

# THE ESSENTIALS OF THE UK ECONOMY

by Marianna Korchak

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**Спецкурс THE ESSENTIALS OF THE UK ECONOMY (PART 1) призначений для студентів факультету міжнародних відносин, що спеціалізуються у міжнародних економічних відносинах. Містить 6 уроків, присвячених основним економічним реаліям Сполученого Королівства. Мета спецкурсу - ознайомити студентів з основними реаліями економіки Сполученого королівства та на їх основі збагатити фахову лексику економічного напрямку засвоєнням нових термінів, розвивати мовленнєві та письмові вміння шляхом компаративного та контрастивного аналізу економічних реалій України та Сполученого Королівства**

## UNIT 1

### THE INTERNAL SECTOR OF THE UK ECONOMY

*1. Memorize the following words, word-combinations and practise their pronunciation:*

Internal sector	внутрішній сектор
Economic growth	економічне зростання
Level of employment	рівень зайнятості
Rate of inflation	ступінь інфляції
Aggregate demand	сукупний попит
Trade-off	співвідношення, баланс
To hold down prices	утримувати ціни
Buoyant demand	зростаючий, жвавий попит
Incomes policy	політика доходів
Price reduction/reduction in price	зниження ціни
To repay international debts	сплатити міжнародні борги
Default on the debt	відмова від сплати боргу
Fiscal position	стан бюджету
Expenditures	витрати
Interest rate	відсоткова ставка
Monetary policy	грошово-кредитна політика
Fiscal policy	фіскальна політика
In tandem	разом, одночасно
Public sector borrowing requirement	потреба державного сектора в позикових засобах
To transfer payments	переказувати платежі
Transfer payments	переказні платежі

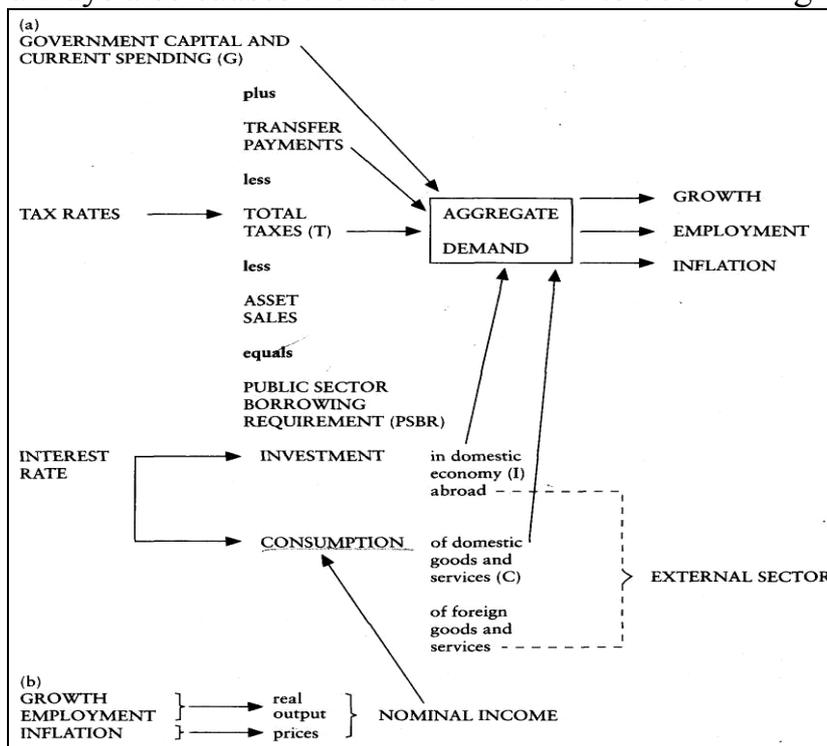
Taxes	податки
Asset sales	продаж, реалізація активів
Money supply	грошова маса (в обігу)
Current price	діюча ціна
Nominal income	номінальний дохід
Output	продукція, виробництво
Consumption	споживання, затрати

**2. Read and translate the following text:**

The economy of every country is measured on a broad level by its two main components: internal and external sectors, and the UK is not an exception.

The **internal sector of British economy** is modeled in the table below. It is essentially a Keynesian version of the model with the alternative version operating via the money supply discussed below. There are three objectives in the model, the rate of **economic growth**, **the level of employment**, and **the rate of inflation**. The route to all of these objectives passes through the box marked '**aggregate demand**' (AD).

It is important, therefore, to consider whether an increase or decrease in aggregate demand will cause all three objectives to move simultaneously in the desired direction. Unhappily, this is not the case in practice. Whilst an increase in AD can be expected to increase the level of employment, at least in the short term, it almost always also causes the rate of inflation to become higher.



Clearly, therefore, there are **trade-offs** between objectives in the model. Now it may be observed that, if one objective can be satisfied only at the expense of a second when a single pathway is followed through the model, this drawback can largely be avoided where it is possible to deal with the second objective by following a route which does not pass through the AD box. It is possible, for example, **to hold down prices** during a period of **buoyant demand** by recourse to a **prices and incomes policy**. Given the trade-off between objectives it is necessary for the

government to decide upon a rank ordering of priorities – which objective is most important, which least – and to determine the desired value for each objective.

It is evident that there is a consensus about the desirability of maintaining a 'high' level of employment in the UK, as indeed there is about maintaining a low rate of inflation. Nevertheless, the attainment of these objectives can often prove to be less of a benefit than appears at first sight. For example, a **reduction in the price** of raw materials which are imported represents 'good news' for a manufacturing nation such as the UK, since it helps to hold down costs, and hence inflation. It follows, however, that it must be very damaging to less-developed countries which export those materials. Such countries may subsequently prove unable **to repay** their **international debts**, which may partly be owed to the UK government and partly to UK banks. But if there is a **default on the debt** any initial benefits derived from lower import prices are partly or wholly wiped out by subsequent losses. Such considerations are, for example, of considerable importance in the context of the Common Agricultural Policy.

In a Keynesian world the government concentrates upon its **fiscal position** since it has direct control over its own spending whilst it can influence consumption and investment decisions only indirectly. Particular **expenditures** and tax rates are thus the preferred instruments of policy, but it is to be noted that C and I are also affected by changes in the structure of interest rates. The use of the **interest rate** is, of course, a **monetary** rather than a **fiscal policy**, and it follows that both monetary and fiscal policies are normally used **in tandem**, although there is constant controversy concerning the optimum balance between the two.

Two other matters are worthy of note. In the first place, the internal sector cannot be divorced from the external sector. Secondly, the **Public Sector Borrowing Requirement** (PSBR) is an important magnitude which is created by the formula: government expenditure plus **transfer payments** total **taxes** less **asset sales**. It is accordingly possible to treat it as an aspect of fiscal policy. Nevertheless, as indicated below, it is also commonly referred to in the context of changes in the **money supply**.

