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АНГЛИЙСКИЙ ЯЗЫК

Сборник текстов для индивидуального чтения
для студентов экономических специальностей

Под редакцией Е.Л. Кузнецовой

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Сборник текстов предназначен для студентов 2 курса факультета «Экономика и Управление».

Целью сборника является закрепление навыков ознакомительного чтения и профессионально-ориентированной речи.

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1. МЕТОДИЧЕСКИЕ РЕКОМЕНДАЦИИ ДЛЯ ПРЕПОДАВАТЕЛЕЙ

Данное учебное пособие по дисциплине «Иностранный язык» предусматривает дальнейшее знакомство студентов с тематическим материалом, который соответствует рабочей программе по иностранному языку для студентов II курса факультета экономики и управления.

Цель учебного пособия – совершенствование навыков ознакомительного чтения и профессионально-ориентированной устной речи. Специалист, окончивший высшее учебное заведение, должен уметь работать с литературой по специальности на иностранном языке. Учитывая возрастающий поток информации, ознакомительное чтение, требующее понимания 75% содержания, является ведущим в профессиональной деятельности, так как именно этот вид чтения помогает специалисту быстро ориентироваться в потоке информации, отбирая наиболее важную для него информацию.

Вторым аргументом в пользу необходимости особого внимания к ознакомительному чтению является трудность интеграции наших специалистов в мировую экономическую систему, их вхождения в мировое научное и образовательное пространство. С этой целью в процессе обучения необходимо предусмотреть развитие умений быстрого извлечения информации из текстов по специальности.

Сборник текстов для индивидуального чтения, предназначенся для студентов II курса и содержит 19 текстов, которые распределены по следующим тематическим разделам: I раздел «Экономические системы» включает 5 текстов о различных типах существующих экономических систем; II раздел «Спрос и предложение» включает 3 текста, которые содержат информацию о значении этих терминов, об их взаимодействии и роли в функционировании экономики; III раздел «Факторы производства» включает 3 текста о классификации факторов производства; IV раздел «Налоги и государственные расходы» сообщает информацию об истории появления систем налогообложения, видах налогов, статей их расходов; V раздел знакомит с историей появления денег, функциями, которые они выполняют в современной экономике, перспективах их развития.

В пособии также предлагается система упражнений, которые могут быть использованы при работе с материалом на предтекстовом, текстовым и послетекстовым этапах.

2. МЕТОДИЧЕСКИЕ РЕКОМЕНДАЦИИ ДЛЯ СТУДЕНТОВ

Учебный предмет «Иностранный язык» является одной из дисциплин в системе подготовки дипломированных специалистов, выпускаемых факультетом экономики и управления.

Цель данного учебного пособия – дальнейшее совершенствование навыка ознакомительного чтения и профессионально-ориентированной речи.

Учебное пособие состоит из пяти разделов по следующей тематике: I раздел «Экономические системы» включает 5 текстов о различных типах современных экономических систем; II раздел «Спрос и предложение» включает 3 текста, которые содержат информацию о значении самих терминов, об их взаимодействии и роли для успешного функционирования экономики; III раздел «Факторы производства» включает 3 текста о существующих классификациях факторов производства; IV раздел «Налоги и государственные расходы» сообщает информацию об истории появления систем налогообложения, этимологии слова «налог», видах налогов, статей их расходов; V раздел знакомит с историей появления денег, функциями, которые они выполняют в экономике, современными типами денег, перспективами их развития.

Так как ознакомительное (быстрое) чтение не предполагает использования словаря, при чтении незнакомого текста рекомендуется опираться на:

- знакомую лексику;
- ключевые слова;
- лексику по специальности;
- интернациональные слова;
- сигнальные слова, то есть элементы текста, которые поддерживают логико-смысловые связи в научном тексте и помогают ориентироваться в его структуре;
- фоновые знания.

Ознакомительное чтение предполагает извлечение основной информации, понимание основного содержания прочитанного. Читая, нужно уметь обходить трудности в виде незнакомых слов или грамматических структур, догадываться о значении слов по их контексту. Важно помнить: «читать» не равняется «переводить».

3. СИСТЕМА УПРАЖНЕНИЙ, РЕКОМЕНДУЕМАЯ ПРИ РАБОТЕ С ТЕКСТАМИ ДЛЯ СОВЕРШЕНСТВОВАНИЯ НАВЫКА ОЗНАКОМИТЕЛЬНОГО ЧТЕНИЯ

Предтекстовый этап

1. Прочитайте текст и выпишите ключевые слова и словосочетания, составляющие тематическую основу текста.
2. Прочитайте текст и найдите в нем повторяющиеся слова, которые составляют тематическую основу текста.
3. Подчеркните в тексте слова и словосочетания, которые можно выделить в качестве ключевых.
4. Прочтите предложения и сократите их так, чтобы использовать оставшуюся часть в качестве темы сообщения.
5. Составьте цепочку из основных фактов текст, в которой ключевые слова были бы связаны по смыслу.
6. Подчеркните в тексте слова, наиболее четко и лаконично выражающие главную мысль автора.
7. Назовите и выпишите из текста ключевые слова, которые можно использовать в качестве опоры при обсуждении проблемы, освещаемой в тексте.
8. Прочтите сложные предложения и назовите союзы (союзные слова), которые используются для связи простых предложений.
9. Просмотрите внимательно первый абзац текста, выделите ключевое предложение.
10. Назовите предложение, которое служит для связи смысловых частей текста.
11. Выпишите слова, которые указывают на переход от одной законченной мысли к другой.
12. Составьте план текста.
13. Обратите внимание на ... и ... абзацы и назовите средства связи между ними.
14. Прочтите предложения и постарайтесь понять их смысл, не обращая внимания на определения (обстоятельства времени, образа действия, места), выраженные незнакомыми словами.
15. Прочтите абзац и постарайтесь понять его, не обращая внимания на незнакомые слова.
16. Вычеркните из данных предложений (абзацев) слова, несущие незначительную смысловую нагрузку.
17. Сократите предложения (абзацы) текста, оставляя лишь слова, несущие основную смысловую нагрузку.
18. Прочтите абзац (текст) и постарайтесь понять его без словаря.
19. Прочтите ... абзац и, не обращая внимания на незнакомые слова, найдите в нем предложение, содержащее основную информацию.

20. Попробуйте определить структурные компоненты прочитанного текста: заглавие, головные строки, зачин, информационную часть, концовку, вывод.
21. Определите структурный компонент текст (заглавие, головные строки, зачин, информационную часть, концовку, вывод), которые наиболее точно выражает его главную тему.
22. Разделите текст на вводную часть (зачин), информационную (основную) часть и заключительную (концовку).
23. Разделите текст на смысловые части и озаглавьте каждую часть.
24. Прочтите текст и постарайтесь определить его тему. Используйте в качестве ориентиров заглавие, головные строки, термины, интернациональные слова.
25. В каждом абзаце текста определите ключевое предложение. Найдите абзац, который содержит основную мысль всего текста.
26. Скажите о чем, судя по заглавию и концовке, может идти речь в данном тексте, Прочтите текст, найдите подтверждение или опровержение вашему предположению.
27. Прочтите заключительные абзацы текста и, основываясь на их содержании, скажите о чем идет речь в тексте. Прочтите весь текст и проверьте себя.
28. Прочтите текст до указанного места (абзаца). Выскажите предположение о том, какие аспекты проблемы рассматриваются во второй части текста. Прочтите текст до конца и отметьте случаи, когда ваша догадка оказалась правильной.
29. Прочитайте первый абзац. Основываясь на полученной информации, предположите, о чем пойдет речь в тексте.

