverty.
7. \_\_\_\_\_ examines topics such as the structure of optimal portfolios, the rate of return to capital, econometric analysis of security returns, and corporate financial behaviour.

8. \_\_\_\_\_ examines the evolution of the economy and economic institutions, using methods and techniques from the fields of economics, history, geography, sociology, psychology, and political science.

**6. Match the two parts (1–6) and (a–f) to make sentences:**

1) All businesses make decisions that result

a) an imbalance between demand and supply of money, changes in production and distribution cost or increase in taxes on products.

2) One of the basic principles of microeconomics is that

b) what a consumer may buy, and how much of that product or service will be bought.

3) Microeconomics uses certain principles

c) in the best outcome for the business which may be to maximize profit.

4) Government and corporations use macroeconomic models

d) individuals make decisions to maximize their satisfaction.

5) Inflation occurs due to

e) to explain how individuals and business make decisions.

6) Microeconomics can forecast with reasonable accuracy

f) to help in formulating economic policies and strategies.

**7. Translate the following sentences into English:**

1. Економічний аналіз - це дослідження економічних систем абовивчення виробничого процесу або промисловості, щоб дізнатись, чи вони ефективно працюють, і скільки дають прибутку.

2. Макроекономіка аналізує циклічні зміни та тенденції в загальнолюдських явищах, таких як безробіття, інфляція, економічне зростання, грошова маса, дефіцит бюджету та обмін курсів.

3. Велика депресія та її високий рівень безробіття значною мірою вплинули на розвиток макроекономіки.
4. Рівень безробіття є однією з найбільш важливих статистичних даних, оскільки зростаючий показник розглядається як ознака ослаблення економіки.
5. Мікроекономіка вивчає вибір, а також переваги та проблеми, що виникають у зв'язку з торгівлею.
6. В економіці мікро рішення окремих підприємств залежать від того, наскільки макроекономіка є здоровою, а продуктивність макроекономіки в кінцевому рахунку залежить від мікроекономічних рішень окремих господарств та підприємств.

## Unit 4. SUPPLY AND DEMAND

### *Active Vocabulary*

buyer - покупець

seller - продавець

demand - попит

supply - пропозиція

substitute - товар-замінник, субститут

complement - товар-доповнення

income - дохід

normal good - нормальний товар

inferior good - товар низької якості; нижчий товар

interact (with) - взаємодіяти

interaction (among, between; with) - взаємодія

infinity - нескінченність

luxury good - предмет розкоші

necessity good - предмет першої необхідності

related good – пов'язаний товар

supplement - додавання, додаток

supplier - постачальник

transaction - угода, угода

direct relationship - пряма пропорційна залежність

equilibrium - рівновага

equilibrium price – ціна рівноваги

elasticity - еластичність

price elastic - еластичний за ціною

price inelastic - нееластичний за ціною

### **1. Read and translate the text:**

In every market, there are both buyers and sellers. The buyers' willingness to buy a particular good (at various prices) is referred to as the buyers' demand for that good. The sellers' willingness to supply a particular good (at various prices) is referred to as the sellers' supply of that good. Almost every economics event is the product of the interaction of these two laws. The law of supply states: **Other things equal, when the price of a good rises, the quantity supplied of the good also rises.** Conversely, the law of demand says: **other things equal (*ceteris paribus* in Latin), when the price of a good rises, the quantity demanded of the good falls.**

When economists speak of demand, it is important to keep straight the difference between a change in quantity demanded, and a change in demand. There is

only *one* reason for a change in the quantity demanded of some good: a change in its price; however, there are several reasons for a change in demand for the good, including:

1. *Changes in the price of related goods:* The demand for a good may be changed by increases or decreases in the prices of the other, related goods. These related goods are usually divided into two categories called substitutes (for example, butter and margarine) and complements (*for example, shoes and shoelaces*).

2. *Changes in income:* The demand for a good may also be affected by changes in the incomes of buyers. Normally, as incomes *rise*, the demand for a good will usually *increase* at all prices, and vice versa. Goods for which changes in demand vary directly with changes in income are called normal goods. There are some goods, however, for which an *increase* in income leads to a *decrease* in demand and a *decrease* in income leads to an *increase* in demand. Goods for which changes in demand vary inversely with changes in income are called inferior goods. For example, consider meat and bread. As incomes increase, people demand relatively more meat and relatively less bread, implying that meat may be regarded as a normal good, and bread may be considered an inferior good.

3. *Changes in preferences:* As peoples' preferences for goods and services change over time, the demand for these goods and services will also shift. For example, as the price for gasoline has risen, automobile buyers have demanded more fuel-efficient, "economy" cars, and fewer gas-guzzling, "luxury" cars.

4. *Changes in expectations:* If buyers expect that they will have a job for many years to come, they will be more willing to purchase goods such as cars and homes that require payments over a long period of time. If buyers fear losing their jobs, perhaps because of an adverse economic climate, they will demand fewer goods requiring long-term payments.

The buyers' demand for goods is not the only factor determining market prices and quantities. The sellers' *supply* of goods and services also plays a role in determining market prices and quantities. According to the law of supply, a *direct relationship* exists between the price of a good and the quantity supplied of that good. But a change in supply is not only caused by a change in the price of the good being supplied but other factors too, including:

1. *Changes in the prices for other goods:* Suppliers are often able to switch their production processes from one type of good to another. For example, farmers might decide to grow less corn and more wheat on the same land if the price of wheat rises relative to the price of corn.

2. *Changes in the prices of inputs:* The prices of the raw materials or inputs used to produce a good also cause supply to change. An- *increase* in the prices of a

good's inputs will *raise* costs to suppliers and cause them to supply *less* of that good at all prices.

3. *Changes in technology*: Advances in technology often have the effect of lowering the costs of production, allowing suppliers to supply more goods at all prices. For example, the development of pesticides has reduced the amount of damage done to certain crops and therefore has reduced the cost of farming. The result has been an increase in the supply of these crops at all prices.

Economists often talk of supply “curves” and demand “curves”. A demand curve traces the quantity of a good that consumers will buy at various prices. As the price rises, the number of units demanded declines. That is because everyone’s resources are finite; as the price of one good rises, consumers buy less of that and more of other goods that now are relatively cheaper. Similarly, a supply curve traces the quantity of a good that sellers will produce at various prices. As the price falls, so does the number of units supplied. Equilibrium is the point at which the demand and supply curves intersect – the single price at which the quantity demanded and the quantity supplied are the same.

When the demand for a good equals the supply of the good, the market for the good is said to be in **equilibrium**. The dictionary defines the word ‘equilibrium’ as a situation in which various forces are in balance – and this also describes a market’s equilibrium. At the equilibrium price, the quantity of the good that buyers are willing and able to buy exactly balances the quantity that sellers are willing and able to sell. The equilibrium price is sometimes called the *market-clearing price* because, at this price, everyone in the market has been satisfied: buyers have bought all they want to buy, and sellers have sold all they want to sell.

In addition to understanding how equilibrium prices and quantities change as demand and supply change, economists are also interested in understanding how demand and supply change in response to changes in prices and incomes. The responsiveness of demand and supply to changes in prices or incomes is measured by *the elasticity of demand or supply*.

If the percentage change in quantity demanded is *greater* than the percentage change in price, demand is said to be **price elastic**, or very responsive to price changes. If the percentage change in quantity demanded is *less* than the percentage change in price, demand is said to be **price inelastic**, or not very responsive to price change. Similarly, supply is price elastic when the percentage change in quantity supplied is greater than the percentage change in price, and supply is price inelastic when the percentage change in quantity supplied is less than the percentage change in price. The price elasticity of demand or supply will differ among goods.

**2. Answer the questions:**

1. What are the basic laws of economics?
2. What is supply? What does the law of supply say?
3. What factors affect the amount of the good that sellers are willing and able to sell?
4. What does the law of demand say?
5. What factors affect the amount of the good that buyers are willing and able to purchase?
6. What is the equilibrium price?
7. What is a “demand curve”?
8. What does the “supply curve” trace?
9. Where do the demand and supply curves intersect?
10. What happens if producers raise prices in the market which is already in equilibrium?
11. What happens if the producer supplies more goods than is demanded by customers?

**3. Give Ukrainian equivalents of the following phrases:**

- basic laws in economics
- the quantity of a good supplied
- market clearing prices
- an equilibrium price
- to be limited the law of demand
- the law of supply
- to put a limit on sth. or smb.
- to pay a lower price
- to insist on doing sth.
- supply and demand curves
- to buy sth. at various prices
- to decline the number of units demanded
- goods that are relatively cheaper
- the demand and supply curves intersect
- the producers raise the prices
- the products that are available for sale
- refer to demand
- demand curve
- the quantity of a good or service
- the law of demand
- the price of complements

**4. Match the definitions of the words:**

1. **converse** a. a supply of smth. that a country or a person has and can use
2. **equilibrium** b. to ask an amount of money for goods or a service
3. **resource** c. the opposite or reverse of a fact or goods or a service
4. **intersect** d. a state of balance, especially between opposing forces or influences
5. **charge** e. a line or surface that bends gradually
6. **curve** f. to divide an area by crossing it
7. **affect** a. the power that smb/smth has to make smb/smth behave in a particular way
8. **inferior** b. a person or thing that you use or have instead of the one you normally use or have
9. **transit** c. to make smb. do smth
10. **afford** d. a person or thing of you quality
11. **influence** e. to provide smb. with smth
12. **substitute** f. the process of being moved or carried from one place to another.

**5. Match the following common collocations with their Ukrainian equivalents:**

**A**

користуватися великим попитом  
 створювати попит  
 перевищувати попит  
 асортимент товарів  
 споживацький ринок  
 дохід на людину / на душу населення  
 попит і пропозиція  
 великий попит  
 дохід, оподатковуваний податком  
 задовільняти попит  
 вартість витрат  
 бути в дефіциті  
 основний постачальник  
 невиконання зобов'язань постачальником  
 обсяг промислового виробництва  
 щоденний випуск продукції  
 вичерпати запас  
 поточні витрати

**B**

enormous / great demand (for)  
 to be in good /great demand  
 consumer market  
 to create/make demand  
 to exceed/outgo demand  
 to meet/ satisfy demand  
 demand and supply  
 range of goods  
 taxable income  
 per capita income  
 to be in (short /low) supply  
 to exhaust supply  
 leading / major supplier  
 a supplier default  
 current inputs  
 cost of inputs  
 industrial output  
 daily output

**6. Express in one word:**

1. something that is sold for money;

2. the desire of customers for goods or services which they wish to buy or use;
3. pairs of goods that are used together;
4. an idea or a principle relating to sth abstract;
5. pairs of goods that are used in place of each other;
6. to interact (with sth);
7. the price to be paid or amount of money needed for sth;
8. that which is put in;
9. the amount of sth that a person or thing produces;
10. to give sb that is needed or useful/ to provide sb with sth;
11. to establish a connection between, e.g. ideas, events or situations; to think or associate sth with sth else.

*Words for reference:* compliments, concept, demand, goods, substitutes, to act or have an effect on each other, to relate, output, input, to supply, costs.