Growth and employment are physical measures, expressed as volumes, which are 'real' in the sense that they are measured independently of the prices at which they are sold. When a volume measure is multiplied by **current prices** it is converted into a money value, its 'nominal' counterpart. Hence the value of economic activity at current prices, or **nominal income**, changes because more activity is taking place at unchanged prices; because the same activity is taking place at higher prices; because both **output** and prices are changing simultaneously.

When the level of **consumption** changes it changes the level of nominal income, which in turn causes the level of consumption to change, which subsequently causes the level of nominal income to change and so forth.

**3. Make up 10 questions on the text “The Internal Sector” and put them to your partner.**

**4. Decide whether this information is true or false. Supply your answers with the phrases; as far as I know; according to the text; that’s quite right; I’m afraid that’s**

*not quite true; just on the contrary; that's quite wrong; as far as I remember from the text; if I am not mistaken.*

- ) There are two objectives in the model of the internal sector of the macroeconomy – the rate of economic growth and the level of employment.
- ) Whilst an increase in aggregate demand can be expected to increase the level of employment, it almost always also causes the rate of inflation to become lower.
- ) It is probable to hold down prices during a period of buoyant demand by recourse to a prices and income policy.
- d) There aren't any trade-offs between objectives in the Keynesian version of the model.
- e) In Keynesian world the government can directly influence consumption and investment decisions.
- f) Internal sector should be divided from external sector.
- g) The Public Sector Borrowing Requirement is created by the formula: government saving plus transfer payments total taxes less liabilities sales.
- h) Growth and employment are measured independently of the prices at which they are sold.
- i) When a volume measure is multiplied by current prices it is converted into a money value, its `nominal` counterpart.
- j) When the level of consumption changes it doesn't alter the level of nominal income.

**5. Match the words with the dictionary definitions that follow:**

*consumer    market    boom    recovery    income*  
*recession    inflation    depression    budget    output*

1. A place where buyers and sellers gather together to do business.
2. The amount of something produced by a person, machine, or industry
3. An ultimate user of a product.
4. A statement of a government's planned receipts and expenditures for some future period, normally a year.
5. A period when economic activity is at a high level.
6. When output and employment are moving back from the slump towards normal levels.
7. A temporary downturn in economic activity, but it may be sustained.
8. When this is happening the prices are rising.
9. A period of heavy unemployment and economic stagnation.
10. The amount of monetary or other returns, either earned or unearned, accruing over a given period of time.

**6. In groups A and B match the pairs of synonyms:**

A: investment, subsequent, output, reduction, constant, government, attainment, aggregate, default, debt;

B: financial obligation, deduction, total, non-payment, following, continuous, authority, achievement, input, production;

**7. In groups C and D match the pairs of antonyms:**

C: increase, expenditures, profits, internal, supply, cause, initial;

D: savings, losses, result, external, decrease, final, demand;

**8. Fill in the blanks using active vocabulary:**

<i>income</i>	<i>price</i>	<i>expenditure</i>
	<i>reductions</i>	
<i>demand</i>	<i>defaults</i>	<i>held down</i>
<i>benefits</i>	<i>payment</i>	<i>employment</i>
<i>drawbacks</i>	<i>consume</i>	<i>levels</i>

0. .... on loan repayment have reached 52 000 a month.
2. A government has to borrow money when its ..... exceeds its .....
3. Prices are usually determined by supply and .....
4. We believe wage settlement must be ..... to avoid inflation.
5. There are huge ..... in many shops during the summer sales.
6. .... are unlikely to rise significantly before the end of the next year.
7. We usually ask for ..... on receipt of the goods.
8. The discovery of oil brought many ..... to the town.
9. It is possible that the advantages outweigh the .....
10. We ..... a variety of resources and products today having moved beyond basic needs to include luxury items and technological innovations.

**9. Make up sentences by putting the words in the correct order:**

- a) Growth /are /employment /and / measures./ physical /
- b) and / Particular expenditures / are / tax rates / policy./ of / the preferred instruments /
- b) Monetary / are / fiscal policies / and / used / normally / in /tandem./
- b) In / the government / a Keynesian world / its / concentrates upon / fiscal position./
- b) There / trade-offs / are / the model./ in / between / objectives /
- f) major drawback / There's / a / that's / to / capital city / any / living / in / and / the traffic./ that's /
- g) ran / The / firm / up / debts./ huge /
- h) the road./ We / need / on / fewer cars / having / by / fuel consumption / on / our / to cut down /
- i) There's / over / high inflation / mounting frustration/ and / price rises / and / heating / for / food, / telephone calls. /
- i) about / His advice / noted./ has / been / tight cash management / cost reduction / and /

**10. Use the following words and word-combinations in the sentences of your own:**

current price	economic growth	money supply
nominal income	to maintain a high level of employment	rate of inflation
price reduction		interest rate
to transfer payments	to hold down costs	supply and demand

**11. Find English equivalents for the following word combinations and comment on their usage in the text.**

1) виконати завдання, досягти цілі 2) за рахунок; 3) за допомогою застосування; 4) підтримувати рівень зайнятості; 5) досягнення цілей, виконання завдань; 6) заборгувати, бути винним; 7) основні інструменти політики; 8) вартість у грошовому вираженні; 9) визначити порядок пріоритетів; 10) уникнути, обійти перешкоду; 11) з першого погляду; 12) бути вигідним; 13) відокремлювати; 14) полеміка, дискусія, суперечка; 15) опосередковано впливати;

**12. Insert proper prepositions (any preposition may be used more than once)**

*to, of, with, in, about, by, for, out, at,*

- 1 .... tandem ..... our Tokyo office we'll be updating our software.
0. Prices can be determined ..... the forces ..... supply and demand.
0. The company announced a pre-tax loss ..... three million pounds.
0. .... the decade ..... 2000-2010 Britain expanded manufacturing output ..... 14% while Ireland achieved 86%.
0. Our share ..... the market has decreased sharply this year.
0. One bad harvest could wipe ..... all ..... a grower's profits ..... the previous two years.
0. Those explosions must have been subsequent ..... our departure, because we didn't hear anything.
0. The White House said that there would be no change ..... policy.
0. It is really difficult to set aside money ..... current prices.
0. There is a strong consensus .....the necessity to hold down prices.