Текстовый этап

1. Прочтите первый абзац текста и найдите в нем предложение, содержащее основную информацию.
2. Прочтите первый (последний) абзац текста и скажите, о чем идет речь в тексте.
3. Прочтите текст до конца. Найдите в ... абзаце предложение, содержащее аргументацию главной мысли предшествующего абзаца.
4. В ... абзаце найдите предложение, несущее главную информацию и информацию, детализирующую главную.
5. Прочтите ... и... абзацы, Обратите внимание на первые предложения каждого абзаца, так как они выражают основную мысль абзаца.
6. Прочтите внимательно ... и ... абзацы, Выберите для них заглавия.
7. Прочтите текст с тем, чтобы ответить на вопросы по основному содержанию текста.
8. Выберите из данных предложений те, которые лучше всего отражают
9. Прочтите текст и назовите основные вопросы, которые обсуждаются в нем.
10. Укажите номер абзаца, в котором выражена следующая мысль.
11. Назовите основные проблемы, затронутые в тексте.

12. Прочтите текст (абзац) и сформулируйте основной вопрос, который обсуждается в нем.
13. Найдите (зачитайте, выпишите) главные факты текста.
14. Расположите следующие предложения текста в логической последовательности и пронумеруйте их по порядку.
15. Прочтите текст и скажите, насколько частей можно условно разделить его, чему посвящена каждая отдельная часть.
16. Составьте список вопросов к тексту.
17. Подготовьте план пересказа текста.
18. Разделите текст на смысловые части и озаглавьте их.
19. Найдите в тексте предложения, в которых содержатся: а) основная информация; б) уточняющая информация; в) подтекст.
20. Найдите в тексте аргументы, подтверждающие ...
21. Найдите в тексте основные положения. Прочтите их вслух, соединяя различными средствами связи таким образом, чтобы получился связный рассказ.
22. Напишите предложения в последовательности, отражающей события в тексте.
23. Составьте к тексту вопросы, ответы на которые могли бы служить планом пересказа текста.
24. Прочтите вслух предложения из текста, которые объясняют название его темы.
25. Сформулируйте идею текста.
26. Прочтите текст, отметьте факты, на основании которых автор делает главные выводы.
27. Сократите текст за счет подробностей, которые могут быть опущены без ущерба для содержания.
28. Поясните главную мысль текста своими словами.
29. Скажите, используя какие факторы из текста можно утверждать, что
30. Назовите основные проблемы, затронутые в тексте.

Послетекстовый этап

1. Прочтите текст и выразите свое согласие (несогласие) с приведенными ниже утверждениями из текста.
2. Ответьте на вопросы к тексту.
3. Выберите правильный ответ на вопрос из нескольких данных.
4. Составьте план прочитанного текста.
5. Расположите смысловые части текста в логической последовательности.
6. Перескажите текст.
7. Обобщите понятую вами информацию в виде резюме.
8. Составьте тезисы к прочитанному тексту.
9. Составьте вопросы к тексту.
10. Скажите, какую цель, на ваш взгляд, ставил перед собой автор текста.

11. Сформулируйте цель, которую, на ваш взгляд, ставил перед собой автор текста.
12. Скажите, совпадает ли точка зрения автора по обсуждаемому в тексте вопросу с вашей точкой зрения.
13. Определите основное коммуникативное намерение автора текста (сообщить новую информацию, оценить (прокомментировать) событие или факт, убедить в чем-либо читателя, оказать на него воздействие).
14. Назовите основную, на ваш взгляд, функцию прочитанного текста (информативная, оценочная, воздействующая или функция убеждения).
15. Выразите свое отношение к прочитанному тексту. Скажите, согласны ли вы с оценкой автором событий, фактов.
16. Скажите, что было для вас особенно интересно узнать из текста и почему.
17. Скажите, какие из перечисленных фактов вы впервые узнали из прочитанного текста.
18. Укажите факты и сведения из текста, которые были вам уже известны.
19. Скажите, при изучении каких предметов вам может понадобиться информация, содержащаяся в этом тексте.
20. Назовите другие статьи по этой проблематике, которые вы читали.

Part I. ECONOMIC SYSTEMS

Text 1. How do countries differ in the way their economies are organised? Command Economy

Прочитайте текст и выполните предложенные преподавателем задания.

All societies are faced with the problem of scarcity. They differ considerably, however, in the way they solve the problem. One important difference between societies is the degree of government control of the economy.

At the one extreme lies the completely planned or command economy, where all the economic decisions are taken by the government.

At the other extreme lies the completely free-market economy. In this type of economy there is no government intervention at all. All decisions are taken by individuals and firms. Households decide how much labour and other factors to supply, and what goods to consume. Firms decide what goods to produce and what factors to employ. The *pattern* of production and consumption that results depends on the *interactions* of all factors of all these individual demand and supply decisions.

In practice all economies are a mixture of the two. It is therefore the degree of government intervention that distinguishes different economic systems. Thus in the *former* communist countries of eastern Europe, government played a large role whereas in the United States, the government plays a much smaller role.

It is nevertheless useful to analyse the extremes in order to put the different mixed economies of the real world into perspective.

Let us start by having a look at the command economy. The command economy is usually associated with a socialist or communist economic systems, where land and capital are collectively owned. The state plans the allocation of resources at three important levels:

1. It plans the allocation of resources between present consumption and investment for the future. By *sacrificing* some present consumption and *diverting* resources into investment, it could increase the economy's growth rate. The amount of resources it chooses to invest will depend on its macroeconomic strategy: the importance it attaches to growth as opposed to present consumption.
2. At a microeconomic level it plans the output of each industry and firm, the techniques that will be used and the labour and other resources required by each industry and firm. In order to ensure that the required inputs are available, the state would probably conduct some form of input-output analysis. All industries are seen as users of inputs from other industries and as producers of output for consumers or others industries. Input-output analysis shows, for each industry, the sources of all its inputs and the destination of all its outputs. By its use the state attempts to match up the inputs and outputs of each industry so that the planned demand for each industry's product is equal to its planned supply.
3. It plans the distribution of output between consumers. This will depend on the government's aims. It may distribute goods according to its *judgement* of people's

needs; or it may give more to those who produce more, thereby providing an incentive for people to work harder.

It may distribute goods and services directly (for example, by a system of rationing); or it may decide the distribution of money incomes and allow individuals to decide how to spend them. If it does the latter, it may still try to influence the *pattern* of expenditure by setting appropriate prices: low prices to *encourage* consumption, and high prices to discourage consumption.

(3200. John Sloman. *Essentials of Economics*. Pearson Education Limited, England 2001, pp. 22 – 23.)

Notes:

1. pattern, n – система, структура, принцип, модель
2. interaction, n – взаимодействие
3. former, adj – бывший
4. sacrifice, v – жертвовать
5. divert, v – отводить, отклонять в другую сторону
6. judgement, n – суждение, мнение, оценка
7. encourage, v – ободрять, поощрять, поддерживать

Text 2. Command Economy

Прочитайте текст и выполните предложенные преподавателем задания.

In Command Economy or Planned Economy, the central or state government regulate various factors of production. In fact, the government is the final *authority* to take decisions regarding production, utilization of the finished industrial products and the allocation of the revenues earned from their distribution.

The government-certified planners come second in the hierarchy. They distribute the work among the labor class, who actually *undergo* the *toiling* part of the entire process. China and the former USSR are, perhaps, two of the best examples of Command Economy. Though many countries nowadays are switching off from Planned Economy to Market or Mixed Economy, yet nations like North Korea and Cuba are the countries where Planned Economy still exists in full form.

In Command Economy, both state-owned and private enterprises receive *guidance* and directives from the government regarding production capacity, output, types of production. Planned economic system is usually divided into two groups – Centralized and Decentralized. The centralized or centrally Planned Economy, as prevalent in the former Soviet Union, is a more familiar concept of the two. The decentralized Command Economy, on the other hand, is more theoretical in nature with little or no application in the actual economic spheres.