**7. Choose the words with similar meaning from two columns and arrange them in pairs:**

<b>A</b>	<b>B</b>
concept (n)	rise (v)
interaction (n)	idea (n)
loan (n)	expenses (n)
supply(v)	cooperation (n)
increase (v)	credit (n)
purchase (v)	buy (v)
transaction (n)	bargain, deal (n)
affect(v)	commodity (n)
demand (n)	request (n)
good (n)	influence (n)
costs (n)	offer (v)

**8. State which of the sentences are true and which are false:**

1. When economists speak of demand, they mean the specific relationship between possible values of the price and the quantities of the product that consumers will buy.
2. A demanded quantity of a product rises as the price on this product falls.
3. All prices depend on the purchasing power of a consumer.
4. It is important to view demand as a “willing and able” concept that is consumers’ willingness to purchase something.
5. Consumer incomes, prices of related goods and services and consumer tastes are determinants of demand.

6. A supply function shows the relation between the price of a product which sellers want and are able to offer for sale and variables that determine this product.
7. The variables are called the determinants of supply.
8. Changes in any of the variables may lead to a change in supply.
9. At the equilibrium price, the quantity of the good that buyers are willing and able to buy exactly balances the quantity that sellers are willing and able to sell.

**9. Complete the sentences using the words given below:**

1. The government increased prices on several basic ... .
2. Computers and software, gasoline and automobiles are ... .
3. ... for these services is outgoing supply.
4. The ... of demand and supply may be explained in the context of a market for specific goods.
5. The new model comes in an exciting ... of colors.
6. We made a small charge for parking to cover the ... of hiring the hall.
7. Supply, the quantity of a product that suppliers will provide, is the seller's side of a ... transaction.
8. Manufacturing ... has increased by 8% in two years.
9. They discussed the ... of additional resources into the scheme.

*Words for reference:* input, range, output, concepts, demand, goods/commodities, market, compliments, cost.

**10. Complete the sentences:**

1. A market is defined as an institution or mechanism which ... .
2. Demand is the amount of the good that buyers... .
3. The law of demand says that ... .
4. Ceteris paribus is ... .
5. Substitutes are ... .
6. Complements are ... .
7. The factors which affect the amount of the good that buyers are willing and able to purchase are ... .
8. The factors which affect the amount of the good that sellers are willing and able to sell are ... .
9. The law of supply is ... .

**11. Dwell on:**

- market;
- the concept of demand and the factors which determine the quantity demanded of any good;

- the concept of supply and the factors which determine the quantity supplied of any good;
- the mechanism of interaction between the demand and supply in setting a price;
- what equilibrium price is;
- the way the market restores its equilibrium;
- types of elasticity.

## Unit 5. GOODS AND SERVICES. PUBLIC GOODS

### *Active Vocabulary*

economic discoveries - економічні відкриття

commercial - комерційний, пов'язаний з торгівлею

consumer - споживач

producer - виробник

resale - перепродаж

to satisfy people's economic needs or wants - задовольняти економічні потреби або бажання людей

capital goods - засоби виробництва; капітальна власність

production line - потокова лінія

benefit - користь; вигода; допомога

to benefit - отримати вигоду, користь; давати прибуток

tax - податок, мито

facilities - послуги; засоби обслуговування; зручності

expenditure - витрати; видатки

public goods - товари громадського користування

to achieve a standard - досягти рівня

### **1. Read and translate the text:**

People begin to learn about economics when they are still very young. Even before they start school, they make two very important economic discoveries. They find that there are a lot of things in the world they want. They also find that they cannot have them all. There is a big gap between what they want and what they can have.

Later, young people learn another lesson. When they watch television commercials, they discover that there are thousands of things they or their parents could buy. Gradually, they settle into the two major economic roles: consumer and producer.

In the role of consumer, a person buys goods and services for personal use, not for resale. Consumer goods are products, such as food, clothing, and cars that satisfy people's economic needs or wants. Some consumer goods, such as food, do not last a longtime. Other goods, such as cars or notebooks, last longer. Sooner or later, consumer goods are used up. Services are actions, such as haircutting, cleaning, or teaching. Services are used up at the time they are provided.

A producer makes the goods or provides the services that consumers use. A person who shovels snow during the winter or clerks in a store is providing a service. Students working after school or during the summer earn money to buy some of the

things they want – players, notebooks, or a car. They are learning about the role of the producer.

Capital goods are goods that are used to produce other items. Tools, machines on a production line, and buildings are examples of capital goods. Some items can be either capital or consumer goods.

The decision on the relative amounts of consumer and capital goods to produce is very important, for it will shape a country's economy for years to come. On the one hand, by creating more capital goods (machines, tools, and factories) the country is adding to its capital resources. With more capital resources, the country will be able to produce more consumer goods and services in the future. On the other hand, by deciding to produce more consumer goods the country will be able to satisfy some of the immediate needs and wants of its population.

You use some products without paying the full price for them. If you swim in a city swimming pool or play tennis on a public tennis court, you benefit from the taxes paid for the facilities. Everyone shares in paying for these facilities through taxes. Since not everyone is a tennis player or a swimmer, many people get no use from such expenditures. The government provides a wide variety of goods to the public.

#### *Defining Public Goods*

Those who use them pay for most goods and services. However, people enjoy some kinds of goods and services without paying the full price. Economists call them public goods. Public goods are goods and services used collectively and often paid for through the government. Public schools, highways, and police protection are examples of public goods.

Public goods benefit many people at once, even those who do not pay for it. A person can use the local park without preventing others from using it. All can swim at a public beach. Everyone benefits from the country's system of national defense.

#### *Choosing Public or Private Goods*

Private companies could provide most public goods. Schools, hospitals, and parks are examples of products that both government and private companies provide. Some people believe, in fact, that private companies should supply more of these items.

Some people think that the government could better provide some private goods that the market system now supplies. One example is health care. Those who support a national health care plan claim that more people would have access to better care if the government offered and largely paid for it. Funds could be raised through some system of taxation. If health care were a public good, poor people would have a chance to achieve a standard of care similar to that of wealthy people. Equality is one reason why education is a public good.

These examples show that the line between public goods and private goods is not always easy to draw.

**2. Answer the following questions:**

1. When did you begin to learn about economics? What important economic discoveries did you make?
2. What do you think should be done to produce more consumer goods and services?
3. What products can be used without paying the full price for them?
4. What is the difference between public and private goods?

**3. State which of the sentences are true and which are false:**

1. In the role of consumer, a person can buy goods and services for resale.
2. Tools, machines on a production line, and buildings are used to produce other items.
3. There is a big gap between two major economic roles – consumer and producer.
4. A primary function of television commercials is to help people discover that there are thousands of things they could buy.
5. A producer provides the services that consumers use.
6. Some items can be both capital and consumer goods.
7. With more capital resources, the country was able to produce more consumer goods and services.
8. The government provides a wide variety of goods to the public.
9. People enjoy some kinds of goods and services paying the full price.
10. Private companies supply schools, hospitals, and parks.
11. The government can provide some private goods.

**4. Fill in the blanks with the appropriate words:**

*resale      adding      resources      clothing      shovels      producer      capital  
relative*

1. Gradually, people are divided into two major economic roles: consumer and \_\_\_\_\_ .
2. Consumer buys goods and services for personal use, not for \_\_\_\_\_ .
3. Consumer goods are products, such as food, \_\_\_\_\_ , and cars.
4. A person who \_\_\_\_\_ snow during the winter is providing a service.
5. Buildings are examples of \_\_\_\_\_ goods.
6. The decision on the \_\_\_\_\_ amounts of consumer and capital goods to produce is very important.
7. The country is \_\_\_\_\_ to its capital resources.

8. With more capital \_\_\_\_\_ , the country will be able to produce more consumer goods.

**5. Put the words in the correct order to make sentences:**

1. 90%/ new/ would/ a/ of/ type/ bank/ revenue/ that/ of/ its/ earn
2. course/ a/ of/ organization/ particular/ be/ action/ advantageous/ would/ or/ to/ profitable/ an
3. wants/ to/ encourage/ the/ exports/ government
4. discovering/ priceless/ name/ can/ many/ that/ well-recognized/ companies/ a/ brand/ are/ be
5. gap/ the/ the/ new/ small/ range/ market/ cars/ of/ fills/ a/ in
6. are/ and/ Canada/ of/ France/ major/ Germany/ industrial/ Italy/ group/ Japan/ the UK/ the US/ a/ nations/ central
7. consumables/ have/ because/ used/ up/ they/ are/ are/ items/ the/ to/ that/ be/ on/ regular/ bought/ a/ basis
8. students/ business/ vocabulary/ basic/ book/ this/ provides/ the/ with/ the/ used/ in
9. bill/ include/ does/ service/ the
10. calculated/ exchange/ bank/ clerk/ dollar/ the/ the/ the/ rate/ of/ for

**6. Match the words and their definitions:**

- |                   |   |
|-------------------|---|
| 1 producer        | A a person, company or country that manufactures  |
| 2 service         | B to be paid money for working  |
| 3 immediate       | C items which can be moved and are for sale   |
| 4 commercial      | D a quantity of money   |
| 5 goods           | E happening at once   |
| 6 amount          | F an advertisement on television  |
| 7 production line | G something for sale  |
| 8 resource        | H a form of business (e.g. insurance, banking, or transport) that provides help in some form when it is needed, as opposed to making or selling goods |
| 9 item            | I a system of making a product, where each item such as a car moves slowly through the factory with new sections added to it as it goes along         |
| 10 earn           | J a supply of something   |

**7. Choose the correct statement:**

1. Funds could be raised through some system of .....  
a) subsidies b) regulation c) taxation d) negotiation
2. .... is one reason why education is a public good.  
a) Quality b) Equality c) Uniformity d) Ability

3. The line between public and private goods is not always easy to .....
- a) show b) withdraw c) paint d) draw
4. If you swim in a city swimming pool, you benefit from the taxes paid for the .....
- a) responsibilities b) facilities c) possibilities d) utilities
5. Public goods ..... many people at once, even those who do not pay for it.
- a) benefit b) profit c) fit d) serve

## Unit 6. FACTORS OF PRODUCTION

### *Active Vocabulary*

factors of production - чинники виробництва

production techniques - виробнича техніка

land - земля

labour - праця

labour productivity - продуктивність праці

entrepreneurship - підприємництво

to contribute to the productive process - робити внесок у продуктивний процес, сприяти продуктивному процесу

property resources - майнові ресурси

human resources - трудові ресурси, людські резерви; персонал, кадри, штат працівників

non-human resources - нетрудові ресурси

natural resources - природні ресурси

renewable / nonrenewable resources - поновлювані / непоновлювані ресурси

distribution - збут, розподіл

gain - прибуток

excess supply - надмірна, надлишкова пропозиція

input costs - витрати, видатки

output - випуск продукції; продуктивність; виробництво

margin - запас, резерв (грошей, часу і т.ін.); маржа (різниця між цінами, курсами, ставками); поправка, припущення на що-небудь

proprietor - власник

wage fund - фонд заробітної плати

personal fund - особистий фонд

intangibles - нематеріальні активи

commodity - товар, продукт, товар ужитку

payment of interest - виплата відсотків

investment - інвестиція

facilitating the production - сприяння виробництву

consumable goods - споживчі товари

entrepreneur - підприємець

to manage a business - керувати бізнесом, справою

to associate - приєднуватися

stockholder - акціонер

to bear the risk - нести ризик, ризикувати

drawback - недолік; також – перешкода, негативний бік; поступка

to estimate - підраховувати, оцінювати

rewarding -корисний, вартий

perspective - перспектива, ракурс, проекція

to acquire - купувати; отримати, здобувати

### ***1. Read and translate the text:***

Land (or natural resources), labour, capital, and entrepreneurship, these are four generally recognized factors of production. Of course, in a literal sense anything contributing to the productive process is a factor of production. However, economists seek to classify all inputs into a few broad categories, so standard usage refers to the categories themselves as factors. Before the twentieth century, only three factors making up the "classical triad" were recognized: land, labour, and capital. Entrepreneurship is a fairly recent addition. Factors of production are economic resources used in the production of goods, including natural, man-made, and human resources. They may be broken down into two broad categories: (1) property resources, specifically capital and land; and (2) human resources, specifically labour and entrepreneurial ability.