**13. Suggest your version of translating the following sentences. Pay attention to active vocabulary:**

1. Плани уряду зменшити витрати на оборону були бурхливо розкритиковані опозицією. 2. Більшість товарів, що виробляються на підприємстві, призначені для експорту, а не для внутрішнього національного споживання. 3. Йому вдалося повернути всі борги в межах двох років. 4. Промислове виробництво скоротилося на 6 % цього місяця 5. Податок буде автоматично вирахований з

вашої зарплати.6. Ми зможемо заощадити гроші, зменшивши наші витрати. 7. Керівництво компанії запропонувало, щоб ці дві групи працювали разом над новим проектом. 8. Зниження ціни на хлібні вироби зумовлене високим врожаєм. 9. Відмова від сплати боргу може призвести до конфіскації вашого майна. 10. Необхідно переказати платежі на новий рахунок. 11. Підтримка високого рівня зайнятості та низького рівня інфляції –це ціль, якої важко досягти. 12. Новий уряд повинен визначити порядок пріоритетів у веденні внутрішньої та зовнішньої політики.13. Останнім часом розгорілась жвава полеміка щодо нового податкового кодексу.

14.Повіdomляють, що держава заборгувала мешканцям затоплених територій 35 мільйонів гривень. 15. Американська нафтогазова корпорація Chesapeake Energy оголосила про продаж своїх активів з метою залучення 5 мільярдів доларів для виплати своїх боргів.

**14. Summarize the text into 150 words in written form.**

**15. Discussion points.**

1. Why is economic growth considered a desirable goal for the economy?
2. Do you think inflation is or is not a necessary by-product of economic growth?
3. Do you support the statement that unemployment is becoming a modern social evil?

**15. Presentation. Role-play.**

1. You are a prominent British economist giving a lecture on the internal sector of the UK economy to foreign students. Outline the main aspects which determine it using data from the table, provide clear definitions of basic terms.
2. You are attending a summit devoted to the internal economy issue of the European states. Report on the state of national economy of your country outlining current problems and the ways to overcome them.

## UNIT 2

### THE EXTERNAL SECTOR OF THE UK ECONOMY

*1. Memorize the following words, word-combinations and practise their pronunciation:*

International transactions	міжнародні торговельні операції
Exports	предмети експорту
Imports	предмети імпорту
Foreign investments	іноземні капіталовкладення
Goods and services	товари і послуги
Aggregate consumption	сукупне споживання
Imbalance in trade	пасивний торговий баланс
Tariffs	тарифи, розцінки
Quotas	квоти, долі
European Monetary System	Європейська грошова система
Exchange rate	валютний курс
To purchase	купувати, закуповувати
Balance of payment	платіжний баланс
To counterbalance	урівноважувати
Capital inflow	приплив капіталу
To switch from consumption to saving	переходити від споживання до заощадження
Surge in consumption	зростання споживання
To produce equilibrium	досягти збалансованості
To lag behind	відставати
Untapped market	неосвоєний ринок

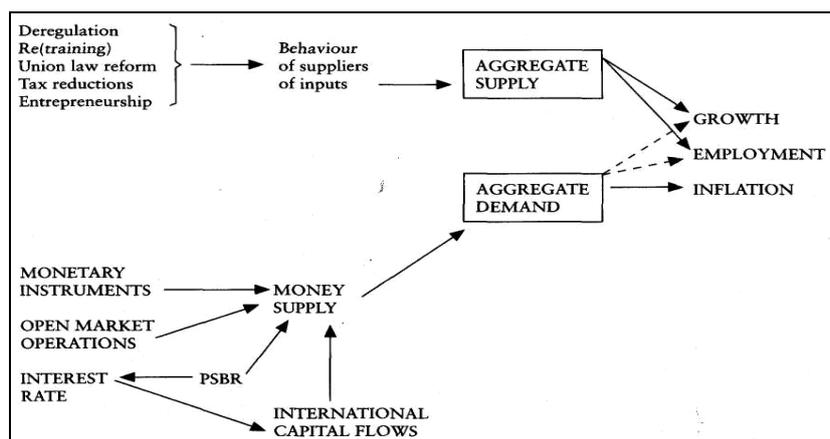
*2. Read and translate the following text:*

The external sector of any economy refers to the **international transactions** that all residents of the country (private and public sector) conduct with the rest of the world and basically involves **exports, imports, foreign investments**, etc.

Aggregate demand is increased by exports of **goods and services**, and reduced by imports of goods and services which form part of **aggregate consumption** in the internal sector. Exports can be subsidized as a part of fiscal policy, whilst imports can be altered via the use of **tariffs** and **quotas**.

More significantly, both imports and exports can be affected by alterations in the **exchange rate**, which itself responds – provided, of course, the government so permits – to **imbalances in trade**. However, the use of this instrument is severely constrained in the context of the **European Monetary System (EMS)** since the UK is now a full member. Indeed, it has become necessary to maintain the exchange rate

within fairly narrow bounds with the consequence that the exchange rate has become a target rather than an instrument of policy.



An illustration of how the model works is as follows: consumption spending rises in the UK, creating additional demand of which part leaks out into imports. In order **to purchase** these it is necessary to change sterling into the currency of the seller, which causes the exchange rate to fall against that currency. It is a matter of necessity, from a book-keeping perspective, that the **balance of payments** accounts sum to zero, so a current account deficit must be exactly **counterbalanced** by a net **capital inflow**. For the most part, this capital inflow will need to be attracted in the short term by offering attractive rates of interest compared to those prevailing in the other financial centers, so a worsening current account deficit will result in an increase in interest rates in the UK.

As a consequence of these inflows the exchange rate is strengthened, and can be prevented from falling below the lower limit permitted under the EMS. The interest rate is thus the instrument and the exchange rate is the target of policy. Unfortunately, the interest rate is also a primary instrument in the internal sector of the model, and by raising it a new disequilibrium is created in that sector. This, briefly, can be both beneficial and detrimental. It is beneficial insofar as it may cause households **to switch from consumption to saving**, and hence help to eliminate **the surge in consumption** which probably created the original problem in the external sector. It is detrimental insofar as this, in turn, causes a fall in aggregate demand with consequent reductions in growth and employment. Furthermore, higher interest rates will deter investment and reduce aggregate demand yet further.

In the external sector the overall situation is clearly complex, but one conclusion above all others stands out, namely that a single instrument – in this case, the interest rate – cannot be expected to produce a satisfactory **equilibrium** in both internal and external sectors simultaneously. If it is sufficiently high to prevent the exchange rate from falling, it is probably too high to maintain an acceptable level of employment and growth. If, however, it is sufficiently low to stimulate aggregate demand, especially via more investment, then it may well exert downwards pressure on the exchange rate, causing import prices, and hence inflation, to worsen, and making it impossible to hold sterling within its EMS limits.

According to Economy Watch reports, the UK economy ranks sixth in the world in terms of export of commodities and services and does not **lag far behind** the US in

terms of foreign investments. The expanding European Union as well as the large **untapped markets** in the developing countries are opening new avenues to earn huge financial gains and the overseas investment companies of UK are making rapid inroads into them. Nevertheless, a considerable amount of the food supplies necessary to meet the demand have to be imported from abroad. The UK economy ranks fourth in the world in terms of volume of imports. The main trading partners of UK are the European Union (more than 50%), the USA, Asia, Middle East, Australia, Latin America and Africa.