Command Economy has its own characteristic features.

By nature, Command Economy is more stable, guaranteeing constant exploitation of the existing resources. It is least affected by financial *downturns* and inflations.

In a carefully planned Command Economic system, both surplus production and unemployment rates remain at a reasonable level

The stable nature of Planned Economy encourages investments in long-term project-related infrastructures without any possibility of financial *recessions*.

Command Economy is absolutely different from the concept of Market Economy, *with respect to* the basic money-making approaches. While Market Economy tends to multiply the wealth of a nation through the gradual process of evolution, Command Economic system prefers deliberate planning of the entire money-making process for better results. In fact, good economic planning in the long run proves beneficial to improve the economic conditions of a country.

Command Economy is based on collective benefits, rather than the requirements of a single individual. Under such conditions rewards, wages and other monetary benefits as bonus are distributed on the basis of the joint work. This is how Planned Economy actually *eradicates* the profit-making at individual levels.

(2585. <http://www.economywatch.com/economy-articles/command-economy.html>)

Notes:

1. authority, n – начальство, администрация
2. undergo, v – подвергаться, испытывать, претерпевать
3. toil, v – выполнять тяжелую работу
4. guidance, n – руководство
5. downturn, n – экономический спад
6. with respect to – что касается, относительно
7. recession, n – спад, понижение
8. eradicate, v – вырывать с корнем

Text 3. Planned Economy

Прочитайте текст и выполните предложенные преподавателем задания.

Planned economy (or command economy) is an economic system in which the state directs the economy. It is an economic system in which the central government controls industry so that it makes major decisions regarding the production and distribution of goods and services. Its most extensive form is referred to as a command economy, centrally planned economy, or command and control economy.

In such economies, central economic planning by the state or government controls all major sectors of the economy and formulates all decisions about the use of resources and the distribution of output. Planners decide what should be produced and direct lower-level enterprises to produce those goods *in accordance with* national and social *objectives*.

Planned economies are in contrast to unplanned economies, i.e. the market economy, where production, distribution, pricing, and investment decisions are made by the private owners of the factories based upon their individual interests *rather than* upon a macroeconomic plan. Less extensive forms of planned economies include those that use *indicative planning*, in which the state employs "influence, subsidies, grants, and taxes, but does not *compel*." This latter is sometimes referred to as a "planned market economy".

A planned economy may consist of state-owned enterprises, private enterprises directed by the state, or a combination of both. Though "planned economy" and "command economy" are often used as synonyms, some make the distinction that under a command economy, the means of production are *publicly* owned. That is, a planned economy is "an economic system in which the government controls and regulates production, distribution, prices, etc." but a command economy, while also having this type of regulation, necessarily has substantial public ownership of industry. Therefore, command economies are planned economies, but not necessarily the reverse.

Important planned economies that existed in the past include the economy of the Soviet Union, which, according to CIA Factbook estimates, was for a time the world's second largest economy, China before 1978 and India before 1991.

Beginning in the 1980s and 1990s, many governments presiding over planned economies began deregulating (or as in the Soviet Union, the system collapsed) and moving toward market-based economies by allowing the private sector to make the pricing, production, and distribution decisions. Although most economies today are market economies or mixed economies (which are partially planned), planned economies exist in very few countries such as Cuba, Libya, Iran, North Korea, Saudi Arabia, and Burma.

(2687. http://en.wikipedia.org/wiki/Plan_economy)

Notes:

1. in accordance with – в соответствии с
2. objective, n – цель, стремление
3. rather than – а не, скорее чем
4. indicative planning – ориентировочное планирование
5. compel, v – заставлять, вынуждать, принуждать
6. publicly, adv – всенародно, сообща, совместно

Text 4. Free-Market Economy. Advantages. Problems

Прочитайте текст и выполните предложенные преподавателем задания.

The fact that a free-market economy functions automatically is one of its major advantages. There is no need for costly and complex bureaucrats to co-ordinate economic decisions. The economy can *respond* quickly to changing demand and supply conditions.

When markets are highly competitive, no one has great power. Competition between firms keeps prices down and acts as an *incentive* to firms to become more efficient. The more firms there are competing, the more *responsive* they will be to consumer wishes.

The more efficiently firms can combine their factors of production, the more profit they will make. The more efficiently workers work, the more *secure* will be their jobs and the higher their wages. The more carefully consumers decide what to buy, the greater the value for money they will receive.

Thus people *pursuing* their own self-interest through buying and selling in competitive markets helps to minimise the central economic problem of scarcity, by *encouraging* the efficient use of the nation's resources in line with consumer wishes.

From this type of argument, the following conclusion is often made by defenders of the free market.

In practice, however, markets do not achieve maximum efficiency in the allocation of scarce resources, and governments feel it necessary to intervene to solve this and other problems of the free market. The problems of a free market are as follows:

- Competition between firms is often limited. A few giant firms may dominate in industry. In these cases they may set high prices and make large profits. Rather than merely responding to consumer wishes, they may attempt to persuade consumers by advertising.
- *Lack* of competition and high profits may remove the incentive for firms to be efficient.
- Power and property may be unequally distributed. Those who have power and/or property (e.g. big business, unions, landlords) will gain *at the expense of* those without power and property.
- The practices of some firms may be socially undesirable or have *adverse* environmental consequences. For example, a chemical works may pollute the environment.
- Some socially desirable goods would simply not be produced by private enterprise. What firm would build and operate a *lighthouse*, unless it were paid by the government?
- A free-market economy may lead to macroeconomic instability. There may be periods of *recession* with high unemployment and falling output, and other periods of rising prices.
- Finally, there is the ethical objection that a free-market economy, by rewarding self-interested behaviour, may encourage selfishness, *greed*, materialism and pursuit of power.

(2640. John Sloman. *Essentials of Economics*. Pearson Education Limited, England 2001, pp.45 – 46.)

Notes:

1. respond, v – отвечать, реагировать
2. incentive, n – стимул
3. responsive, adj – быстро реагирующий, чувствительный, чуткий
4. secure, adj – безопасный, надежный, прочный
5. pursue, v – следовать, добиваться
6. encourage, v – ободрять, поощрять, поддерживать, стимулировать
7. lack, n – недостаток, отсутствие
8. at the expense – за чей-либо счет
9. adverse, adj – неблагоприятный, вредный
10. lighthouse, n – маяк
11. recession, n – регресс, спад, снижение
12. greed, n – жадность, скупость

Text 5. Mixed Economy

Прочитайте текст и выполните предложенные преподавателем задания.

The term “mixed economy” *appeared* in the United Kingdom in the 1930s. A mixed economy is an economy that has a *variety* of private and public control, reflecting characteristics of both capitalism and socialism. Most mixed economies can be described as market economies with strong regulation *in addition to* having a variety of government sponsored aspects.

There is not one *single definition* for a mixed economy, but the definitions always involve a degree of private economic freedom mixed with a degree of government regulation of markets. The *relative strength* or *weakness* of each component in the national economy can vary greatly between countries. Economies ranging from the United States to Cuba have been termed mixed economies.

The economic freedom side includes privately owned industry including individual freedom, economic efficiency (especially the allocative efficiency provided by the markets), and the incentive to innovate provided by competition. The government regulation side involves environmental protection, *maintenance* of employment standards, and maintenance of competition. In some mixed economies, it even includes various degrees of centralized economic planning, that is, state ownership of some of the means of production for national or social objectives.

Thus, all real-world economies are a mixture of the two systems. The economies of the former communist bloc all used the market mechanism to some extent. All market economies involve some degree of government intervention.