To an economist, *land* is the fundamental natural resource that is used in production. This resource includes water, forests, oil, gas, and mineral deposits. These resources are rapidly becoming scarce. Land resources, which include natural resources above, on, and below the soil, are distinguished by the fact that man cannot make them. contribution to production of non-human resources as found in their original, unimproved form.

In economic theory, the term "**capital**" refers to goods and money used to produce more goods and money. Classifications of capital vary with the purpose of the classification. The most general distinction is the one made between physical, financial and human capital. Physical capital is machinery, tools, buildings, transportation and distribution facilities, raw materials; bonds, stocks, available bank balances are included in the financial capital. They both make a great contribution in production. To group capital into fixed capital and circulating capital is common practice. The former refers to means of production such as land, buildings, machinery and various equipment. They are durable, that is, they participate in the production process over several years. Circulating capital includes both non-renewable goods, such as raw material and fuel, and the funds required to pay wages and other claims against the enterprise. Non-renewable goods are used up in one production cycle and their value is fully transferred to the final product.

Human capital is knowledge that contributes "know-how" to production. It is increased by research and disseminated through education. Investment in human capital results in new, technically improved, products and production process which

improve economic efficiency. Like physical capital, human capital is important enough to be an indicator of economic development of a nation.

It is common, in economics, to understand **labour** as an effort needed to satisfy human needs. It is one of the three leading elements of production. Labour has a variety of functions: production of raw materials, manufacturing of final products, transferring things from one place to another, management of production, and services like the ones rendered by physicians and teachers. One can classify labour into productive and unproductive. The former produces physical objects having utility. The latter is useful but does not produce material wealth. Labour of a musician is an example. Unlike other factors of production, for example capital, once workers are employed, their efficiency can vary greatly with organization of work and their motivation.

Demand for labour is influenced by the demand for goods produced by workers, the proportion of wages in total production costs, etc. The supply of labour depends upon the size of population, geographic mobility, skills, education level (human capital), etc. Workers supply labour either individually or through trade unions. If demand for supply of labour is not in equilibrium, there is unemployment. The rate of unemployment is a percentage of the total labour force without a job. It is desirable for an economy to have the lowest possible unemployment rate and to achieve higher employment as neither full use of resources nor maximum level of output can be achieved in an economy having unemployment.

A subject taught in many high schools and colleges, *entrepreneurship* is actually defined as "the state of being an entrepreneur." An entrepreneur is an individual who owns, organizes, and manages a business and, in so doing, assumes the risk of either making a profit or losing the investment.

For any business to be successful, an adequate level of funding must be furnished. The amount needed varies according to the scope and nature of the business. Another key factor in the success of an entrepreneurial organization is planning, including planning for the marketing, management, and financial aspects of the business.

From a personal perspective, becoming an entrepreneur is not a simple task. It certainly has its drawbacks. However, it can also be quite rewarding. *Entrepreneurial ability* also is known as enterprise. Entrepreneurs have four basic functions. First, they take initiative in using the resources of land, capital, and labour to produce goods and services. Second, entrepreneurs make basic business policy decisions. Third, they develop innovative new products, productive techniques, and forms of business organization. Finally, entrepreneurs bear the risk. In addition to time, effort, and business reputation, they risk their own personal funds, as well as those of associates and stockholders.

Factors of production are combined together in different proportions in order to produce output. It is assumed in economics that one should choose the combination of factors which minimizes the cost of production and increases profits.

**2. Answer the following questions to the text:**

1. What resources are used to produce goods and services?
2. Why is it important to study factors of production?
3. Name the factors of production
4. Characterize each factor of production
5. What is land – a soil, a natural resource or an economic factor?
6. Could you give a definition of capital?
7. How is labour classified?
8. What is demand for labour influenced by?
9. What is entrepreneurship?
10. What abilities are generally considered to be entrepreneurial?

**3. Mark the sentences as true (T) or false (F):**

1. Capital is treated as finance. \_\_\_\_
2. Classification of capital vary with the purpose of classification \_\_\_\_
3. Available bank balances are included in the financial capital \_\_\_\_
4. Circulating capital refers to machinery and equipment \_\_\_\_
5. The price of the final product does not depend on the value of nonrenewable resources \_\_\_\_
6. Production of raw material is one of the functions of human capital \_\_\_\_
7. There is only one possible combination of the factors of production \_\_\_\_
8. Land is a self-sustaining input. \_\_\_\_
9. Becoming an entrepreneur is a simple task. \_\_\_\_

**4. Match the phrases with the definitions:**

- |                              |  |
|------------------------------|--|
| <b>1</b> labour force        | <b>a</b> The amount of money that a company spends in order to make and sell products in a particular financial period           |
| <b>2</b> capital             | <b>b</b> the quantity or amount produced   |
| <b>3</b> cost of production  | <b>c</b> capital goods, as machinery and tools that are relatively durable and can be used repeatedly in the production of goods |
| <b>4</b> circulating capital | <b>d</b> money or possessions, especially a large  |

amount of money used for producing more wealth or for starting a new business

5 fixed capital

all people in a particular country who are of the right age to work, or all people who work for a particular company

6 output

the portion of capital goods that consists of goods in process, inventories of finished goods and raw materials

**5. Choose the correct statement:**

1. There are four generally recognized factors of production: land, labour, capital, and *entrepreneurship/ proprietorship*.
2. Anything *consuming/ contributing* to the productive process is a factor of production.
3. The factor concept is used to construct models illustrating general *futures/ features/ feathers* of the economic process without getting caught up in inessential details.
4. Land is intended to represent the contribution to production of *nonrenewable/ non-human* resources as found in their original, unimproved form.
5. Land was the only factor yielding *a renewable/ reliable* gain to its owner.
6. Land resources are *distinguished/ distinctive* by the fact that man cannot make them.
7. Managers often speak of capital when *referring/ rejecting* to money, especially when they are talking about the purchase of equipment, machinery, and other productive facilities.
8. Capital is variously defined as the *assembled/ associated/ assessed* value of the whole productive enterprise.
9. The economist uses the term capital to mean all the man-made *aims/ aids* used in production.

**6. Complete the text with the correct forms of the capitalized words in brackets:**

**Human Capital and Intellectual Capital**

Contemporary analysis (1)\_\_\_\_\_ (DISTINGUISHED) capital goods from other forms of capital such as human capital. Human capital is (2)\_\_\_\_\_ (ACQUIRING) through education and training, whether formal or on-the-job. A more recent coinage is (3)\_\_\_\_\_ (INTELLECT) capital, used especially as to (4)\_\_\_\_\_ (INFORMATIVE) technology.

Prior to the Information Age the land, labour, and capital were used to create substantial wealth due to their (5)\_\_\_\_\_ (SCARCE). During the Information Age (circa 1971-1991), the Knowledge Age (circa 1991 to 2002), and the Intangible Economy (2002-present) the primary factors of production have become less concrete. These factors of production are knowledge, (6)\_\_\_\_\_ (COLLABORATE), process-engagement, and time quality.

According to economic theory, a "factor of production" is used to create value and economic (7)\_\_\_\_\_ (PERFORM). As the four modern-day factors are all essentially abstract, the current economic age has been called the Intangible Economy. Intangible factors of production are subject to network effects and the contrary economic laws such as the law of (8)\_\_\_\_\_ (INCREASE) returns. It is therefore important to (9)\_\_\_\_\_ (DIFFERENT) between conventional (tangible) economics and intangible economics when (10)(DISCUSSION) issues related to factors of production which change according to the economic era that society is experiencing. For example, land was a key factor of production in the Agricultural Age.

**7. Complete the sentences using the following words. Some words you do not need to use:**

*output      production      costs      availability      depended*  
*cycle      save      comparing      earn      durable      quantity      include*

1. In principle, it is possible, but in practice, it is inefficient to control the output of cars changing the incomes of potential buyers and manipulating transport \_\_\_\_\_.
2. It is easier to control the output of cars controlling the \_\_\_\_\_ of raw materials, for example steel for manufacturers.
3. Firms can either \_\_\_\_\_ their income or pay it out to the owners.
4. It is common practice to include all the more or less \_\_\_\_\_ means of production, such as land, buildings and machinery in fixed capital.
5. Early economists such as Adam Smith and David Ricardo said that the value of the product \_\_\_\_\_ upon the amount of labour needed to produce it.
6. One has to replace inputs used up in one production \_\_\_\_\_.

**8. Match the parts of the sentences:**

1 One should know that present-day economists, unlike economists of the 19th century,

a all production costs have to be minimized

- |   |   |
|---|---|
| 2 One defines efficiency  | b they have to be constantly updated  |
| 3 For the business to be efficient                                      | c as the relationship between factors inputs and output of goods and services |
| 4 For statistical systems to meet the requirements of dynamic policies, | d high efficiency of labour markets is required                               |
| 5 If labour markets are inefficient,                                    | e include land into capital   |
| 6 For the workers to spend less time in an unemployment,                | f it is more difficult for a worker to find a job                             |

**9. Translate the following sentences from Ukrainian into English:**

1. Трудові ресурси – це частина населення, яка приймає участь у виробництві.
2. Праця має такі функції: виробництво сировини, промислове виробництво кінцевого продукту, керівництво та надання послуг.
3. Земля, техніка, фінансовий капітал та праця – основні фактори виробництва.
4. Підприємство – це основна одиниця виробництва та управління.
5. На початку 90-х років минулого сторіччя 40% населення було зайняте в недержавному секторі економіки.
6. Важливо виробляти кінцевий продукт на території країни.

**10. You will hear an on-line lecture about the factors of production. Complete the sentences 1-10 summarizing the ideas mentioned. Retrieved from: <https://www.youtube.com/watch?v=VZD7dTSHmIo>**

1. The central problem of economics is using limited resources to satisfy \_\_\_\_\_
2. In economics when we talk about resources it has to be \_\_\_\_\_
3. You can use these resources \_\_\_\_\_ something
4. Land, water and electricity are considered to be \_\_\_\_\_
5. Tools, machinery and factory are considered to be \_\_\_\_\_
6. Knowledge and skills of people that enhance the production capacity are \_\_\_\_\_
7. Money is not an \_\_\_\_\_ capital
8. In economic terms money is an \_\_\_\_\_ of value
9. Money serves as a \_\_\_\_\_ for an economy
10. An \_\_\_\_\_ brings all resources together to make business work.