**3. Make up 10 questions on the text “The Internal Sector” and put them to your partner.**

**4. Decide whether this information is true or false. Supply your answers with the phrases; as far as I know; according to the text; that’s quite right; I’m afraid that’s not quite true; just on the contrary; that’s quite wrong; as far as I remember from the text; if I am not mistaken.**

- ) Aggregate demand is increased by imports of goods and services, and reduced by exports of goods and services.
- ) Exports and imports of goods and services form part of aggregate consumption in the internal sector.
- ) Exports can not be subsidized as a part of fiscal policy.
- ) Imports can be altered via the use of tariffs and quotas.
- ) Only exports can be affected by alterations in the exchange rate.
- ) The EMS imposes constraints on the use of exchange rate.
- ) The interest rate is a basic target of policy in the internal sector.
- h) By raising interest rate it is possible to encourage investment and increase aggregate demand.
- ) The interest rate can produce a satisfactory equilibrium in external and internal sectors at the same time.
- ) The UK ranks 5-th in terms of exports and the 3-rd in terms of imports in the world.

**5. Dictionary work.**

**A. Match the words with the dictionary definitions that follow:**

**exports    equilibrium    eliminate    constrain    counterbalance**

**imports    tariff    detrimental    quota    exchange rate**

1. A charge or list of charges for services, or on goods entering a country.
2. Goods sold in other countries.
3. A fixed amount or number that is officially allowed, esp. of goods that can be brought into a country.
4. Goods bought by one country from another .
5. The rate at which the money of one country can be changed for the money of another country.
6. Harmful, damaging.

7. To remove completely.
8. Weight or force that is equal to another and balances it.
9. To compel or force smb, to severely restrict in scope, activity, etc.
10. The state of being balanced

***B. Provide dictionary definitions and explain the following:***

*balance of payments          imbalance in trade          capital inflow*  
*foreign investment                  untapped market*

***6. In groups A and B match the pairs of synonyms:***

A: alteration, to affect, to respond, a target, to strengthen, an instrument, primary, beneficial, detrimental, satisfactory;

B: to influence, an objective, major, profitable, a tool, destructive, to react, fulfilling, adjustment, to intensify;

***7. In groups C and D match the pairs of antonyms:***

C: export, beneficial, to purchase, profit, equilibrium, to permit, to earn, to alter;

D: detrimental, to lose, loss, to fix, import, disequilibrium, to prohibit, to sell;

***8. Fill in the blanks with proper vocabulary units:***

<i>tariffs</i>	<i>quota</i>	<i>savings</i>
<i>reduce</i>		
<i>imports</i>	<i>purchase</i>	<i>imbalance</i>
<i>deficit</i>		
<i>exports</i>	<i>net income</i>	<i>trade</i>
<i>transactions</i>		

1. Import ..... on electrical goods are to be increased.
2. Most of India's coffee ..... are restricted by an export .....fixed under the rules of the International Coffee Agreement.
3. The Minister is pressing for tighter restrictions on the volume of foreign .....
4. To be eligible for the lower fare, you must ..... your tickets 21 days in advance.
5. I earn \$ 15000 gross, but after paying monthly bills my ..... is about \$ 12000.
6. There is an ..... between the many opportunities open to men and the few open to women.
7. The country's ..... in manufactured goods has expanded in the last ten years.
8. Congress has passed a budget plan intended to help ..... the federal .....
9. He spent all his ..... on an expensive car.
10. Nowadays, many organizations and individuals perform monetary .....on the Internet.

**9. Find English equivalents for the following word combinations and comment on their usage in the text.**

1) зміцнити валютний курс; 2) залучати приплив капіталу; 3) запропонувати вигідні відсоткові ставки; 4) призводити до незбалансованості, нерівноваги; 5) прибутковий; 6) збитковий; 7) стримувати капіталовкладення; 8) зменшити сукупний попит; 9) чинити тиск; 10) відкривати нові шляхи; 11) задовольняти попит; 12) швидко прогресувати; 13) торговий партнер; 14) заробляти величезні прибутки; 15) утримувати в межах;

**10. Make up sentences by putting the words in the correct order:**

1. Both / can be/ imports and exports / by / affected / in / alterations / the exchange rate /
2. The / is / rate / exchange / the /of / the target / policy/
3. The interest rate / be / cannot / to produce / expected / satisfactory / a / in both / equilibrium / internal / external / and / sectors / simultaneously/
4. Opening/ to gain/ markets/ new/ Untapped/are/ avenues/ profit/
- 5.investment/ deter/ aggregate/ reduce/ High/ interest/ rates / and/ demand/
6. A/ is/ considerable/ supplies/ amount/ food/ of/ from/ imported/ abroad.
7. of/ trading/ The European Union/ main/ is/ partner/ the UK/ the/
8. switching/ Many/ from/ households/ are/ to / saving/ consumption/
9. The UK/ in terms/ foreign/ of/ lag / behind/ investments/ does not / far/ the US/
10. causes/ A fall / demand/ reductions / in/ growth/ aggregate /in / and/ employment/

**11. Insert proper prepositions (any preposition may be used more than once)**

<p><i>of, in, into, to, about, by, for, within, from ,on</i></p>
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1. The government predicts a future inflow ... foreign investment.
2. The UK's deficit ..... manufacturing goods fell slightly ..... the last three months.
3. Several police officers are being questioned ..... the alteration ..... the documents.
4. America cuts its sugar import quotas ..... 25% this year .....only 758000 tons against some 3m tons last year.
5. His desire ..... political power apparently knows no bounds.
6. All our trading activities are ..... the bounds ..... the law.
7. Overseas companies are looking .... attractive countries ..... terms ..... foreign investments.
8. If the exchange rate is strengthened it can be prevented ..... falling.
9. When being abroad one should change its own currency ..... the local one.
- 10.The government exerts pressure ..... self-employed entrepreneurs.

**12.Think of the most suitable words and complete the following text.**

Each country has its own ...**currency**..... and, since exchange rates are continuously changing, the exporter is constantly faced with an.....of

uncertainty. The danger is that the rate of exchange will change between the date of the ..... and the date of payment. Consider, for example, the case of the London dress manufacturer who contracts to sell \$150,000 worth of dresses to a New York store. The rate of exchange is \$1.50 to the £ so the manufacturer hopes to receive £100,000 on ..... of the transaction. As the dresses cost him £80,000 he hopes to make a ..... of £20,000. However, before the dollars are paid over the exchange ..... changes. The dollar has fallen in value so that there are now \$2.00 to the £. The ..... is that the manufacturer will only receive £75,000 for his dresses and what should have been a profitable ..... has turned into a loss. This was an extreme example, but rates of exchange can ..... rapidly, particularly when there is no international ..... to fix the rates for a particular currency. The banks can help the exporter to overcome this ..... by providing forward exchange cover. In the case of the British dress manufacturer he would agree to sell the \$US to the bank at the prevailing rate (less a discount) when the deal was made. It would then be the bank which suffered the loss if and when the dollars fell in value, but they would make a profit if the dollars ..... in value, and of course they always ..... to the extent of the discount they charge.