In mixed market economies, the government may control the following:

- Relative prices of goods and inputs, by taxing and subsidising them or by direct price controls.
- Relative incomes, by the use of income taxes, direct control over wages, profits, rents, etc. The *pattern* of production and consumption, by the use of legislation (e.g. making it illegal to produce unsafe goods), by direct provision of goods and services (e.g. education and defence), by taxes and subsidies or by nationalisation.
- The macroeconomic problems of unemployment, inflation, lack of growth and balance of payments deficits, by the use of taxes and government expenditure, the control of banks lending and interest rates, the direct control of prices, and the control of the foreign exchange rate.

Mixed economies as an economic ideal are supported by people of various political persuasions, typically centre-left and centre-right, such as social democrats or Christian democrats. Supporters view mixed economies as a compromise between classic socialism and pure *laissez - faire* capitalism.

(2605.http://en.wikipedia.org/wiki/Mixed_economy)

Notes:

1. appear, v – показываться, появляться
2. variety, n – многообразие, разнообразие
3. in addition to – кроме того
4. single, adj – один, единственный

5. definition, n – определение, формулировка
6. relative, adj – относительный, сравнительный
7. strength, n – достоинство, сильная сторона
8. weakness, n – слабое место, недостаток
9. maintenance, n – поддержание, сохранение
10. pattern, n – образец, модель
11. laissez-faire – «невмешательство правительства»

Part II. DEMAND AND SUPPLY

Text 6. Economics Basics: Demand and Supply

Прочитайте текст и выполните предложенные преподавателем задания.

Supply and demand is perhaps one of the most fundamental concepts of economics and it is the *backbone* of a market economy. Demand refers to how much (quantity) of a product or service is desired by buyers. The quantity demanded is the amount of a product people are willing to buy at a certain price; the relationship between price and quantity demanded is known as the demand relationship. Supply represents how much the market can offer. The quantity supplied refers to the amount of a certain good producers are willing to supply when receiving a certain price. The *correlation* between price and how much of a good or service is supplied to the market is known as the supply relationship. Price, therefore, is a reflection of supply and demand.

The relationship between demand and supply *underlie* the forces behind the allocation of resources. In market economy theories, demand and supply theory will allocate resources in the most efficient way possible. How? Let us take a closer look at the law of demand and the law of supply.

The Law of Demand

The law of demand states that, if all other factors remain equal, the higher the price of a good, the less people will demand that good. In other words, the higher the price, the lower the quantity demanded. The amount of a good that buyers purchase at a higher price is less because as the price of a good goes up, so does the *opportunity cost* of buying that good. As a result, people will naturally avoid buying a product that will force them to *forgo* the consumption of something else they value more.

The Law of Supply

Like the law of demand, the law of supply demonstrates the quantities that will be sold at a certain price. But unlike the law of demand, the supply relationship shows an upward slope. This means that the higher the price, the higher the quantity supplied. Producers supply more at a higher price because selling a higher quantity at a higher price increases revenue.

Time and Supply

Unlike the demand relationship, however, the supply relationship is a factor of time. Time is important to supply because suppliers must, but cannot always, react quickly to

a change in demand or price. So it is important to try and determine whether a price change that is caused by demand will be temporary or permanent.

Let's say there's a sudden increase in the demand and price for umbrellas in an unexpected rainy season; suppliers may simply accommodate demand by using their production equipment more intensively. If, however, there is a climate change, and the population will need umbrellas year-round, the change in demand and price will be expected to be long-term; suppliers will have to change their equipment and production facilities in order to meet the long-term levels of demand.

(2776.<http://www.investopedia.com/university/economics/economics3.asp>)

Notes:

1. backbone, n – опора, суть
2. correlation, n – взаимоотношение, связь, корреляция
3. underlie, v – лежать в основе
4. opportunity cost – альтернативные издержки, затраты
5. forgo, v – отказываться, воздерживаться

Text 7. Supply and Demand Relationship

Прочитайте текст и выполните предложенные преподавателем задания.

Now that we know the laws of supply and demand, let's turn to an example to show how supply and demand affect price.

Imagine that a special *edition* CD of your favorite *band* is *released* for \$20. Because the record company's previous analysis showed that consumers will not demand CDs at a price higher than \$20, only ten CDs were released because the opportunity cost is too high for suppliers to produce more. If, however, the ten CDs are demanded by 20 people, the price will *subsequently* rise because, according to the demand relationship, as demand increases, so does the price. *Consequently*, the rise in price should *prompt* more CDs to be supplied as the supply relationship shows that the higher the price, the higher the quantity supplied.

If, however, there are 30 CDs produced and demand is still at 20, the price will not be pushed up because the supply more than *accommodates* demand. In fact after the 20 consumers have been satisfied with their CD purchases, the price of the *leftover* CDs may drop as CD producers attempt to sell the remaining ten CDs. The lower price will then make the CD more available to people who decided that the opportunity cost of buying the CD at \$20 was too high.

Equilibrium

When supply and demand are equal (i.e. when the supply function and demand function intersect) the economy is said to be at equilibrium. At this point, the allocation of goods is at its most efficient because the amount of goods being supplied is exactly the same as the amount of goods being demanded. Thus, everyone (individuals, firms, or countries) is satisfied with the current economic condition. At the given price, suppliers are selling all the goods that they have produced and consumers are getting all the goods that they are demanding.

In the real market place equilibrium can only ever be reached in theory, so the prices of goods and services are constantly changing in relation to fluctuations in demand and supply.

Disequilibrium

Excess Supply

If the price is set too high, excess supply will be created within the economy and there will be allocative inefficiency.

Excess Demand

Excess demand is created when price is set below the equilibrium price. Because the price is so low, too many consumers want the good while producers are not making enough of it.

(2351. <http://www.investopedia.com/university/economics/economics3.asp>)

Notes:

1. edition, n – издание, выпуск
2. band, n – музыкальная группа
3. subsequently, adv – впоследствии, позже
4. consequently, adv – следовательно, в результате
5. prompt, v – подсказывать, подстрекать
6. accommodate, v – размещать
7. leftover, n – остаток

Text 8. Elasticity

Прочитайте текст и выполните предложенные преподавателем задания.

The degree to which a demand or supply *curve* reacts to a change in price is the curve's elasticity. Elasticity varies among products because some products may be more *essential* to the consumer. Products that are necessities are more *insensitive* to price changes because consumers would continue buying these products despite price increases. *Conversely*, a price increase of a good or service that is considered less of a necessity will *deter* more consumers because the opportunity cost of buying the product will become too high.

A good or service is considered to be highly elastic if a slight change in price leads to a sharp change in the quantity demanded or supplied. Usually these kinds of products are readily available in the market and a person may not necessarily need them in his or her daily life. On the other hand, an inelastic good or service is one in which changes in price *witness* only modest changes in the quantity demanded or supplied, if any at all. These goods tend to be things that are more of a necessity to the consumer in his or her daily life.

Factors Affecting Demand Elasticity

There are three main factors that influence a demand's price elasticity:

1. The availability of substitutes. This is probably the most important factor influencing the elasticity of a good or service. In general, the more substitutes, the more elastic the demand will be. For example, if the price of a cup of coffee went up by \$0.25, consumers could replace their morning caffeine with a cup of tea. This means that

coffee is an elastic good because a raise in price will cause a large decrease in demand as consumers start buying more tea instead of coffee.

However, if the price of caffeine were to go up as a whole, we would probably see little change in the consumption of coffee or tea because there are few substitutes for caffeine. Usually, unique goods such as diamonds are inelastic because they have few if any substitutes.