## Unit 7. FORMS OF BUSINESS ORGANIZATION

### *Active Vocabulary*

asset (s) - актив (и)

bankruptcy - банкрутство

board - рада

~ of directors - рада директорів

chairman - голова

charter - статут

be in charge of - керувати, бути відповідальним

company - компанія

limited ~ (Ltd) - закрыта акціонерна компанія з обмеженою відповідальністю (ЗАТ)

public limited (plc) ~ - відкрита компанія з обмеженою відповідальністю (ТОВ)

director n - директор

financial ~ - фінансовий директор

managing ~ - керуючий директор

marketing ~ - директор по маркетингу

production ~ - керівник виробництва

entity n - суб'єкт

flotation - заснування (підприємства)

liabilities - пасиви, зобов'язання

liability - відповідальність, зобов'язання

manager - керівник

purchasing ~ - начальник відділу постачання

personnel ~ - начальник відділу кадрів

advertising ~ - керівник рекламного відділу

home sales ~ - керуючий збутом на внутрішньому ринку

public relations ~ - керівник по зв'язках з громадськістю

overseas sales ~ - керуючий експортними операціями

merger - злиття; об'єднання фірм в одну нову фірму

partner - партнер

partnership - партнерство

proprietor - підприємець, власник

proprietorship - власність

sole ~ - приватне підприємництво

stock exchange - фондова біржа

underwrite - гарантувати розміщення (позики)

## ***1. Read and translate the text:***

A business organization is frequently referred to as a *business entity*. A business entity is any business organization that exists as an economic unit. The business entity concept applies to all forms of businesses, single proprietorship, a partnership, and a corporation.

*A sole proprietorship* is a business owned and usually operated by a single individual. Its major characteristic is that the owner and the business are one and the same. In other words, the revenues, expenses, assets and liabilities of the sole proprietorship are also the revenues, expenses, assets, liabilities of the owner.

### *Advantages*

A sole proprietorship is the easiest form of business to organize. The only legal requirements for starting such a business are a municipal licence to operate a business and a registration licence to ensure that two firms do not use the same name. A sole proprietorship can be dissolved as easily as it can be started. A sole proprietorship offers the owner freedom and flexibility in making decisions. Major policies can be changed according to the owner's wishes because the firm does not operate under a rigid charter.

### *Disadvantages*

The financial condition of the firm is the same as the financial condition of the owner. Because of this situation, the owner is legally liable for all debts of the company. If the assets of the firm cannot cover all the liabilities, the sole proprietor must pay these debts from his or her own pocket. A sole proprietorship, dependent on its size and provision for succession, may have difficulty in obtaining capital because lenders are leery of giving money to only one person who is pledged to repay. A proprietorship has a limited life, being terminated on the death, bankruptcy, insanity, imprisonment, retirement, or whim of the owner.

*A partnership* is an unincorporated enterprise owned by two or more individuals. A partnership agreement, oral or written, expresses the rights and obligations of each partner. There are three types of partnerships: general partnerships, limited partnerships, and joint ventures. The most common form is the general partnership, often used by lawyers, doctors, dentists, and chartered accountants.

### *Advantages*

Partnerships, like sole proprietorships, are easy to start up. Partners' interests can be protected by formulation of an "Agreement of Partnership". This agreement specifies all the details of the partnership. Complementary management skills are a major advantage of partnerships. Consequently partnerships are a stronger entity and can attract new employees more easily than proprietorships.

The stronger entity also makes it easier for partnerships to raise additional capital. Lenders are often more willing to advance money to partnerships than to proprietorships because all of the partners are subject to unlimited financial liability.

#### *Disadvantages*

The major disadvantage of partnerships is that partners, like sole proprietors, are legally liable for all debts of the firm. In partnerships, the unlimited liability is both joint and personal. This means that the partners together are responsible for all the firm's liabilities. If one of the partners cannot meet his or her share of the debts the other partner(s) must pay all debts.

Partnerships are not as easy to dissolve as sole proprietorships.

*Corporations*, unlike proprietorships or partnerships, are created by law and are separate from the people who own and manage them. In corporations, ownership is represented by shares of stock. The owners, at an annual meeting, elect a board of directors which has the responsibility of appointing company officers and setting the enterprise's objectives.

#### *Advantages*

are the least risky from an owner's point of view. Shareholders of corporations can only lose the amount of money they have invested in company stock. If an incorporated business goes bankrupt, owners do not have to meet the liabilities with their own personal holdings. Corporations can raise larger amounts of capital than proprietorships or partnerships through the addition of new investors or through better borrowing power.

#### *Disadvantages*

Corporations are subject to federal and provincial income taxes. Dividends to shareholders are also taxed on an individual basis. Thus, limited companies are taxed twice: on the profits they earn and on the dividends which come out of the profits. In proprietorships and partnerships earnings are only taxed once – as the personal income of the individuals involved.

With diverse ownerships, corporations do not enjoy the secrecy that proprietorships and partnerships have. A company must send each shareholder an annual report detailing the financial condition of the firm.

Business entities can be grouped according to **the type of business activity** they perform.

1. Service companies perform services for a fee. This group includes companies such as accounting firms, law firms, repair shops, and many others.
2. Merchandising companies purchase goods that are ready for sale and sell them to customers. They include such companies as auto dealer-ships, clothing stores, and supermarkets.

3. Manufacturing companies buy materials, convert them into products, and then sell the products to the companies or to the final customer. Examples are steel mills, auto manufacturers, and so on.

Most of the British companies are private. The number of state owned companies as telecommunications, water, gas has been decreased lately.

Companies in the private sector consist of two basic types: public and private. Public companies in general are large scale organizations such as banks, insurance companies and privatised companies. The number of public companies are fewer than that of private companies. Private companies on the whole are smaller or family-run business.

The difference between public and private firms on paper at least, can be found in their names the word “limited” (often shortened to “Ltd”) after a company’s name shows that it is private. On the other hand, the status of a public company is shown by the letters “plc” after its name. This is short for “public limited company”. In practice, however, the real difference between the two arises from the fact that private companies cannot raise money by selling shares, in contrast to public companies which can do so by issuing shares and bonds to be offered for sale on the stock Exchange.

The size of the company is often measured in terms of its assets. Two major categories of assets are *current assets* and *fixed assets*. Fixed assets include property, plant and equipment. Current assets generally consist of cash, marketable securities, receivables, inventories and prepayments.

## ***2. Answer the following questions:***

1. What are three most common types of business firm?
2. What factors affect the decision to choose a legal form of business?
3. What kind of firm is a sole proprietorship?
4. What is the proprietor solely responsible for?
5. How does a partnership differ from a proprietorship?
6. What is the procedure of starting a business as a limited company?
7. What are the advantages of doing business as a limited company?
8. What are the advantages and disadvantages of each type of business firm?
9. What is the most risky form of ownership? Why?

## ***3. Fill in the missing words from the text:***

1. A business organization is frequently referred to as a business...
2. A single proprietorship is business ... by an individual and often ... by the same individual.

3. The major disadvantage of partnerships is that partners are legally liable for all ... of the firm.
4. The partners together are ... for all the firm's liabilities.
5. Partnerships are not as easy to ... as sole proprietorship.
6. In corporations, ownership is represented by....
7. A board of directors has the responsibility of setting the enterprise's ...
8. If an incorporated business goes ..., owners do not have to meet the liabilities with their own personal holdings.
9. Corporations are ... to federal and provincial income taxes.

**4. Say if the statements are true or false:**

1. The revenues, expenses, assets and liabilities of the sole proprietorship are also the revenues, expenses, assets and liabilities of the owner.
2. A sole proprietorship cannot be dissolved as easily as it can be started.
3. The major advantage of partnerships is that partners are legally liable for all debts of the firm.
4. Partnerships are as easy to dissolve as sole proprietorships.
5. Limited companies are the most risky from an owner's point of view.
6. If an incorporated business goes bankrupt, owners have to meet the liabilities with their own personal holdings.

**5. Match the words in column A with their antonyms in column B:**

<b>A</b>	<b>B</b>
1) borrow (v)	a) income (n)
2) expenses (n)	b) lend (v)
3) liabilities (n)	c) fail (v)
4) survive (v)	d) revenue (n)
5) costs (n)	e) insider (n)
6) dissolve (v)	f) assets (n)
7) lender (n)	g) start up (v)
8) outsider (n)	h) borrower (n)

**6. Match the words in column A with their English equivalents in column B:**

A	B
1) фондова біржа	a) assets
2) акціонер	b) entity
3) цінні папери	c) expenses
4) акція	d) insurance
5) право власності	e) lender
6) дохід	f) liability
7) відповідальність	g) liabilities
8) кредитор	h) ownership
9) пасиви	i) revenue
10) активи	j) securities
11) дебітор	k) shareholder
12) страхування	l) share
13) витрати	m) borrower
14) організація	n) stock exchange

**7. Fill in the missing word(s) in each of the following sentences. Choose from the alternatives beneath each sentence. The first has been done for you:**

- The Board of *Directors* is responsible for deciding on and controlling the strategy of a corporation or company.  
a. workers;                      b. directors;                      c. cooperative.
- Small businesses depend on investors providing .....capital.  
a. venture;                      b. individual;                      c. cooperative.
- Investors are influenced by the projected ..... on their capital.  
a. market;                      b. return;                      c. rate.
- The capital needed to run a business is provided by .....  
a. a gain;                      b. risk;                      c. investment.
- Rent and rates, which do not change as turnover volume changes, make up the ..... costs of a company.  
a. fixed;                      b. contribution;                      c. variable.
- Materials and direct labour costs, which change as turnover volume changes, make up the ..... costs of a company.  
a. fixed;                      b. marginal;                      c. variable.
- Every company must watch its ..... carefully if it is to avoid bankruptcy.  
a. market manager;                      b. cash flow;                      c. production line.
- The..... account above whether the company is profitable or not.  
a. profit and loss;                      b. volume;                      c. shareholder.

9. Banks, require ..... to guarantee a loan.
  - a. account;
  - b. shares;
  - c. securities.
10. The Stock Exchange deals with the purchase and sale of ..... .
  - a. stocks and shares;
  - b. bulls and bears;
  - c. statements and invoices.

**8. Express in one word:**

1. Having a responsibility or an obligation to do something, e.g. to pay a debt;
2. a person or organization to whom money is owed (for goods or services rendered, or as repayment of a loan);
3. to be insolvent: unable to pay debts;
4. everything of value owned by a business that can be used to produce goods, pay liabilities and so on;
5. to sell all the possessions of a bankrupt business;
6. money that a company will have to pay to someone else (bills, taxes, debts, interest and mortgage payments, etc.);
7. money invested in a possibly risky new business;
8. the place in which a company does business: an office, shop, workshop, factory, warehouse, and so on;
9. to guarantee to buy an entire new share issue, if no one else wants it;
10. a proportion of the annual profits of a limited company, paid to shareholders.