**13. Choose an appropriate verb, adjective or adverb from the list below to complete the following sentences where indicated.**

1. The UK has ..... had a surplus of trade in goods and a deficit in primary products.
2. UK exporters face ..... competition in an increasingly tough world market and can also ..... protectionism, ..... quotas, and ..... unrest in many countries.
3. Profitable trade overseas depends ..... on ..... the right market or markets to .....
4. Although rules of trading . from country to country, ..... rules of conduct have been ..... for the countries of the European Community.
5. Export documents are ... necessary for the movement of goods, for ..... the customer, for receiving payment for the goods ....., and to ..... various government regulations.

**Verbs:** *selecting      formulated      invoicing      shipped      encounter      satisfy*  
*enter      vary*

**Adjectives:** *manufactured      delivered      fierce      political      transportation*  
*export      vital      general      import*

**Adverbs:** *inevitably      historically      normally      largely      vitally      systematically*  
*increasingly*

**14. Translate the following sentences into English using your active vocabulary.:**

1. Підприємства малого і середнього бізнесу пропонують населенню товари і послуги широкого вжитку. 2. Відставка президента погіршила економічну рівновагу в країні. 3. Україні потрібно залучати не менше 20 мільярдів іноземних інвестицій щорічно, оскільки внутрішніх ресурсів не вистачає. 4. Політична нестабільність в державі стримує приплив іноземного капіталу. 5. Необхідно, щоб гнучкість податкової системи дозволяла досягти збалансованості інтересів бюджету і конкретного підприємця. 6. Пасивний торговий баланс зазвичай розцінюється як ознака слабкості держави на

зовнішньому ринку. 7. Виготовлення конкурентноспроможної екологічно-чистої продукції забезпечить вихід на неосвоєні ринки. 8. Податки впливають на сукупне споживання шляхом подорожчання того чи іншого продукту. 9. Країни, що розвиваються, повинні зміцнити свій валютний курс на 20-25 відсотків, щоб підвищити стабільність глобальної економіки. 10. Барак Обама заявив, що Америка продовжить чинити тиск на Іран, щоб змусити його виконувати свої міжнародні зобов'язання. 11. НБУ не зміг задовольнити попит банків на долари. 12. Ми не зловживаємо довірою майбутніх клієнтів, пропонуючи вигідні процентні ставки. 13. Експерти ООН та ЄС відзначають, що Україна суттєво відстає в розвитку транспортних мереж. 14. Тарифи та квоти обмежують попит на предмети імпорту і підвищують ціни на предмети експорту. 15. Новітні технології відкривають нові шляхи вирішення проблемних завдань.

***15. Summarize the text into 150 words in written form.***

***16. Discussion points.***

1. Do you think that recession affects imports and exports of any country? In what way? Justify your opinion. Give examples.
2. Do you agree with the point that Ukraine is not very attractive in terms of foreign investment? Why?
3. It is possible for countries to accept large net inflows of capital from abroad, without ending up in crisis?

***17. Presentation. Role-play.***

1. You are employed in the Exports Department of the Mediterranean Trading Corporation and your Manager has asked you for a report on Britain's trading patterns. Use the latest data available to analyze imports and exports of the UK.
2. You are attending a summit on international trade. Make a speech to review current imports and exports of Ukraine and outline the prospects for developing international trade with potential partners.

## UNIT 3

### THE NATIONAL ACCOUNTS OF THE UK

*1. Memorize the following words and word combinations. Practise their pronunciation.*

Accounts	бухгалтерська звітність; рахунки; звітність; фінансова звітність; облікова документація
National Accounts	національний звіт, звіт про виконання державного бюджету,
Aggregate economic activity	сукупна економічна діяльність
To record transactions	реєструвати транзакції
Gross Domestic Product	внутрішній валовий продукт
Gross National Product	валовий національний продукт
Market activities	ринкова діяльність, активність ринку
Market price	ринкова ціна
Production costs	витрати (затрати) на виробництво
To levy taxes	стягувати податки, оподатковувати
Subsidy	субсидія, дотація
Factor cost	факторні (прямі) затрати
Value-added tax	податок на додану вартість
Point of sale	місце продажу, торгова точка
Indirect tax	непрямий податок
Net tax	чистий податок
Monetary flow	грошовий потік
To be employed in moonlights	працювати по сумісництву
To moonlight	підпрацьовувати
Unrecorded flows	необліковані потоки
Black economy	тіньова економіка

*2. Read and translate the following text.*

The concept of '**aggregate economic activity**' is clearly of fundamental importance for understanding of how the economy works. Before any action is taken, the government needs to know what state the economy is in, and it needs to know retrospectively what difference was made by undertaking a particular course of action. In order to do these things it is necessary to have a set of **national accounts**, and this is provided by the Office for National Statistics. It appears each year as the *UK National Accounts*, which is also known as the 'Blue Book' and which is published each September.

As with any system of accounts the 'Blue Book' **records transactions** in money. The value of a transaction can be approached in one of three ways, namely: the amount of money the buyer gives up to obtain a good or service (expenditure); the amount of money received by the seller (the value of output or product); the amount of money

received in various forms by all those who contributed to the value of the end-product (incomes). If the value of all transactions is aggregated together we get the variable called **Gross Domestic Product (GDP)**.

GDP and other measures of economic activity can be recorded in several ways. GDP at **market prices** is final output valued at the market prices at which it is sold. This is usually a greater magnitude than the sum of **production costs** (value added) because the government **levies taxes** such as **value added tax (VAT)** at the **point of sale**. In some cases the rate of VAT is zero so no difference will arise, and in some cases market prices are reduced below production costs because of **subsidies** paid by the government to producers. Thus we also need to take account of GDP at **factor cost**, which is equal to GDP at market prices *less* total **indirect taxes** and *plus* subsidies. In the national accounts, the sum of indirect taxes and subsidies is termed **Net Indirect Taxes**.

GDP, as the name suggests, is solely concerned with measuring the **monetary flows** generated by economic activity within the boundaries of the UK. However, UK residents may receive income from abroad, and there may be flows of money to foreigners as a result of domestic UK economic activity. GDP thus needs to be adjusted if it is to measure the total income available to UK citizens, which is called **Gross National Product (GNP)** and which is equal to GDP *plus* Net Property Income from Abroad. An important point is that GDP of the UK includes the output of foreign owned businesses that are located in the UK following foreign direct investment in the UK economy. The output of motor vehicles produced at the giant Nissan car plant on Tyne and Wear and by the many foreign owned restaurants and banks all contribute to the UK's GDP.