2. Amount of income available to spend on the good. This factor affecting demand elasticity refers to the total a person can spend on a particular good or service. Thus, if the price of a can of Coke goes up from \$0.50 to \$1 and income stays the same, the income that is available to spend on coke, which is \$2, is now enough for only two rather than four cans of Coke. In other words, the consumer is forced to reduce his or her demand of Coke. Thus if there is an increase in price and no change in the amount of income available to spend on the good, there will be an elastic reaction in demand; demand will be sensitive to a change in price if there is no change in income.

3. Time. The third influential factor is time. If the price of cigarettes goes up \$2 per pack, a smoker with very few available substitutes will most likely continue buying his or her daily cigarettes. This means that tobacco is inelastic because the change in price will not have a significant influence on the quantity demanded.

(2900.<http://www.investopedia.com/university/economics/economics4.asp>)

Notes:

1. curve, n – кривая, график
2. essential, adj – важнейший, необходимый, основной
3. insensitive, adj – равнодушный, невнимательный
4. conversely, adv – наоборот
5. deter, v – удерживать, отпугивать, ограничивать
6. witness, v – свидетельствовать, удостоверить

Part III. FACTORS OF PRODUCTION

Text 9. Factors of Production

Прочитайте текст и выполните предложенные преподавателем задания.

Economists have long recognized the three *distinct* factors that people use to create the things they want. Land, labor, and capital are referred to as "factors of production." Each factor plays a unique role in the production of goods, and each factor is clearly *distinguishable* from the other two.

Land is defined as everything in the universe that is not created by human beings. It includes more than just the surface of the earth. Air, sunlight, forests, earth, water and minerals are all classified as land, as are all manner of natural forces or opportunities that are not created by people. Labor uses capital on land to produce wealth. Every *tangible* good is made up of the raw materials that come from nature and because all people have material needs for survival, everyone must have access to some land in order to live.

Land is the passive factor in production. To make the gifts of nature *satisfy* our needs and desires, people must do something with natural resources.

When the stuff of nature is worked up by labor into tangible goods, which satisfy human desires and have exchange value, we call those goods Wealth. (When labor satisfy desires directly, without providing a material good, we call that "Services"; thus, economists say that labor provides the economy with "goods and services".) When some of the wealth is used to produce more wealth, economists refer to it as Capital.

Capital increases labor's ability to produce wealth (and services too). Therefore, there is always a demand for capital goods, and some labor will be devoted to supplying those goods, rather than supplying the consumer goods that directly satisfy desires.

Definition of the three distinct, interdependent factors of production is another important analytical tool that helps economists make sense of the processes of production and distribution in a complex society. Each is clearly different from the other. The mutually exclusive nature of these categories is what makes them so useful.

In other contexts, these terms are sometimes used differently, or oddly combined, such as "human capital". It is important to remember that different schemes of definitions and terms can be used for different purposes. Land, for example, is often referred to as "capital", in the sense that one can buy land and use it as a "capital investment". The use of a term like "real estate" – which is a combination of land and capital as we have defined them here – can further cloud the issue. This shows us that when economic terms are used, it is very helpful to clearly understand how they are being defined!

(2627.<http://www.landandfreedom.org/econ/econ2p.htm>)

Notes:

1. distinct, adj – особый, индивидуальный, отличный
2. distinguishable, adj – отличимый, различимый
3. tangible, adj – вещественный, материальный, реальный
4. satisfy, v – удовлетворять, доставлять удовольствие

Text 10. Factors of Production

Прочитайте текст и выполните предложенные преподавателем задания.

To produce goods and services requires resources. Economists call these the factor inputs available in the production process.

Economic resources are scarce relative to the *infinite* needs and wants of people and businesses operating in the economy. It is important to use these resources efficiently in order to maximise the output that can be produced from them.

Economists make a distinction between three types of resources – land, labour and capital.

Land is the natural resources available for production. Some nations are *endowed* with natural resources and exploit this by specialising in the extraction and production of these resources – for example – the development of the North Sea Oil and Gas.

Only one major resource is for the most part free – the air we breathe. The rest are scarce, because there are not enough natural resources in the world to satisfy the

demands of consumers and producers. Air is classified as a free good since consumption by one person does not reduce the air available for others – a free good does not have an opportunity cost

Labour is the human input into the production process.

In the UK, of about 59 million inhabitants only approximately 35 million are of working age (16 – 64 years for men and 16 – 59 for women), and of those about 28 million have paid jobs. Over recent years there has been *a sustained* increase in the employed labour force – providing more labour resources with which to increase total output (GDP)

Two important points need to be remembered about labour as a resource:

A housewife, a keen gardener and a *DIY* enthusiast all produce goods and services, but they do not get paid for them. They are producing non-marketed output and the output of these people is not included in Gross Domestic Product

Not all labour is of the same quality. Some workers are more productive than others because of the education, training and experience they have received

Human capital refers to the quality of labor resources, which can be improved through investments in education, training, and health

Entrepreneurs are people who organize other productive resources to make goods and services. Some economists regard entrepreneurs as a specialist form of labour input. Others believe that they deserve recognition as a separate factor of production in their own right. The success and/or failure of a business often depends critically on the quality of entrepreneurship.

To an economist, capital has several meanings – including the finance raised to operate a business. But normally the term capital means investment in goods that can produce other goods in the future.

Capital refers to the machines, roads, factories, schools and office blocks which human beings have produced in order to produce other goods and services. A modern industrialized economy possesses a large amount of capital, and it is continually increasing. Increases to the capital stock of a nation are called investment. Investment is important if the economy is to achieve economic growth in the long run.

(3095.<http://tutor2u.net/economics/content/topics/introduction/factor.htm>)

Notes:

1. infinite, adj – бесконечный, безграничный
2. endow, v – снабжать, обеспечивать
3. sustained, adj – непрерывный, устойчивый, постоянный
4. DIY = Do it yourself

Text 11. Factors of Production

Прочитайте текст и выполните предложенные преподавателем задания.

The economic theory of factors of production *encompasses* all of the resources and inputs that go into the manufacturing of products. *Apart from* direct inputs such as materials and labor, factors of production include the skills, human resources, and equipment that are required to create a product. For small businesses, understanding

these inputs is critical to the bottom line of the company as small *incremental* changes in cost structures can be the difference between profit and loss.

Production Capital

Besides the supplies and materials that go into the manufacturing process, other "hard" assets are needed, such as equipment, buildings and trucks. These assets are known as production capital. Production capital varies depending on the type of business. In a manufacturing *setting*, it includes the machinery used to build the products, the forklifts needed to warehouse and move them, and the building that houses the operation. In a service business, it could include computers, desks and telephone equipment.

Human Capital

No business is completely automated; humans are involved in producing any business' product or service. Labor is often one of the largest expenses of a business and managing human capital *appropriately* and efficiently is one of the tasks of a successful business. Human capital can also impact a business in a less direct, but just as important, way. Customers and clients see the employees in a business as a reflection of that company. The way that the human resources of a company interact with the customer base has a large impact on customer *longevity* and *loyalty*.

Resource Capital

The building and equipment required to run a business need to be located somewhere. Resource capital *encompasses* the physical space a company occupies, as well as other non-man-made resources such as water and air. Manufacturing operations often use more resource capital than service businesses because the manufacturing process requires more space for production, *warehousing* and *showcasing*.

Intellectual Capital

A business is far more than the sum of its physical parts. It takes entrepreneurial spirit, experience, creativity and know-how to make a business successful. These components are collectively called intellectual capital. Also included are rights, patents and trademarks; everything that you can't touch or see but is often the reason a business grows and succeeds. Sometimes, these "assets" of a business are not *captured* on a traditional financial statement as their value is *indeterminable*. It is almost impossible for competitors to duplicate intellectual capital, making it one of the most *coveted* and useful assets a business can own.