*Words for reference:* dividend; premises; underwrite; liabilities; venture capital; liquidate; bankrupt; liability; creditor; assets.

**9. Complete the sentences using information from the text:**

1. Business entities can be grouped according to ...
2. A single proprietorship is a business....
3. A sole proprietor often has to rely on....
4. The major disadvantage of partnerships is ....
5. If one of the partners cannot meet his share of the debts....
6. Complementary management skills are ....
7. Shareholders of corporations can only lose....
8. If an incorporated business goes bankrupt, owners....
9. Corporations are subject to....

10. Corporations are taxed twice: ....

### **Describing Company Structure**



***The most common words for describing structure are:***

*consist of   contains   includes   is composed of   is made up of   is divided into*

**e.g.** The company consists of five main departments.

The marketing department is made up of three units.

The sales department is divided into two sections.

*to be in charge of   to support or to be supported by   to be accountable to  
to be responsible for   to assist or to be assisted by*

**e.g.** The marketing department is in charge of the sales force.

The marketing department is responsible for advertising, sales promotion and market research.

The five department heads are accountable to the Managing Director.

## Unit 8. FINANCING A BUSINESS

### *Active Vocabulary*

short-term loan - короткострокова позика  
long-term loan - довгострокова позика  
the principal - запозичена сума  
security exchange - фондова біржа  
default - невиконання договору, невиконання  
to cover the cost of smth.- покрити вартість чого-небудь  
to meet one's expenses - покривати чийсь витрати  
receivable - той, що підлягає поверненню  
maturity - строк погашення грошового зобов'язання  
pledge - застава  
funds - фонди  
factor - агент, комісіонер  
mortgage - іпотека  
insurance - страхування  
utility - комунальні виплати  
bill – рахунок  
operating expenses - операційні витрати  
collateral - застава  
unsecured - незабезпечені  
debenture - облігація  
coupon - купон  
assembly line - лінія збірки  
pay interest on - платити відсотки  
debt - борг  
revenue - дохід  
on a cash basis - на касовій основі  
furnishings - невиробниче обладнання  
security - цінні папери  
venture - ризиковане підприємство  
Intermediary - посередник  
balance sheet - балансовий звіт  
income statement - звіт про прибуток  
assets - актив (балансу)  
liabilities - пасив (балансу), борги

### ***1. Read and translate the text:***

Without sufficient funds a company cannot begin operations. The money needed to start and continue operating a business is known as capital. A new business needs capital not only for ongoing expenses but also for purchasing necessary assets. These assets – inventories, equipment, buildings, and property – represent an investment of capital in the new business. Capital is also needed for salaries, credit extension to customers, advertising, insurance, and many other day-to-day operations. In addition, financing is essential for growth and expansion of a company. Because of competition in the market, capital needs to be invested in developing new product lines and production techniques and in acquiring assets for future expansion. How a company obtains and uses money will, in large measure, determine its success. The process of managing this acquired capital is known as *financial management*. In general, finance is securing and utilizing capital to start up, operate, and expand a company.

Basically, money or funds go into purchasing assets, paying operating expenses and producing income. The operating expenses include the cost of materials and supplies. The manufacturer also must pay employee wages, rent or mortgage, insurance premiums and utility bills. Small firms sometimes operate on a cash basis. They neither obtain credit, nor borrow money. Other firms extend their resources through the use of credit. The owner of the firm invests some of his own money and has a lot more of other people's.

The businesses use money to buy assets like land, buildings and furnishings, and tools, machines, and equipment. The manufacturer sometimes buys them with mortgage loans which he secures by the building or the equipment itself. In other words, the bank or insurance company really owns the property until the manufacturer has paid the mortgage in full. The use of debt, or credit, increases both the assets and the income of the purchaser. The use of borrowed money to make more money is called leverage. Big companies issue securities to attract funds from other companies and the public. Securities are traded on the open market. New businesses can start with the businessmen's own assets. Start-up financing may also come from relatives and friends. The larger firms can obtain funds from venture capital investors. These financial intermediaries specialize in funding ventures with good promise and invest in businesses which generate high profits within five years.

Initially venture capital firms invested in high-tech industries, but now other branches enjoy this kind of financial aid, especially those working in the health-care field. Funds can also be borrowed from the bank. In order to provide a loan, a bank must have funds to lend. This comes from paid-in capital, earnings of the previous years and the bank's customers' deposits. The banker always remembers that the money he lends is not his bank's own money. It is money deposited by the bank's customers, whether in a demand or time account. This idea limits the risk that a

commercial banker will take. To evaluate the risk, a banker must first obtain certain basic information about the potential borrower: how much money the borrower needs, the purpose and the term of the loan, and how the borrower will repay the loan. The banker evaluates the three C's of credit: character, capacity and capital – the integrity of the borrower, his ability to repay, and the soundness of his financial position.

In financing business operations and expansion, a business uses both short-term and long-term capital. The seasonal financial needs of a company may be covered by short-term sources of funds. The company must pay them off within a year. Businesses spend these funds on salaries and for emergencies. The most popular outside sources of short-term financing are trade credits, loans, factors, finance companies and government sources. About 85 percent of all US business transactions involve some sort of trade credit. When a business orders goods or services, it doesn't normally pay for them. The supplier provides them with an invoice requesting payment within a settled period, say thirty days. During this period the buyer uses goods and services without paying for them.

Commercial banks lend money to their customers by direct loans or by setting up lines of credit. A line of credit is the amount a customer can borrow without making a new request, simply by notifying the bank. Sometimes a company might sell its accounts receivable to a special financial broker – a factor. The factor immediately pays the cash, usually 50 to 80 percent of the accounts receivable.

If a company needs funds to construct a new assembly line or to do research and development which may not bring in revenues for several years, it will need long-term sources of funds. It can do it by getting loans or issuing bonds. A long-term loan may have maturity of from one to ten years. Within this period the firm pays interest on debt. The maturity of bonds may be up to ten or even thirty years. The bond is a secured one if the company pledges collateral to secure the debt. Huge corporations with excellent credit history issue unsecured bonds which are called debentures. The company can pay a predetermined interest rate (the coupon rate) according to the agreement which specifies the terms of the bond issue.

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

## ***2. Answer the questions:***

1. What can the firm do to get more money for business?

2. How are business loans classified?
3. How do big companies attract money from other companies and the public?
4. What are the most popular outside sources of short term financing?
5. What are long term loans?
6. How do businessmen secure mortgage loans?
7. What term do they use to define the use of borrowed money?
8. In what way can a commercial bank lend its money to customers?
9. How can a company secure its debt?

**3. Give Ukrainian equivalents of the phrases:**

- seasonal financial needs
- to spend the funds on salaries and emergencies
- business transactions
- to involve some sort of trade credit
- to order goods or services
- to request payment within a settled period
- to lend money to smb.
- to do sth. by getting loans
- to need long – term sources of funds
- to pay interest on debt
- to secure the debt
- to issue unsecured bonds
- a predetermined interest rate
- to pay operating expenses
- to pay employee wages
- to buy smth. with mortgage loans
- to issue securitis
- to obtain funds from venture capital investors
- to invest in high-tech industries
- to evaluate the risk

**4. Match the definitions of the words:**

- |             |  |
|-------------|--|
| 1. mortgage | a. a loan that given to you as the worth of smth   |
| 2. utility  | b. a service provided for the public   |
| 3. borrow   | c. a person or an organization that helps other people to make an agreement                        |
| 4. secure   | d. money that has been lost by a business or an organization (water, an electricity or gas supply) |

5. intermediary	e. a legal agreement by which a bank lends you money to buy a house
6. loss	f. to take money from a person or bank and agree to pay it back
7. source	g. a person who buys and sells things (shares in a business) for other people
8. invoice	h. to state smth by giving an exact instructions
9. broker	i. an official document given by a company showing money borrowed from a person and stating the interest payments that it will make to them
10. revenue	j. a list of goods that have been sold, work that has been done, showing what you must pay
11. debenture	k. a place, person or thing that you get smth. from; the place where a river starts
12. specify	l. the money that a government receives from taxes or that an organization does from its business

**5. Complete the sentences:**

1. The seasonal financial needs of a company may be \_\_\_\_\_ by short-term sources of funds.
2. Businesses spend these funds on salaries and for \_\_\_\_\_.
3. The most popular outside source of short-term financing is \_\_\_\_\_ credit.
4. When a business \_\_\_\_\_ goods or services, it doesn't normally pay for them.
5. The supplier provides them with an \_\_\_\_\_ requesting payment within a settled period.
6. Commercial banks lend money to their customers by \_\_\_\_\_ loans.
7. Sometimes a company might sell its accounts \_\_\_\_\_ to a factor.
8. A company can get long-term financing by \_\_\_\_\_ bonds.
9. The \_\_\_\_\_ of bonds may be up to ten or even thirty years.
10. Money or funds go into purchasing \_\_\_\_\_, paying operating expenses and producing income.
11. The manufacturer also must pay employee wages, rent or \_\_\_\_\_, insurance premiums and utility bills.
12. Other firms \_\_\_\_\_ their resources through the use of credit.
13. The manufacturer sometimes buys land, buildings and furnishings with mortgage loans which he \_\_\_\_\_ by the building or the equipment itself.

14. The use of \_\_\_\_\_, or credit, increases both the assets and the income of the purchaser.

15. In order to \_\_\_\_\_ a loan, a bank must have funds to lend.

**6. *Trtanslate the following into English:***

1. Найбільша кількість грошей, що використовується бізнесом, надходить з продажу продукції та різноманітних послуг.
2. Фірма продає товари та послуги та одержує гроші, які вона використовує для покриття своїх витрат.
3. Бізнесові позики класифікуються як довгострокові та короткострокові.
4. Короткострокові позики використовуються для фінансування повсякденних статей щодо ведення бізнесу, таких як платіжні відомості, сировина, товари.
5. Довгострокові позики використовуються для купівлі обладнання, будинків та інших цінних предметів.
6. Коли компанія замовляє товари та послуги, вона зазвичай не платить за них.
7. Протягом цього періоду компанія виплачує відсотки по кредиту.
8. Найпоширеніші джерела короткострокового фінансування – торговий кредит, займ, фінансові компанії та державні позики.
9. Звіт про прибуток підбиває підсумки річного прибутку, вартості фірми та різниці між прибутком і збитком.