No matter how accurately economic activity is measured it is necessarily a flawed measure, insofar as it can take account of transactions only where a monetary flow is recorded - in other words, **market activities**. Where a transaction occurs, but no monetary flow is thereby generated, the transaction will not appear in the national accounts. Thus, for example, the accounts ignore all the activities of housewives; all do-it-yourself and all voluntary work. In the case of all illegal activity - and also where, for example, someone **employed in** the official economy '**moonlights**' - there actually is a monetary flow when a transaction occurs but it is not declared to the authorities and hence does not appear in the national accounts. Such **unrecorded flows** are called the **black economy**. The national accounts hence substantially understate the true value of all economic activity, but provided the unrecorded part remains roughly the same percentage of the total then the rate of growth of recorded activity will still be correct.

By international standards, the UK is a high-income country although it is not in the top of the league tables for per capita incomes. According to the latest data available, as provided by the World Bank for 2010, the UK ranks 18<sup>th</sup> in the list of 158 countries, with its GDP per capita of 36, 084\$.

### **3. Answer the questions on the text.**

- 1 Why is it essential to be aware of aggregate economic activity?
2. What is the common name for the UK National Accounts? In what way is it provided?
3. What are the approaches to measuring the value of a transaction?

3. How is the value of all transactions counted together called?
3. In what way can GDP be recorded?
6. How is GNP usually measured?
7. Why is it necessary to adjust GDP while measuring total income?
8. Why does a measure of economic activity appear to be flawed?
9. What is meant by black economy?
10. Do the national accounts provide accurate information about economic activity?

**3. In groups, prepare a set of statements to the text. Address a partner group to decide whether they are true or false.**

**5. Match the corresponding economic terms with the definitions below:**

**a) subsidy; b) income; c) factor cost; d) market price; e) output; f) indirect tax; g) GDP; h) GNP; i) VAT; j) national accounts**

1. The total value of all the goods and services produced by a country in a year is called.....
2. The total value of all the goods and services produced by the country including the total income from foreign countries is defined as .....
3. Money that is paid by the government or an organization to reduce the costs of services or production of goods so that their prices can be kept low is called .....
4. The tax which is added to the price of goods and services is called .....
5. The tax that is paid as an amount added to the price of goods and services and not paid directly to the government is known as .....
6. The amount of smth that a person, a machine or an organization produces is defined as.....
7. The price that people are willing to pay for smth at a particular time is called.....
8. The money that a person, a region, a country, etc. earns from work, from investing money, from business, etc. is referred to as .....
9. The cost of an item or a service in terms of the various factors that have played a part in its production or availability, and exclusive of tax costs can be termed as .....
10. Records showing the main aggregates relating to national income and its components are referred to as .....

**6. Scan the text for words and word combinations which mean the following:**

1. to make yourself responsible for a particular project or task and start doing it (v);
2. a deal, a bargain, a piece of business, especially an act of buying or selling; (n)
3. to increase, to improve or add to smth (v).;
4. to combine different items, amounts into a single group or total (v);
5. to consider particular facts, circumstances when making a decision about smth. (v+n+prep);
6. to use official authority to demand and collect payments (v);
7. to state that smth. is smaller, less important or less serious than it really is (v);
8. to get, to take possession of (v);

9. a person who lives somewhere permanently or on a long-term basis (n);
10. damaged, or imperfect in some way, containing a mistake (adj);

**6. Fill in the blanks using active vocabulary units in a proper grammatical form:**

*aggregate      national accounts      moonlight      contribute*  
*understate      expenditures      transaction      levy      undertake      flow*

1. The number of people without jobs is increasing nowadays, but the official records obviously .....real unemployment rate.
2. The Parliament issued a proposal to .....taxes on excess company profits.
3. In order to inform the citizens about the state the economy of the country is in, the government publishes a set of .....
4. The new economic course, .....by the government, is likely to bring positive results.
5. Their advertising campaign did not .....to the sales growth, as the sales rates remained unchanged.
6. To strengthen national currency it is necessary to halt the ....of dollars into the country.
7. While working as a journalist in Manila, he ..... writing short stories and eventually novels.
8. Agriculture being a major source of income, population is ..... in small villages with vast rural areas.
9. In an ordinary commercial ..... a delivery date is essential.
10. One of the major tasks set by the new government is to increase .....on health and education.

**8. Find English equivalents for the following word combinations and comment on their usage in the text.**

1) бути суттєво важливим; 2) вживати заходів, дій; 3) отримати товари чи послуги; 4) вартість кінцевого продукту; 5) звести до купи усі торгівельні операції; 6) оцінювати за ринковою ціною; 7) виплачувати субсидії; 8) враховувати, зважати на; 9) в межах країни; 10) коригувати розмір ВВП; 11)вимірювати економічну діяльність; 12) нелегальна діяльність; 13) генерувати грошовий потік; 14) заявляти у відповідні органи влади; 15) суттєво применшувати;

**9. Think of a proper preposition to be inserted in the following sentences:**

1. There has been a sharp rise ....the number of people out of work.
2. This information contributes little ....our understanding of the subject.
3. Manufacturing output has increased ...8% this year.
4. The company takes account ...environmental issues wherever possible.
5. Figures published today show another fall ...the rate ...inflation.
6. All income must be declared ...the tax authorities.
7. The supermarket offers a wide range of goods available ...the clients.
8. This mansion is unlikely to be bought as it is sold ...a very high price.

9. This issue is ..... fundamental importance ....the development .... bilateral relations.  
 10. Conservationists are deeply concerned ..... environmental issues.

**10. Rewrite the passage filling in the blanks from the list of words given below.**

***THE ACCOUNTING FUNCTION***

The .....function of the Chief Accountant is to ensure that .....funds are available for such capital ..... on new plant and equipment as is required in the Corporate Plan. Adequate working capital will also be required to meet revenue expenditure such as ..... and salaries, purchases of raw materials and the inevitable administration expenses. Whenever ..... or sales are made records will need to be kept. In many ways the accounts are like a ..... telling you what has happened since the business commenced. On 3<sup>rd</sup> April we purchased a new mainframe ..... for 750 000\$. On 11<sup>th</sup> May we spent 15 000\$ on a new motor van, and so on. The data tells management what .....are at their disposal and what commitments they have to be prepared to meet. By ..... the accounts managers can see how much cash is available, how much they owe to their ....., and how much they are owed by their ..... . They must always be in a position to meet their commitments if .....is to be avoided.