(2694.<http://smallbusiness.chron.com/4-factors-production-economics-3945.html>)

Notes:

1. encompass, v – включать
2. apart from – кроме, не считая
3. incremental, adj – увеличивающийся
4. setting, n – окружение
5. appropriately, adv – соответственно, надлежащим образом
6. longevity, n – долговечность, срок службы
7. loyalty, n – верность, преданность
8. warehousing, n – хранение на складах
9. showcasing, n – демонстрация

10. capture, v – завладеть, захватить, увлечь
11. indeterminable, adj – неопределимый, неразрешимый
12. covet, v – жаждать, сильно желать

Part IV. TAXES AND PUBLIC SPENDING

Text 12. History. Levels of Taxation

Прочитайте текст и выполните предложенные преподавателем задания.

The first known system of taxation was in Ancient Egypt around 3000 BC – 2800 BC in the first dynasty of the Old Kingdom. Records from the time document that the pharaoh would conduct a *biennial* tour of the kingdom, collecting tax revenues from the people. Other records are *granary* receipts on limestone flakes and papyrus. Early taxation is also described in the Bible. In Genesis (chapter 47, verse 24 – the New International Version), it states: "But when the crop comes in, give a fifth of it to Pharaoh. The other four-fifths you may keep as *seed* for the fields and as food for yourselves and your households and your children". Joseph was telling the people of Egypt how to divide their crop, providing a portion to the Pharaoh. A share (20%) of the crop was the tax.

Later, in the Persian Empire, a regulated and *sustainable* tax system was introduced by Darius I the Great in 500 BC. The Persian system of taxation was *tailored* to each Satrapy (the area ruled by a Satrap or provincial governor productivity.) It was the responsibility of the Satrap to collect the due amount and to send it to the emperor, after deducting his expenses (the expenses and the power of deciding precisely how and from whom to raise the money in the province, offer maximum opportunity for rich *pickings*). The quantities demanded from the various provinces gave a vivid picture of their economic potential. For instance, Babylon was *assessed* for the highest amount and for a startling mixture of commodities; 1,000 silver talents and four months supply of food for the army. India, a province famed for its gold, was to supply gold dust equal in value to the very large amount of 4,680 silver talents. Egypt was known for the wealth of its crops; it was to be the granary of the Persian Empire (and, later, of the Roman Empire) and was required to provide 120,000 measures of grain in addition to 700 talents of silver. This was exclusively a tax levied on subject peoples. Persians and Medes paid no tax, but, they were liable at any time to serve in the army.

Numerous records of government tax collection in Europe since at least the 17th century are still available today. But taxation levels are hard to compare to the size and flow of the economy since production numbers are not as readily available, however. Government expenditures and revenue in France during the 17th century went from about 24.30 million livres in 1600 – 10 to about 126.86 million livres in 1650 – 59 to about 117.99 million livres in 1700 – 10 when government debt had reached 1.6 billion livres. In 1780 – 89, it reached 421.50 million livres. Taxation as a percentage of production of final goods may have reached 15% – 20% during the 17th century in places such as France, the Netherlands, and Scandinavia. During the war years of the

eighteenth and early nineteenth century, tax rates in Europe increased dramatically as war became more expensive and governments became more centralized and adept at gathering taxes. This increase was greatest in England, Peter Mathias and Patrick O'Brien found that the tax burden increased by 85% over this period.

(3000. <http://en.wikipedia.org/wiki/Tax>)

Notes:

1. biennial, adj – двухгодичный, двухлетний
- 2 granary, n – житница
3. seed, n – семя, семечко
4. sustainable, adv – столкнуться с
5. tailor, v – скрывать, утаивать, умалчивать
6. picking, n – платежная ведомость
7. assess, v – определять сумму налога

Text 13. Taxation

Прочитайте текст и выполните предложенные преподавателем задания.

To tax (from the Latin *taxo*; "*I estimate*") is to impose a financial *charge* or other levy upon a taxpayer by a state or the functional equivalent of a state such that failure to pay is *punishable* by law.

Taxes are also imposed by many subnational *entities*. Taxes consist of direct tax or indirect tax, and may be paid in money or as its labour equivalent. A tax may be defined as a "*pecuniary burden* laid upon individuals or property owners to support the government, a payment exacted by legislative authority." The legal definition and the economic definition of taxes differ in that economists do not consider many transfers to governments to be taxes. For example, some transfers to the public sector are comparable to prices. Examples include tuition at public universities and fees for utilities provided by local governments. Governments also obtain resources by creating money (e.g., printing bills and minting coins), through *voluntary* gifts (e.g., contributions to public universities and museums), by imposing *penalties* (e.g., traffic fines), by borrowing, and by confiscating wealth. From the view of economists, a tax is a non-penal, yet compulsory transfer of resources from the private to the public sector levied on a basis of predetermined criteria and without reference to specific benefit received.

In modern taxation systems, taxes are levied in money; The method of taxation and the government expenditure of taxes raised is often highly debated in politics and economics. Tax collection is performed by a government agency such as Canada Revenue Agency, the Internal Revenue Service (IRS) in the United States, or Her Majesty's Revenue and Customs (HMRC) in the UK. When taxes are not fully paid, civil *penalties* (such as fines or *forfeiture*) or criminal penalties (such as *incarceration*) may be imposed on the non-paying entity or individual.

Purposes and effects

Money provided by taxation has been used by states and their functional equivalents throughout history to carry out many functions. Some of these include expenditures on

war, the enforcement of law and public order, protection of property, economic infrastructure (roads, legal tender, enforcement of contracts, etc.), public works, social engineering, and the operation of government itself. Governments also use taxes to fund welfare and public services. These services can include education systems, health care systems, pensions for the elderly, unemployment benefits, and public transportation. Energy, water and waste management systems are also common public utilities. Colonial and modernizing states have also used cash taxes to draw or force reluctant subsistence producers into cash economies.

(2600.<http://en.wikipedia.org/wiki/Tax>)

Notes:

1. estimate, v – оценивать, подсчитывать
2. charge, n – расходы
3. punishable, adj – наказуемый
4. entity, n – субъект
5. pecuniary, adj – денежный, финансовый
6. burden, n – бремя
7. voluntary, adj – добровольный
8. penalty, n – наказание, взыскание, штраф
9. forfeiture, n – конфискация
10. incarceration, n – тюремное заключение

Text 14. Income Tax

Прочитайте текст и выполните предложенные преподавателем задания.

Income tax is unique in that it is one of the few main types of taxes that has philosophical base. Adam Smith (1723 – 1790), an 18th century Scottish economist whose 1776 *treatise*, “The Wealth of Nations”, has gone down in history as a work of genius, proposed the radical idea that income should be taxed regularly and *permanently*. Smith was of the opinion that government had to defend liberty and property rights; to Smith, government should be limited to those functions. Moreover, in order for the “wealth of a nation” to increase, government must spend only what it needed to run itself and nothing more. The revenue to run itself should be taken from a tax on income that must be *fair* and made clear to all well in advance of being levied.

Even before Smith's *treatise* was written, the colony of Massachusetts had been the first in the New World to impose an income tax in 1634, even though the property tax still remained the most important source of revenue. Nevertheless, the idea had *evolved* (and been taken for granted by Smith's day) that wealth was more than just property consisting of land and buildings. That is, a person had certain skills and knowledge that could produce income, even if he had no concrete property. Hence in addition to the property tax, the colony imposed a tax on the income of *artisans*, doctors, and other professionals. The difficulty that the colony *faced* with income tax is an old one: taxpayers *concealed* their taxable income and paid as little as possible. How to collect income taxes efficiently became the chief problem, one that was not resolved until mandatory *payroll* deductions were introduced in the 19th century.

The concept of an income tax had appeared by the time the United States came into being. In addition, income tax is considered by tax historians and economists as the most advanced form in the long history of taxation. The central government was all but deprived of any power to tax, while state governments taxed as little as possible.