## Unit 9. MARKET STRUCTURES. COMPETITION

### *Active Vocabulary*

market conditions - ринкові умови

a deal - угода

to compete - конкурувати, змагатися

profit - прибуток

to charge - призначати (ціну)

losses - втрати, збитки

competitive market - конкурентоспроможний ринок

acquisition - придбання

challenger n - претендент

competition - конкуренція, змагання

monopolistic ~ - монополістична конкуренція

nonprice ~ - нецінова конкуренція

pure ~ - чиста конкуренція

perfect ~ - ідеальна конкуренція

facilities - кошти, обладнання

follower - послідовник, прихильник

household - будинок, домашнє господарство

increase - збільшувати, рости

limited - обмежений

monopoly - монополія

oligopoly - олігополія

premium price - додаткова ціна

pricing - ціноутворення

competitive ~ - конкурентне ціноутворення

cost-plus ~ - ціноутворення за принципом «витрати плюс прибуток»

product - продукт

differentiated ~ - диференційований продукт

standardized ~ - стандартний продукт

production - виробництво

reduce - зменшувати, знижувати

reduction - спад

restriction - обмеження

artificial ~ - штучне обмеження

standardized - стандартний

stipulate - обумовлювати

substantial - значний, істотний

~ Barrier - суттєвий бар'єр  
substitute - замітник  
close ~ - близький замітник  
sufficient - достатній

### **1. Read and translate the text:**

Market structure is determined primarily by (1) the number of firms selling in the market; (2) the extent to which the products of different firms in the market are the same or different; (3) the ease with which firms can enter into or exit from the market. Based on these three criteria, economists usually group market structures into four basic categories: (1) pure competition; (2) monopoly; (3) oligopoly; and (4) monopolistic competition. Let us examine each of these market structures.

#### **Pure Competition**

The main characteristics of the pure competition are:

- Many sellers: There are many sellers, and each firm is so small relative to the entire market that its actions will have no effect on the price of its product. Instead, it must accept the going market price, established by the forces of supply and demand.
- Standardized product: The products of the various firms in the market are so nearly identical that buyers do not prefer the product of any one firm over that of any other firm.
- Easy entry and exit: There are no significant financial, legal, technological, or other barriers to prevent new firms from entering the market or to prevent existing firms from leaving the market. Firms are free to enter and leave the market at will.
- No artificial restrictions: There are no wage and price controls, minimum wage laws, labour unions, or other artificial restrictions on the free movement of prices and wages up and down.

Pure competition has its limitations. Although it works well in an industry such as agriculture, it is not practical for all markets and all industries. Nevertheless, since competition is the controlling mechanism of a market economy, a high degree of competition is usually desirable in most markets.

#### **Monopoly**

Monopoly is the extreme opposite of pure competition and has the following characteristics: (1) the market consists of a single seller; (2) the seller sells a product for which there are no close substitutes; (3) there are barriers to entry that prevent competitors from entering the market; and (4) the seller can control the price of his or her product.

Monopoly disadvantages include the following: (1) a monopolist charges a higher price and produces less output than a perfectly competitive firm, (2) resource

allocation is inefficient because the monopolist produces less than if competition existed, (3) monopoly produces higher long-run profits than if competition existed, and (4) monopoly transfers income from consumers to producers to a greater degree than under competition.

### **Oligopoly**

Although few industries are controlled by a single firm, many industries in the United States are dominated by a few giant firms. Such a market structure is known as oligopoly, and it is the market structure under which most large corporations operate. Oligopoly has the following characteristics: (1) a few sellers; (2) substantial barriers to entry; (3) standardized or differentiated products; and (4) substantial nonprice competition.

Nonprice competition includes advertising, packaging, product development, better quality, and better service. Under imperfect competition, firms may compete using nonprice competition, rather than price competition.

### **Monopolistic Competition**

Monopolistic competition is a market structure that is characterized by (1) many sellers; (2) differentiated products; (3) nonprice competition; (4) relatively easy entry and exit. It has similarities to both pure competition and oligopoly.

Monopolistic competition is similar to pure competition in the sense that there are many sellers and no strong barriers to entry. Firms can enter and leave markets on a regular basis and, indeed, do so. The amount of money required to go into business is relatively small, and there are few government regulations restricting those wishing to enter a market. In addition, each seller controls such a small share of the market that each believes that his or her actions will bring no reactions from competitors.

Unlike pure competition, however, monopolistic competition is characterized by product differentiation and nonprice competition. The latter involves efforts to persuade consumers to buy a particular product for reasons other than price. In fact, product differentiation and nonprice competition are the most important characteristics that distinguish monopolistic competition from pure competition. Firms operating in markets characterized by monopolistic competition do extensive advertising in an effort to convince consumers that their products are better than those of their competitors. Often there is little or no actual difference in the products, but advertising campaigns lead at least some consumers to believe otherwise.

Most retail stores in medium-to-large-sized cities fall into the category of monopolistic competition. They advertise heavily and try to convince consumers that their products and services are superior to those of their competitors. A store may emphasize such things as convenient location, ample parking space, courteous service, and a large selection of merchandise.

Government also limits competition at times. *First*, the government limits competition when a single supplier can meet the needs of a group of people most cheaply. These situations are called natural monopolies. Public utilities, such as electric and water companies, are natural monopolies. Two or more companies competing to provide a community with electricity, for example, would be wasteful. Each company would have no duplicate the expenses of the others in producing and distributing the electricity. To prevent wasteful duplication, the government has granted a monopoly on selling electricity in each area of the country. To keep electrical power companies from taking advantage of their monopolies, the government regulates the companies' prices and policies.

*Second*, the government limits competition through licensing. For example, the government has set strict requirements for people who want to become doctors. The purpose of the requirements is to prevent unqualified people from practicing medicine. Without these requirements, more people probably would become doctors, increasing competition in providing health care. Society, through government, has decided to limit competition in order to protect itself from unqualified doctors.

*Third*, government limits competition by granting patents and copyrights. A patent is an official document that gives an inventor the exclusive right to make, use, or sell an invention for a specified number of years. A copyright is the exclusive right to publish or perform literary, artistic, or musical works for a certain number of years. Patents and copyrights protect the works of inventors and artists from use by competitors for a limited time period. Consequently, inventors and artists can benefit more from their products than they could in perfect competition. In effect, patents and copyrights are temporary monopolies. They are designed to encourage and reward inventors and artists.

In other aspects of life, such as school, competition also plays an important role. Like business owners, students often compete with one another for success. Yet, competition is rarely perfect competition.

## ***2. Answer the following questions:***

1. What are the four characteristics of pure competition? Does pure competition exist?
2. What problems would exist in a purely competitive economy?
3. What is monopoly characterized by?
4. Identify four characteristics of oligopoly. What is meant by "mutual interdependence"? Describe nonprice competition.
5. What is monopolistic competition characterized by?
6. How might firms in monopolistic competition compete with each other?

7. Why might oligopolists use promotion rather than price changes as the main form of competition?
8. How can the government limit competition?

**3. Match the words with their definitions:**

1. Oligopoly	A. A market structure characterized by a few sellers, standardized or differentiated products and substantial nonprice competition.
2. Pure competition	B. A market structure characterized by a single seller, a product for which there are no close substitutes, and strong barriers to entry that prevent potential competitors from entering into the market.
3. Monopoly	C. A market structure characterized by many sellers, standardized products, easy entry and exit, and no artificial restrictions on the free movement of prices and wages up and down.
4. Monopolistic competition	D. A market structure characterized by many sellers, differentiated products, nonprice competition, and relatively easy entry and exit.

**4. Give Ukrainian equivalents of the following phrases:**

- a free movement of prices
- a differentiated product
- monopolistic competition
- pure competition
- market structure
- substantial barriers to entry
- a standardized product
- a potential competitor
- no artificial restrictions
- nonprice competition
- no close substitutes
- relatively easy entry and exit

**5. From two columns choose the words with similar meaning and arrange them in pairs:**

**A**

**B**

- |                |                   |
|----------------|-------------------|
| 1) to produce  | a) customer       |
| 2) wage        | b) to manufacture |
| 3) limitation  | c) salary         |
| 4) to persuade | d) to convince    |
| 5) pure        | e) clean          |
| 6) competition | f) restriction    |
| 7) substantial | g) rivalry        |
| 8) advertising | h) considerable   |
| 9) share       | i) publicity      |
| 10) premium    | j) portion        |
| 11) to consume | k) reward         |
| 12) buyer      | l) to use up      |
| 13) artificial | m) fake           |

**6. From two columns choose the words with opposite meaning and arrange them in pairs:**

- | <b>A</b>         | <b>B</b>          |
|------------------|-------------------|
| 1. standardized  | a) entry          |
| 2. insignificant | b) substantial    |
| 3. exit          | c) differentiated |
| 4. vigorous      | d) weak           |
| 5. to expand     | e) to narrow      |
| 6. combined      | f) pure           |

**7. Choose the correct statement:**

1. It's difficult to meet *monopoly/perfect competition* in the real world.
2. Perfect competition is the situation that exists when *a business/ market* is completely competitive.
3. Every good or service (such as shoes, cars, or medical care) would have many buyers and *sellers/producers* and distributors.
4. All *providers/suppliers* in the market would make identical products.
5. Buyers would make their decisions about what to buy based only on market *conditions/prices*.
6. *Consumers/producers* would know where the cheapest recourses could be found.
7. Everyone would be free to move in search of the highest *income/profits* or the best deal.
8. Not all the producers in *a market/industry* make the same product.
9. Perfect knowledge of market *traits/conditions* is hard to achieve in any economy.
10. People try *to increase/reduce* competition so that they can make more money.

**8. Fill in the missing words from the text:**

1. Although few ..... are controlled by a single firm, main ..... in the United States are dominated by a few giant firms.
2. Such a ..... is known as oligopoly, and it is ..... under which most large corporations operate.
3. .... usually define oligopoly as few enough firms so that there is mutual interdependence among the firms.
4. Nonprice ..... involves efforts to persuade consumers to buy a particular product for reasons other than price.
5. Monopolistic competition is similar to pure competition in the sense that there are ... and no strong barriers to entry.
6. Unlike ..., however, monopolistic competition is characterized by product differentiation and nonprice competition.

**9. Expand the sentences:**

1. Market structure is determined primarily by... .
2. Economists usually group market structures into four basic categories: ... .
3. The main characteristics of the pure competition are ... .
4. Monopoly is the extreme opposite of pure competition and has the following characteristics: .... .
5. Oligopoly has the following characteristics: .... .
6. Monopolistic competition is a market structure that is characterized by ... .

**10. Choose the correct statement:**

1. Every good or service would have a lot of .....  
a) consumers b) buyers and sellers c) buyers d) promoters
2. It's difficult to meet ..... in the real world.  
a) perfect competition b) monopoly c) imperfect competition d) oligopoly
3. Competition is ..... based on price.  
a) often b) rarely c) never d) only
4. Government tries to ..... competition in some situations.  
a) widen b) reduce c) limit d) increase
5. Patents and copyrights protect the works of inventors and artists from use by .....  
a) managers b) government c) sellers and buyers d) competitors

## Unit 10. MARKETING

### *Active Vocabulary*

marketing strategy - маркетингова стратегія  
advertising - реклама  
publicity - публічність  
satisfy - задовольнити  
determine - визначати  
distinguish - розрізняти  
persuade - переконати  
transmit - передати  
target market - цільовий ринок  
promotion - просування (на ринку, по службі)  
advertising campaign - рекламна кампанія  
placement - розміщення  
brand n - фабрична марка, якість  
implement v - виконувати, здійснювати, забезпечувати виконання  
~ a contract - виконати договір  
~ a decision - проводити постанову (рішення) в життя;  
implement n - знаряддя, інструмент, прилад; приналежність  
~ s of production - знаряддя виробництва  
implementation n - виконання, здійснення  
market research - вивчення можливостей ринку, дослідження ринку  
market segmentation - сегментування ринку  
marketing - маркетинг, торгівля, збут, продаж  
~ strategy - ринкова стратегія  
~ tactics - тактика маркетингу  
mass ~ - масовий маркетинг  
target ~ - цільовий маркетинг  
consumer-goods ~ - маркетинг споживчих товарів  
means-of-production ~ - маркетинг засобів виробництва  
test ~ - пробний маркетинг  
service ~ - маркетинг послуг

### **1. Read and translate the text:**

What does the term of “marketing” mean? Many people think of marketing as selling and promotion. In fact selling is only the tip of the marketing iceberg. It is but one of several marketing functions – and often not the most important one. If the

marketer does a good job of identifying consumer needs, developing good products, and pricing, distributing, and promoting them effectively, these goods will sell easily.