The accounts make a ..... contribution to the decision-making process. Once .....have been identified, alternative ..... have to be considered and evaluated. The evaluation will very often be centered on ..... data provided by the accounting departments. If we chose Option A how much would it cost? What would be the net revenue ( after ..... of the expenses?) How much would labor costs amount to? Would it be .....to use more capital intensive methods of production? It is this type of question which can be .....by the accountants.

When the decision is implemented there will be a need for feedback. Control .....will be necessary to ensure that any deviations are speedily noticed so that .....action can be taken. The .....flow of accounting information will be the means by which the deviations are spotted. The use of computers makes it .....to improve the feedback both in terms of .....and speed.

<b>mechanisms</b>	<b>corrective</b>	<b>solutions</b>	<b>insolvency</b>
<b>expenditure</b>	<b>primary</b>	<b>assets</b>	<b>deduction</b>
<b>adequate</b>	<b>wages</b>	<b>possible</b>	<b>purchases</b>
<b>cheaper</b>	<b>debtors</b>	<b>storybook</b>	<b>examining</b>
<b>statistical</b>	<b>vital</b>	<b>answered</b>	<b>problems</b>
<b>continuous</b>	<b>accuracy</b>	<b>computer</b>	<b>creditors</b>

**11. Add and appropriate adjective or adverb from the list below to each of the following sentences where indicated.**

- d) People who go into a business for the first time will .....appreciate the help of a .....bank manager.  
 e) Funds will .....be required to purchase equipment.

- f) Chief Accountants will not .....agree to spend money even though the equipment is regarded as .....
- ) Capital outlay will .....be called for to replace .....machinery.
- ) Almost all business conducted between firms is on a ..... basis.
- ) While .....payments can be deferred , others are due for payment .....
- ) Sometimes when a business expands .....it encounters cash flow problems.
- ) .....rates of tax make it .....difficult to succeed in business.
- ) Income minus expenditure during a .....year equals profit.

**Adjectives: credit high cooperative obsolete some given essential**

**Adverbs: immediately probably invariably always often increasingly quickly**

*Now express your opinion on statements A, G and H and discuss them with your fellow students.*

## ***12. Translate into English, using your active vocabulary.***

1. Цього року загальний видобуток продукції збільшився на 10% у порівнянні з минулим, але такого результату вдалося досягти лише ціною вищих витрат на виробництво. 2. Оскільки ВНП знизився, міністерство фінансів обдумує, як здійснити нові трансакції, що сприятимуть його зростанню. 3. В рамках сукупної економічної діяльності ВНП складає суму ВВП та прибутку, що надходить з-за кордону. 4. Супермаркети часто приваблюють покупців рекламними акціями зі знижками, не вказуючи реальну ціну з ПДВ. 5. Не задекларовані( не обліковані) потоки грошей є частиною тіньової економіки, що розвивається швидкими темпами. 6. Товари продаються та купуються за ринковими цінами, які є досить гнучкими і часто коливаються. 7. Виробники докладають максимум зусиль, щоб їх кінцевий продукт користувався успіхом у споживачів. 8. Компанія розпочала серію операцій, пов'язаних з постачанням своєї продукції на світовий ринок. 9. Для того, щоб одержати лідерство на ринку , виробнику слід взяти до уваги потреби та бажання споживачів. 10. Національні звіти допомагають контролювати процес розвитку економіки заради покращення добробуту громадян. 11. Здатність генерувати грошові потоки в операційній діяльності дозволила підприємству вести успішну інвестиційну та фінансову діяльність. 12. Міністр заявив, що змінити ситуацію різко неможливо – можливості бюджету виплатити субсидії на комунальні послуги обмежені. 13. Основна ставка податку дорівнює 15%, яка стягується з більшості видів доходів — від зарплати до виграшу в лотерею. 14. Процеси управління запасами є суттєво важливими у функціонуванні економічних систем. 15. Якщо український студент у Польщі буде підпрацьовувати або отримає спеціальну стипендію чи грант, то витрати на навчання можуть бути частково чи навіть повністю компенсовані.

## ***13. Summarize the text into 150 words in written form.***

#### ***14. Discussion points.***

1. Do you think that providing a set of national accounts is important for the economic development of any country? What valuable information does it contain?
2. Can you suggest some methods, or levers of influence, that can really contribute to the rise in GDP and GNP? What has to be done by the government for the increase of economic activity?
3. What are the prime reasons for the growth of shadow economies around the world? How does black economy affect economic growth of the country? Why is it thriving in Ukraine?

#### ***15. Presentation. Role-play.***

1. You are an agent of the Office for National Statistics responsible for presenting National Accounts. Make a presentation of the Blue Book, outlining its major sectors with the estimates of the UK economic activity.
2. Make a presentation on the activity of the State Statistics Service of Ukraine. Comment on its organizational structure, functions, etc.
3. You are the World Bank agent attending an international summit on the issues of economic growth. Using the data available on GDP per capita in different countries, make a comparative analysis of welfare in the world.
4. You are participating in an international conference on black economy issues. Share the experience of your country: describe reasons, current problems and the ways of solving them.

## UNIT 4

### THE BANK OF ENGLAND

**1. Memorize the following words and words combinations. Practise their pronunciation.**

Joint stock company	акціонерна компанія
Loan	позика; позичка; кредит
Balance sheet	баланс; бухгалтерський баланс
Issue of notes	емісія банкнот
Liabilities	пасиви; залучені кошти
Assets	активи; авуари; майно
Money circulation	грошовий обіг
Deposits	депозити; ощадні рахунки; вклади
Reserves	запаси; резерви; фонди
Clearing	безготівковий розрахунок, кліринг
Cash ratio	коефіцієнт ліквідності, наявних засобів; норма касових резервів
Securities	цінні папери
Advance	позика, аванс
Commercial bill	комерційний вексель
Equalization	стабілізація
Exchange Equalization Account	валютний зрівняльний рахунок
Surplus	надлишок; активне сальдо; позитивне сальдо; профіцит
Gilt-edged market	ринок державних цінних паперів
Discount market	обліковий ринок
Exchange market	валютний ринок
Stock Exchange	фондова біржа
Chancellor of Exchequer	канцлер казначейства; міністр фінансів
Treasury	державна скарбниця

**1. Read and translate the following text.**

The Bank of England is the central bank of the United Kingdom. Sometimes known as the 'Old Lady' of Threadneedle Street, the Bank was founded in 1694, nationalised on 1 March 1946, and gained independence in 1997. Standing at the centre of the UK's financial system, the Bank is committed to promoting and maintaining monetary and financial stability as its contribution to a healthy economy. It started life as a **joint stock company**, and in return for a large **loan** to the government was put in a privileged position which enabled it to become the largest private bank.