Under the Constitution's explicit guarantee of the central government's power to tax in Article I, Section 8, a tax on income was not mandated but was not rejected altogether, either. In fact, the first U.S. treasury secretary, Alexander Hamilton, highly favored the idea. But in matters of taxation, Hamilton is considered by 20th-century historians as ahead of his time. The Revenue Act of 1791, Hamilton's brainchild, did not go down well with the public. What is most noteworthy about this act was its creation of the office of Commissioner of Revenue, forerunner of today's Internal Revenue Service. This, too, was Hamilton's idea. The revenue commissioner and his agents would administer the tax law, which mostly stipulated excise taxes and selected tariffs.

(2791. <http://www.enotes.com/biz-encyclopedia/taxes-and-taxation#tax-history>)

Notes:

1. treatise, n – трактат
2. permanently, adv – постоянно, неизменно
3. fair, adj. – честный, справедливый
4. evolve, v – развивать(ся)
5. artisan, n – художник
6. face, v – столкнуться с
7. conceal, v – скрывать, утаивать, умалчивать
8. payroll, n – платежная ведомость

Part V. MONEY

Text 15. The History of Money

Прочитайте текст и выполните предложенные преподавателем задания.

The use of money is as old as the human civilization. Money is basically a method of exchange, and coins and notes are just *items* of exchange. But money was not always the same form as the money today, and is still developing.

The basis of all early commerce was barter, in other words the direct exchange of one product for another. *Subsequently* both livestock, particularly *cattle*, and plant products such as grain, come to be used as money in many different societies at different periods. *Cattle* are probably the oldest of all forms of money,

People in early societies developed forms of proto-money – the use of commodities that everyone agreed to accept in trade. Various items have been used by different societies at different times. Aztecs used cacao beans. Norwegians once used butter. The early U.S. colonists used tobacco leaves and animal *hides* (settlers traded deer *hides* - the origin of our modern word for money: "bucks"). Human *slaves* were also used as currency around the world. In the 16th century, the average exchange value of a slave was 8000 pounds of sugar.

Outside China, the first coins developed out of *lumps* of silver. They soon took the familiar round form of today, and were stamped with various gods and emperors to mark their *authenticity*. These early coins first appeared in the Kingdom of Lydia (now in Turkey) in the 7th century B.C., but the techniques were quickly copied and further *refined* by the Greek, Persian, Macedonian, and later the Roman empires. Unlike Chinese coins, which depended on copper, these new coins were made from precious metals such as silver, bronze, and gold, which had more inherent value.

As in so many other things, the Chinese were the innovators for the next step. The Chinese invented printing, and not too much later, they also invented paper money during the T'ang Dynasty. During Ming Dynasty the Chinese placed the emperor's seal and signature on a crude paper made from *mulberry bark*. In all, China experienced over 500 years on early paper money, spanning from the ninth through the fifteenth century. Then beginning in 1455, the use of paper money in China disappeared for 700 years. People in Mongolia were the second who began to use paper money in the eleventh century.

Paper money was adopted in Europe much later than in Asia and the Arab world – primarily because Europe didn't have paper. The first paper mill in Europe was established by the Moors in 1151 A. D. in what is now Spain, but paper was not widely accepted because of religious prejudice.

The Bank of Sweden issued the first paper money in Europe in 1661, though this was also a temporary measure. In 1694 the Bank of England was founded and began to issue promisory notes, originally handwritten but later printed. To make travelling with gold less dangerous, people who made jewelry and other items out of gold, came up with an idea. The goldsmiths started writing out notes on pieces of paper that said the person who had the note could trade the note in for gold. These promisory notes were the beginning of paper money in Europe. If you look at a British bank note today, you'll see it still says: "I promise to pay the *bearer* on demand the sum of twenty pounds." (2691.<http://www.probelov.net/topic/1645-the-history-of-money.html>)

Notes:

1. item, n, – отдельный предмет
2. subsequently, adj – впоследствии, потом
3. cattle, n – крупный рогатый скот
4. hides, n – кожа, шкура
5. slave, n – раб
6. lump, n – крупный кусок
7. authenticity, n – достоверность, подлинность
8. refine, v – улучшать, совершенствовать
9. mulberry bark – кора тутового дерева
10. bearer, n – держатель, владелец

Text 16. The Function of Money and its Future

Прочитайте текст и выполните предложенные преподавателем задания.

Originally exchange took place without the use of money, by barter. Long before money had come into the commercial world people exchanged goods for goods. This system of barter made it possible to *satisfy* many wants that would otherwise have gone unsatisfied. Barter raised the standard of living, but under such system the exchange of goods was greatly *hampered*. To barter requires that both buyer and seller need each other's goods. *Indivisible* things made exchange impossible as half a canoe or half a cow could not enter into barter. Nor was there under the barter system any standard of value. Because of these disadvantages money was introduced into the commercial system as an *intermediary*, for which all goods could be sold and with which all goods could be bought. Thus, money serves its first function, as a medium of exchange.

Money is a medium of exchange universally acceptable for goods and services. Originally the medium was the commodity most common in the trade of the time and place. Cattle served in Greece in the days of Homer. Grain, *furs* (in the Hudson Bay region), oil, salt, *ivory*, tea, *wampum* (among the American Indians), tobacco (in the colony of Virginia), and many other commodities served in various parts of the world as media of exchange. For them all things were sold; with them all things can be purchased. They were the money of the time. But gradually a tendency developed to use the metals, iron, copper, silver, and gold.

When first used, the metal was not in the form of coins, but had a certain weight. To guarantee the weight, it became common to *stamp* the metal with a government *seal*. We still have the pound, originally a pound of silver as the British standard coin. But this piece did not prevent "sweaters" from making the money short in weight. To prevent this, the *seal* or stamp was then placed on the top and bottom of the piece. Today money consists of coins and cash and perform the function of a medium of exchange.

Under barter conditions there is no standard of value. With money we have a medium in which all values may be expressed, and money performs its second function as a standard of value. We express all values in the commercial world in terms of a standard coin, in the United States in terms of dollars. If one product has its value stated as one dollar and the second as five dollars, we know that the ratio value of one to the other is one to five.

Money performs another service. Borrowing and paying of debts has always been an important part of commerce. The difficulty that we experience in using money as the standard of deferred payment is due to its instability and the change in its purchasing power. People are not interested in money, but in what it will buy. The purchasing power of money depends on price level, which depends on government stability and changes greatly over periods of time.

In future money in the global economy will *enable* quicker transactions. Those with goods and services worldwide will efficiently be able to process exchanges. As money continues to *evolve*, so will its availability. The Internet is rapidly changing the face of money and with this change will come new opportunity to profit from it.

(2683.<http://articles.business-man.biz/currency-trading/99/the-function-of-money-and-its-future-matt-sherborne.htm>)

Notes:

1. satisfy, v – удовлетворять
2. hamper, v – препятствовать, мешать
3. indivisible, adj – неделимый
4. intermediary, n – посредник
5. fur, n – мех
6. ivory, n – слоновая кость, бивень
7. wampum, n – вампум, бусины из раковин
8. stamp, v – набивать клеймо
9. seal, n – печать, клеймо
10. enable, v – делать возможным
11. evolve, v – эволюционировать, развиваться

Text 17. Electronic Money

Прочитайте текст и выполните предложенные преподавателем задания.

Electronic money (also known as e-currency, e-money, electronic cash, electronic currency, digital money, digital cash, digital currency, cyber currency) refers to money or *scrip* which is only exchanged electronically. Typically, this involves the use of computer networks, the Internet and digital stored value systems. Electronic Funds Transfer (EFT), *direct deposit*, digital gold currency and virtual currency are all examples of electronic money. Also, it is a collective term for financial cryptography and technologies enabling it.