Most businesses now are dominated by an orientation toward marketing, not toward production. Marketing has become a key factor in business success. Today's companies face increasingly stiff competition, and the rewards will go to those who can best identify customer needs and deliver the greatest value to their target customer. Marketing activities are an expensive undertaking, and their costs are built into the prices of products. It is estimated that at least half of the cost consumer pays for a product is accounted for by marketing expenditures.

Since no organization can satisfy all consumer needs, it must concentrate its efforts on certain needs of a specific group of potential customers. This is the target market. One of the advantages of target marketing is the possibility of becoming the leader in a specific market segment. Market segmentation involves aggregating prospective buyers into groups that 1) have common needs and 2) will respond similarly to a marketing action.

Modern marketing is most simply defined as the process of directing the flow of goods from producers to customers. It encompasses a broad range of activities including product planning, new-product development, organizing the channels by which the product reaches the customer, the actual distribution of products, wholesaling, price setting, advertising and promotion, public relations, retailing, product warranties, financing, and more.

A marketing strategy is a means by which a marketing goal is to be achieved, characterized by 1) a specific target market and 2) a marketing program to reach it. A marketing program is a plan that integrates the marketing mix to provide a good, or service to prospective customers. The elements of the marketing mix, usually called *the 4 Ps*, are as follows:

- *Product*: a good, a service, or an idea to satisfy the consumer's needs;
- *Price*: what is exchanged for the product;
- *Promotion*: a means of communication between the seller and buyer;
- *Place* : a means of getting the product into the consumer's hands.

*Product* (service) is often connected with development of a new product or service, searching the potential markets, and, finally, introduction it to the market. *Target market* selection is the most important task for any firm. A successful marketing mix depends on the knowledge about consumers and their buying habits, gained through market research as well as correct identification of the target market.

Market research estimates the demand for specific products and services, describes the characteristics of probable customers, and measures potential sales. Marketing research studies people as buyers and sellers, examining their habits, attitudes, preferences, dislikes, and purchasing power and almost every aspect of the

seller-buyer relationship. It also investigates distribution systems, pricing, promotion, product design, packaging, brand names, etc.

*Price* is the most changeable of value for something else. There are three pricing options the company may take: above, with or below the prices its competitor are charging. For example, if the average price for blue jeans is \$ 50, a company that charges \$ 50, has priced with the market , a company that charges \$ 47 has priced below the market, and a company that charged \$ 53 has priced above the market. Most companies price with the market, selling their goods and services for average prices established by major producers in the industry known as price leaders.

*Placement* involves getting the product or service to the customer. This takes place through the channels of distribution. A common channel of distribution is:

Manufacturer \* wholesaler \* retailer\*customer.

*Promotion* includes all kinds of communication with individuals, groups, or organizations to directly or indirectly facilitate exchange by informing and persuading them to accept an organization product or service. There are two major ways promotion occurs: through personal selling, as in a store; and through advertising, as in a newspaper. One should distinguish advertising campaign which can be developed by personnel within the firm or in conjunctions with advertising agencies, and publicity. That is the means of communication transmitted through a mass media at no charge.

To implement a marketing program successfully, hundreds of detailed decisions are often required, such as writing an advertising copy or selecting the amount for temporary price reductions. These decisions, called marketing tactics, are detailed day-to-day operational decisions that must be taken right away.

Within the field of economics, two types of marketing are defined: micromarketing and macromarketing. The former describes the activities of individual firms, beginning with originating and producing products and ending when the products reach the final user, the customer. Macromarketing, by contrast, describes how the whole system of production and distribution works in a society. Marketing is not confined to profit-making companies that manufacture products. Doctors, lawyers, hospitals, colleges, museums, and other service enterprises also engage in marketing.

All marketing activities must be oriented toward creating and sustaining satisfying exchanges. Both the buyer and the seller must be satisfied. The first should be satisfied with goods, services or ideas obtained in the exchange. The seller should receive something of value, usually financial reward. All marketing variables are highly interrelated. Marketing helps companies generate profit, the lifeblood of economy. About half of each consumer dollar is spent on marketing activities.

**2. Find information in the text to answer the following questions:**

1. What is marketing?
2. What are the elements of marketing?
3. What kind of decisions is required to implement a marketing strategy?
4. What is the “marketing mix”?
5. Why are firms becoming more custom-oriented?
6. What does a firm usually carry out before it introduces a product onto the market?
7. What kind of relationship does a marketing research study?
8. What is the difference between macro- and micromarketing?
9. What does placement involve?
10. What is the difference between advertising and publicity?

**3. A. Study the meaning of the following words:**

- a. appraise (v) – fix a price for sth, say what sth is worth;
- b. appreciate (v) – judge rightly the value of sth; put a high value of sth;
- c. calculate (v) – find out by working with numbers;
- d. estimate (v) – form a judgement about, calculate;
- e. evaluate (v) – find out, decide, the amount or value of smth.

**B. Choose the right word in italics:**

1. Astronomers can *calculate* / *estimate* when there will be eclipses of the sun and moon.
2. I really *appreciate*/*estimate* your efforts.
3. He was *evaluated* / *appraised* as unfit for military service.
4. The clerk *appraises* / *calculates* property for taxation.
5. I *estimate* / *evaluate* his income at \$300.
6. You can't *appreciate* / *evaluate* English poetry unless you understand its rhythm.

**4. Give the Ukrainian equivalents of the phrases:**

- the movements of goods
- from manufacturer to consumer
- to satisfy the customer
- to achieve the company's objectives
- to involve a wide variety of activities
- to search the potential markets
- to introduce product or service to the market
- to depend on the knowledge about consumers
- market research

- changeable element
- channels of distribution
- advertising campaign
- to transmit through a mass media
- to spend on marketing activities

**5. Express in one word:**

- someone whose job is to persuade customers to buy a certain product or service;
- the breakdown of a market into separate and identifiable elements;
- the ultimate user of a product;
- a means of communication between the seller and buyer;
- the art of making people do what you want them to do.

*Words for reference:* consumer, salesperson, segmentation, promotion, persuasion.

**6. Match the words in column A with their synonyms in column B:**

<b>A</b>	<b>B</b>
identify	commodity
item	producer
product	buyer/client
manufacturer	estimate
customer	article

**7. Fill in the gaps using the words given below. Some words are to be used twice:**

1. Marketing has become a ... factor in business success.
2. One of the advantages of ... marketing is the possibility of becoming the leader in a specific market ... .
3. Modern marketing is most simply defined as the process of ... the flow of ... from ... to ... .
4. Today's companies ... increasingly stiff ... , and the rewards will go to those who can best ... customer.

*Words for reference:* segment, customer, competition, key, identify, producer, face, directing, goods, needs, target.

**8. Complete the sentences using information from the text:**

1. A market is the place where the seller meets buyer to exchange ... ..
2. Market research estimates ....., describes ....., and measures .....
3. Marketing encompasses a broad range of activities including.....
4. One of the advantages of target marketing is the possibility of ....

## **9. Translate into English:**

1. Маркетинг пов'язаний з просуванням товарів і послуг від виробника до споживача.
2. Мета маркетингу – задовільнити клієнта та виконати задачі своєї фірми.
3. Чотири елементи – товар, ціна, розміщення та просування на ринку складають основу маркетингу.
4. Вибір цільового ринку та маркетингової стратегії є дуже важливим на першому етапі.
5. Фірма може встановлювати ціни на рівні, вищому та нижчому середнього рівня цін на ринку.
6. Процес передачі інформації від продавця до споживача називається просуванням на ринку.
7. В результаті маркетингових операції створюється прибуток.

## **10. Speaking. You are discussing a new product with your marketing manager. You may use the dialogue below as a model.**

**Emily:** We need to position (devise a careful marketing strategy) the new line (product) of our Hair Care for Men very carefully because it could turn out to be a real cash cow (money-maker), even though the product is somewhat gender-biased. Since the aims of this product are primarily yuppies (young urban professionals), we need to come up with ideas for a new image as well as effective ways to target this market.

**Roger:** What if we start by counter-marketing (convincing the public not to buy) other products like it? After all, it's supposedly the best on the market and it uses the best hair care technology. In fact, we test-marketed the products and everyone in the test group loved them!

**Irene:** Once we get a good hook (attractive advertisement), we should begin a marketing blitz (extremely aggressive marketing campaign) to move the product. I think we should start by contacting a list broker (someone who can sell us a list of potential customers) and get names of men who subscribe to fashion magazines. Then we may call them and offer a rebate (partial refund) if they order now.

**Jack:** It may also be a good idea to launch (introduce to the public) the product in December.

## **11. Read the text underline the main ideas and supporting information and explain how to build and achieve a strong brand:**

### **Building a Brand**

The term *brand* derives from the mark made on cattle to signify identification and ownership. At its simplest, a brand is a proper noun and that noun could relate,

for example, to a product, service, company, country or other destination, political party, person or sports team. A more complex view of a brand is that it consists of a set of values, some functional and emotional benefits and even the type of customers to whom the brand appeals. Sometimes the essence of the brand can be captured in a slogan. Examples include BMW's 'the ultimate driving machine', and the BBC *Horizon* programme's, 'pure science, sheer drama'. Building strong brands is a key task for marketers. How this is achieved is likely to vary from case to case but there are some general principles.

#### *The brand name*

Firstly and, according to some marketers, most importantly of all, is the brand name itself. Brand names can sometimes be abstract, like Kodak, or redolent of the product, such as Swatch, or simply based on the name of the brand owner e.g. Ford.

#### *Being around for a long time and being first*

Being around for a long time and being first often helps. Many of today's top brands were introduced a long time ago. Levi's were first worn in 1872.

#### *The core promise*

The core promise could be the quality of the product, or a unique feature. Often it is a bundle of values and benefits that have become integral to the core product or service. The highly successful Levi's 501 jeans were associated with a mixture of rebelliousness, originality, freedom and American culture – all this on top of a quality product.

#### *Consistency and contemporaneity*

Those brands that have survived a long time have generally kept their core promise consistent over time but have been able to present it in a way that is in tune with changing times.

#### *Effective marketing communications*

Effective marketing communications are key to building strong brands. Some brands do this by investing heavily in media advertising campaigns. Others prefer to use different communication channels such as public relations, direct mail campaigns or text messaging. In a world where consumers are bombarded with messages, it is difficult for any one brand to break through.

#### *Organisational culture*

Lastly, but very significantly, increasing attention is being paid to the development of an organisational culture and a set of organisational values that support the brand values. Brand owners should consider the need to build genuine corporate social responsibility into their organisation's values.