While electronic money has been an interesting problem for a number of economists, the use of e-money has been relatively *low-scale*. One rare success has been Hong Kong's Octopus card system, which started as a transit payment system and has grown into a widely used electronic money system. London Transport's Oyster card system remains essentially a contactless pre-paid travelcard. Two other cities have *implemented* functioning electronic money systems. Singapore has an electronic money program for its public transportation system (*commuter trains*, bus, etc.), based on the same type of (FeliCa) system. The Netherlands has also implemented an electronic money system known as Chipknip, which is based upon the same system in Hong Kong. In Belgium, a payment service company, Proton, owned by 60 Belgian banks issuing stored value cards was developed in 1995.

A number of electronic money systems use contactless payment transfer in order to *facilitate* easy payment and give the *payee* more confidence in not letting go of their electronic wallet during the transaction.

In technical terms, electronic money is an online representation, or a system of debits and credits, used to exchange value within another system, or within itself as a stand alone system. In principle this process could also be done offline.

Occasionally, the term electronic money is also used to refer to the provider itself. A private currency may use gold to provide extra security, such as digital gold currency. Some private organizations, such as the United States Armed Forces use independent currencies such as Eagle Cash.

Many systems – such as PayPal, WebMoney, cashU, and Hub Culture's Ven – will sell their electronic currency directly to the end user, but other systems such as Liberty Reserve only sell through third party digital currency exchangers.

In the case of Octopus card in Hong Kong, electronic money deposits work similarly to regular bank deposits. After Octopus Card Limited receives money for deposit from users, the money is deposited into a bank. This is similar to debit-card-issuing banks redepositing money at central banks.

Some community currencies, like some Local Exchange Trading Systems (LETS) and the Community Exchange System, work with electronic transactions.

(2856.<http://en.wikipedia.org/wiki/E-money>)

Notes:

1. scrip, n – ценная бумага
2. direct deposit – прямой депозит
3. low-scale, adj – низкий
4. implement, v – вводить в действие
5. commuter train – пригородный поезд, электричка
6. facilitate, v – содействовать, способствовать
7. payee, n – лицо, получающее платеж

Text 18. The Word "Dollar" and the Dollar Sign \$

Прочитайте текст и выполните предложенные преподавателем задания.

The history of the dollar is a story involving many countries in different continents. The word dollar is much older than the American unit of currency. It is an *Anglicised* form of "thaler", (pronounced taler, with a long "a"), the name given to coins first *minted* in 1519 from locally mined silver in Joachimsthal in Bohemia. (Today the town of Joachimsthal lies within the borders of the Czech republic and its Czech name is Jáchymov). Thaler is a shortened form of the term by which the coin was originally known – Joachimsthaler.

Later according to the English version, the name (dollar) was also applied to similar coins, not only ones minted in central Europe but also the Spanish peso. Both these large silver coins were practically identical in weight and *fineness*.

Those coins, particularly the Spanish peso or dollar circulated widely in Britain's North American colonies because of a shortage of official British coins. That is why, after the United States gained its independence the new nation chose "dollar" as the name of its currency instead of keeping the pound.

During colonial times the official British *coinage* was in short supply and as a result a variety of substitutes was used in Britain's American colonies, including wampum, in some of the northern colonies, and tobacco, or more conveniently, certificates for tobacco deposited in public *warehouses*, in Virginia. The colonists also used whatever foreign coins they could obtain. At various times in different colonies paper money was issued and disputes with the British government over this were one of the causes of the American Revolution. The *rebels* financed their war of independence largely by printing paper money notes that were called Continentals. By the end of the war, these had

become practically worthless because of hyperinflation. The notes had served their purpose and, with the help of their French *allies*, the Americans won the war.

As Spanish pesos or dollars had long been in wide circulation in North America, some of the paper money issued in some of the colonies before the war had been denominated in dollars.. During the war too, some Continentals were denominated in British units, others in dollars. In 1792 the newly independent United States chose the dollar, subdivided into 100 cents, as the unit of American currency in preference to the British pound.

Foreign coins were supposed to lose their status as legal tender within 3 years of the US coins coming into circulation. A new mint was established in Philadelphia and started its operations in 1794. The mint was the first purpose-built structure authorized by the United States government. However, because of a shortage of both gold and silver, in 1797 the government *extended* legal *tender* status to Spanish dollars for an indefinite period. The discoveries in California, which sparked off the Gold Rush in 1848, led to a massive increase in the production of gold coins by the mint, and in 1857 the United States finally removed *legal tender* status from all foreign coins.

(2620.<http://projects.exeter.ac.uk/RDavies/arian/dollar.html>)

Notes:

1. anglicise, v – англизировать, формулировать на английском языке
2. mint, v – чеканить монету
3. fineness, n – высокое качество, проба (золота, серебра)
4. coinage, n – чеканка монет, монетная система
5. warehouse, n – товарный склад, пакгауз
6. rebel, n – повстанец
7. ally, n – друг, союзник
9. tender, n – платежное средство
10. extend, v – продолжать, оттягивать (о сроке)

Text 19. Monetary Policy

Прочитайте текст и выполните предложенные преподавателем задания.

Monetary policy is one of the tools that a national Government uses to influence its economy. Using its monetary authority to control the supply and availability of money, a government attempts to influence the level of economic activity in line with its political *objectives*. Usually this *objective* is "macroeconomic stability" - low unemployment, low inflation, economic growth, and a balance of external payments. Monetary policy is usually administered by a Government *appointed* "Central Bank", the Bank of Canada and the Federal Reserve Bank in the United States.

The Central Bank attempts to achieve economic stability by *varying* the quantity of money in circulation, the cost and availability of credit, and the composition of a country's national debt. The Central Bank has three instruments available in order to *implement* monetary policy:

- Open market operations
- Reserve requirements

– The 'Discount Window'

Open market operations are buying or selling of Government bonds by the Central Bank in the open market. If the Central Bank were to buy bonds, the effect would be to increase the money supply and hence lower interest rates, the opposite is true if bonds are sold. This is the most widely used instrument in the day to day control of the money supply due to its ease of use, and the relatively *smooth* interaction it has with the economy as a whole.

Reserve requirements are a percentage of commercial banks', and other depository institutions', *demand deposit* liabilities that must be kept on deposit at the Central Bank as a requirement of Banking Regulations. This percentage may be changed by the Central Bank at any time, thereby affecting the money supply and credit conditions. If the reserve requirement percentage is increased, this would reduce the money supply by requiring a larger percentage of the banks, and depository institutions, demand deposits to be held by the Central Bank, thus taking them out of supply. As a result, an increase in reserve requirements would increase interest rates, as less currency is available to borrowers. This type of action is only performed occasionally as it affects money supply in a major way.

Lastly, the Discount Window is where the commercial banks, and other depository institutions, are able to borrow reserves from the Central Bank at a discount rate. This enables the institutions to vary credit conditions (i.e., the amount of money they have to loan out), thereby affecting the money supply. One should mention that the Discount Window is the only instrument which the Central Banks do not have total control over.

By affecting the money supply, monetary policy can establish ranges for inflation, unemployment, interest rates, and economic growth. A stable financial environment is created allowing the growth of the economy as a whole.

(2800.<http://www.finpipe.com/monpol.htm>)

Notes:

1. objective, n – цель, стремление
2. appoint, v – назначать, предписывать
3. vary, v – отличаться, различаться
4. implement, v – выполнять, осуществлять, реализовывать
5. smooth, adj – гладкий, спокойный, беспрепятственный
6. demand deposit – бессрочный вклад

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АНГЛИЙСКИЙ ЯЗЫК

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