## Unit 11. ADVERTISING

### *Active Vocabulary*

advertising agent - агент з реклами

advertising agency - рекламне агентство

advertising media - засоби передачі реклами

agreed budget / brief - узгоджений бюджет

billboard Am. (Hoarding Br.) Advertising - реклама на стендах

classified advertisements - систематична реклама

depict v - зображувати

descriptive advertising - описова реклама

display n - показ, оголошення в рекламі на транспорті

advertisements ~ ads - образотворчі або макетні рекламні оголошення

flyer (syn. fly sheet) - листівка, рекламний матеріал невисокої якості

handbill n - рекламний листок

informative advertising - інформаційна реклама

institutional advertising - рекламування переваг організації

junk mail - «макулатурна» пошта (реклама)

mass media - засоби масової інформації

misleading advertising - реклама, яка вводить в оману

persuasion n - переконання

spam n - практично даремна інформація (зазвичай - реклама), примусово розсилається великому числу абонентів електронної пошти

sponsor n - фірма, яка замовляє радіо або телепрограму в рекламних цілях; організатор, організатор; спонсор

subliminal advertising - реклама, яка діє на підсвідомість

### **1. Read and translate the text:**

In the eyes of the business world and of many economists, advertising serves an indispensable function. It helps consumers to choose among competing products. Also, by spurring demand for products, it extends the possibilities of mass production and thus leads to economies of scale and to lower consumer costs. Indeed, advertising is sometimes depicted as “the engine of prosperity”.

Advertising informs consumers about the existence and benefits of products and services, and attempts to persuade them to buy them. The best form of advertising is probably *word-of-mouth advertising*, which occurs when people tell their friends about the benefits of products or services that they have purchased. Yet virtually no providers of goods or services rely on this alone, but use paid advertising

instead. Indeed, many organizations also use *institutional or prestige advertising*, which is designed to build up their reputation rather than to sell particular products.

Advertising may be described under three headings:

- descriptive;
- persuasive;
- both descriptive and persuasive together.

*Descriptive advertising* gives the most important facts about the product. It is the cheapest form of advertising and is used a lot by the small traders selling through the local paper. It will usually say:

1. what the product is;
2. how much it will cost;
3. where it may be obtained.

*Persuasive advertising* tries to persuade people that the product which is being advertised has a special quality or usefulness which makes it much better than other similar products. It is used a lot in television advertising where consumers are persuaded to think that if they buy that product they will become very popular or very happy.

This is the area in which advertising is often criticised. Advertising is sometimes misleading. Although it is illegal for advertisers to make untrue statements about their goods, services or prices, they still make their wares seem unduly attractive. They pander to our egos and our vanities. They create a demand which would not otherwise exist.

It is easy to say, "I'm not influenced by the adverts!" Everyone is influenced to a certain extent. There was recently some research on *subliminal advertising*. The word 'coffee' flashed on the television screen. It happened so quickly that no-one was aware it had happened. For just a fraction of a second it registered on the viewers' subconscious. The result? A surprising number of people chose to make coffee at that precise moment. Of course, it could have been a coincidence but it was highly unlikely.

Any paid form of non-personal communication through the *mass media* about the product by an identified *sponsor* is advertising.

Sponsors are people or firms that pay for radio or TV programmes in return for advertising. Sponsors may be a nonprofit organization, a political candidate, a company or an individual. Advertising is used when sponsors want to communicate with a number of people who cannot be reached economically and effectively through personal means.

Mass media used include magazines, direct mail, radio, television, billboards or hoardings, newspapers where advertisements are placed. Advertisement is an announcement in a newspaper, on television, or on a poster about something such as

a product, event, or job. The forms *advert* and *ad* are also used. Advertisements on the radio and TV are called *commercials*. Classifieds, flyers, handbills, junk mail and spam are also forms of advertising. *Classified advertisements* (also classifieds or want ads) are small adverts placed in a newspaper by people wishing to buy or sell something, to find a job, etc. Handbills is the type of advertisements used by local traders. They are expensive in labour costs and not very effective. *Junk mail* is advertisements that you receive through the post, which you have not asked for and which you do not want. *Spam* is unwanted e-mail advertisements sent to a large number of people.

The British Code of Advertising Practice exists to protect the consumer from being deceived and misinformed by advertisements. Their slogan is: “All advertisements should be legal, decent, honest and truthful”.

## **2. Answer the following questions:**

1. What is advertising?
2. What kinds of mass media are used in advertising?
3. In what way does advertising differ from news and publicity?
4. Why might it be fairer to compare advertising with the purchase of capital equipment?
5. What does the evaluation of advertising still rely on?
6. What is the difference between the descriptive advertising and the persuasive one?
7. What is meant by informative advertising?
8. What means of mass communication are used for spreading advertising in society? What is the peculiarity of each of them? When is it better to use one means and when others? Why? Which of them do you find the most effective?
9. How is advertising spread in your country?
10. Does advertising help you to make your purchases?

## **3. Choose the right words from your active vocabulary:**

1. The best form of advertising is probably ... advertising.
2. Many organizations also use ... or ... advertising, which is designed to build up their reputation rather than to sell particular products.
3. ... advertising gives the most important facts about the product.
4. ... advertising tries to persuade people that the product which is being advertised has a special quality or usefulness which makes it much better than other similar products.
5. It is ... for advertisers to make untrue statements about their goods, services or prices.

6. Advertising which invisibly registers information on the viewers' subconscious is called ... .
7. Advertisements on the radio and TV are called ....
8. ... are small adverts placed in a newspaper by people wishing to buy or sell something, to find a job, etc.

**4. Match the words in column A with their definitions in column B:**

- | <b>A</b>                   | <b>B</b>   |
|----------------------------|--|
| 1. advertising             | a. a nonprofit organization, a political party of a candidate, a company etc.                                    |
| 2. sponsors                | b. any paid form of non personal communication through the mass media.   |
| 3. radio                   | c. the most expensive kind of advertising.   |
| 4. television              | d. the most popular kind of advertising in the United States.  |
| 5. hoarding                | e. the cheapest type of advertising that gives the most important information about the product.                 |
| 6. mass media              | f. direct mail, radio, television, billboards, newspapers etc.   |
| 7. descriptive advertising | g. advertisements usually put up in eye-catching position at the side of the road.                               |
| 8. handbills               | h. the type of advertisements used by local traders, which are expensive in labour costs and not very effective. |

**5. Put these five media types into the correct place in the table:**

- a. junk mail      b. TV      c. newspapers      d. billboards      e. spam*

<b>Media type</b>	<b>Advantages</b>	<b>Disadvantages</b>
1. _____	very good for short sharp messages	can be affected by the weather
2. _____	can be targeted	may be totally ignored by recipient
3. _____	can provide a lot of detail/information	a company's advertisement may be 'lost' amongst many others, possibly those of its rivals
4. _____	can demonstrate the product	consumers may not pay attention

	in use	
5. _____	can reach a lot of people very quickly	can be deleted before it reaches customer

**6. Decide which of the following statements are correct:**

1. It is legal to make untrue statements about goods. \_\_\_\_
2. Adverts influence all people. \_\_\_\_
3. Advertising creates an extra demand. \_\_\_\_
4. The manufacturers want their revenue to exceed their costs. \_\_\_\_
5. The mass media used in advertising include only radio and television. \_\_\_\_
6. A sponsor may be anyone who has money. \_\_\_\_
7. Advertising is generally accepted as a short-run investment. \_\_\_\_
8. There are two main types of advertising. \_\_\_\_
9. The British Code of Advertising Practice exists to protect the consumer from being deceived by ads. \_\_\_\_

**7. Logically organize the following sentences to summarize the text. The first sentence is given to you:**

1. Any paid form of non-personal communication through the mass media about the product by an identified sponsor is advertising.
2. There are two main types of advertising: descriptive and persuasive
3. That's why the essence of advertising is persuasion.
4. The types of mass media used in advertising are different.
5. Advertising is accepted as a long-term investment but setting its budgets remains an art.
6. Advertising should be legal, decent, honest and true being to protect the consumer from being deceived and misled by ads.
7. Advertising is used when sponsors can't reach people they want to communicate with.

**8. Use the terms in the box to complete the paragraph:**

<i>ad</i>	<i>advertising campaign</i>	<i>advertising standards</i>	<i>advertisement</i>
	<i>advertising budget</i>	<i>advertising agencies</i>	<i>print</i>

Advertising tells people about products through a variety of media types, e.g. TV, \_\_\_\_\_, billboards etc. An \_\_\_\_\_ may use more than one media type, with TV ads supported by a print advertisement in a magazine, for example. Most campaigns are designed and managed by \_\_\_\_\_, or more specifically by an account executive. The cost of using an advertising agency comes out of the

company's \_\_\_\_\_. Agencies are often asked to design a global advertisement that can be used in various countries. They will often tailor advertisements, or adapt them to a market's particular needs. Agencies need to take care when designing an \_\_\_\_\_ that it meets each country's \_\_\_\_\_.

**9. Read about some techniques used in advertising. Decide which appeal to you and which don't:**

1. **Repetition.** The simplest kind of advertising. A slogan is repeated so often that we begin to associate a brand name with a particular product or service.
2. **Endorsement.** A popular personality is used in the advertisement.
3. **Economical appeal.** Advertising often appeals to basics such as motherlove, sex, manliness, femininity.
4. **Scientific authority.** Sometimes the adverts show a person in a white coat i.e. a scientist telling us about a product. More often it mentions "miracle ingredients" or "scientific testing" to persuade us.
5. **"Keeping up with the Jones's."** An appeal to pure snob value. You want to appear to be richer or more successful than your neighbors.
6. **Comparison.** The advert lists the qualities of a product in direct comparison with rival products.
7. **An appeal to fear or anxiety.** This type is similar to 3, but works on our fear.
8. **Association of ideas.** Cigarette advertising, for example, should be attractive: healthy people smoking in beautiful rural situations (Usually it is accompanied by the words "Smoking is harmful for your health")
9. **Information.** If a product is new, it may be enough to show it and explain what it does.
10. **Special offers/free gifts.** This is a very simple and direct appeal – it's half price!
11. **Anti-advertising.** This is a modern version which appeals to the British sense of humour. It makes fun of techniques of advertising.

*Make up advertisements of your own. You may use any of the above mentioned techniques. Remember that you have to persuade and inform, and are not supposed to say anything misleading or untruthful – although of course in this case you are free to invent the name of the company, the details of its service, and so on. The advertisement that follows can serve as an example.*

### **Every Day UPS Are Trusted**

### **To Reliable Deliver 12 Million Shipments Worldwide**

Our aircraft takes over 123.000 vehicles to put our customers' trust into operation and a fleet of over five hundred aircraft world wide. But it's our staff that make sure every package arrives safely with an attention to detail that has made UPS

the world's largest package delivery company and a service that people trust, especially with our new Worldwide Express guarantee. This ensures on time delivery from key cities throughout Central and Eastern Europe. At UPS we don't just deliver your packages safely, we do it with a passion and that means all 12 million of them as sure as taking it there yourself.

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