In working towards its core purposes, the Bank is organised into four main operational areas - Monetary Analysis and Statistics, Markets, Financial Stability and Banking Services, supported by a Central Services area. This structure was

introduced in June 1998 to reflect the Bank's new responsibilities in the light of the 1998 Bank of England Act.. The Bank's governing body, the Court of Directors, as it's known, is made up of the Bank's Governor and 2 Deputy Governors, and 9 Non-Executive Directors (under the Banking Act 2009) who are appointed by the Crown

The Bank's **balance sheet** has since 1844 been somewhat artificially divided into two halves, namely the Issue Department which is concerned with the **issue of notes** by the Bank, and the Banking Department which is concerned with everything else. These Departments are not organisational units of the Bank but serve to divide the note issuing business of the Bank from its other activities Issue Department **liabilities** consist of £54 bn of notes in **circulation**, and its **assets** consist of an equivalent amount of government and other securities. Banking Department liabilities consist of public **deposits** (accounts of the government), bankers' deposits and **reserves** and other accounts. Bankers' deposits are either operational and used for inter-bank **clearing**; to equalise cash-flows between banks and the government; or to pay for the purchase of notes and coins, or non-operational **cash-ratio** deposits to comply with monetary control requirements. Banking Department assets consist of government **securities**; **advances** and other accounts; and premises, equipment and other securities which are primarily in the form of **commercial bills**.

Each week the Bank of England publishes on its website a summary balance sheet showing its main assets and liabilities. It is known as the Bank Return which appears on Thursdays and shows the position at the close of business on the previous day.

The Bank performs a wide variety of functions. It:

- a. is responsible for the issue of notes and coins
- b. acts as banker to the central government
- c. acts as banker to the banking system
- d. manages the **Exchange Equalisation Account (EEA)**
- e. advises the government on, and on behalf of the government carries out, its monetary policy
- f. supervises the financial system.

These days notes and coins are the proverbial 'small change' of the financial system, and are produced to meet demand rather than to implement policy. As banker to the government the Bank handles the daily net balances of government departments, financing them when they show a deficit and converting any **surplus** into repayments of debt.

The Exchange Equalisation Account contains the UK's gold and foreign currency reserves. These reserves are used periodically for intervention purposes in order to maintain the value of the exchange rate for sterling in accordance with the wishes of the government. If sterling is considered to be too low the Bank will buy sterling and sell other currencies as appropriate, and if it is considered to be too high the Bank will sell sterling and buy foreign currencies.

The Bank operates in three separate markets – **gilt-edged**; **discount**; and **foreign exchange**. These operations collectively constitute the government's monetary policy. The Bank has always had the right to use its expertise to give advice to the government concerning the conduct of monetary policy, but it is nevertheless only the government's agent, and it is the **Chancellor of the Exchequer**, acting via the **Treasury**, who has ultimate responsibility for such policy.

**3. Answer the questions on the text.**

1. How and when did the Bank of England start its existence?
2. What does the structure of the Bank include?
3. What are the matters of concern of the Bank's departments?
4. What do the assets and the liabilities of the departments consist of?
5. What types of deposits are at work at the Bank?
6. What functions does the Bank perform?
7. Has the role of the notes and coins changed recently? How?
8. What is the Exchange Equalisation Account used for?
9. How do the powers of the Chancellor and the Bank differ in the sphere of monetary policy?
10. What are the major types of markets in England?

**4. Match the following terms and their definitions**

<ol style="list-style-type: none"><li>1. a balance sheet</li><li>2. a bill</li><li>3. an exchange rate</li><li>4. policy</li><li>5. premises</li><li>6. reserves</li><li>7. currency</li><li>8. gilt-edged</li><li>9. a discount</li><li>10. a cash-flow</li></ol>	<ol style="list-style-type: none"><li>a) denoting government securities on which interest payments will certainly be met and that will certainly be repaid at par on the due date</li><li>b) a statement that shows the financial position of a business enterprise at a specified date by listing the asset balances and the claims on such assets</li><li>c) a metal or paper medium of exchange that is in current use in a particular country</li><li>d) a written or printed account or statement of money owed</li><li>e) the movement of money into and out of a business</li><li>f) a plan of action adopted or pursued by an individual, government, party, business, etc.</li><li>g) a piece of land together with its buildings, esp. considered as a place of business</li><li>h) a deduction from the full amount of a price or debt, as in return for prompt payment or to a special group of customers</li><li>i) liquid assets held by an organization, government, etc., to meet expenses and liabilities</li><li>j) the rate at which the currency unit of one country may be exchanged for that of another</li></ol>
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**5. Scan the text for the words which mean the following:**

1. to transfer (a major branch of industry or commerce) from private to state ownership or control (v);
2. to make things equal in size, quantity, value, etc (v).;
3. to observe and direct the execution of (a task or activity), to make sure that everything is done correctly (v);
4. bring to life, to carry out a particular plan or action (v);
5. manage (a situation or problem); have commercial responsibility for; cope or deal with (v)
6. to change or to make something change from one form to another (v);
7. an excess of production or supply; an excess of income or assets over expenditure or liabilities in a given period, typically a financial year (n)
8. involvement in the situation or activity (n);
9. to function in a specified manner, manage (a business) (v);
10. the way in which a business or any activity is organised and managed (n);

**6. Insert the words from above into the sentences:**

1. The new government is trying to ..... policy aimed at fair distribution of the resources throughout the country.
2. What rate will I get if I ..... dollars into euros?
3. The boss of the company is considered to ..... the performance of his workers' duties.
4. Due to good harvest, wheat was in ..... that year.
5. I don't think I could .....it if they turned me down
6. Twelve Egyptians have been appointed members of a special board which will manage the newly- .....company.
7. European Commission welcomes Apple's announcement to ..... prices for music downloads from iTunes in Europe.
8. Early .....services are designed to meet the needs of infants and toddlers who have a developmental delay or disability.
9. Several changes in the global **economy** have contributed to elaboration of codes of ..... for international business.
10. Asia-Pacific Economic Cooperation (APEC) .....as a cooperative, multilateral economic and trade forum.

**7. Think of an active vocabulary item to fill in the blanks:**

3. A number of forged bills are said to be in .....
3. London ..... is one of the Britain's major financial institutions.
3. Her ..... include the shares in the company and a house in France.
3. The central bank is planning the ..... of new coins and bills.
3. It took me three years to repay my student .....
3. A .....also known as a "statement of financial position", reveals the company's assets, liabilities and owners' equity (net worth).
3. We have the capacity to raise capital for existing businesses and start-ups, both directly and through placement of .....on stock exchanges.

3. At the start of the reform era at the end of 1978, China's foreign exchange ..... were minimal, but enough to cover the requirements of a country with a very small import bill.

3. A .....account is a current account, savings account, or other type of bank account, at a banking institution that allows money to be deposited and withdrawn.

3. The Constitution of the Republic mandates the National .....to ensure transparency, accountability and sound financial controls .

**8. Scan the text for English equivalents and comment on their usage in the context:**

1) здобути незалежність; 2) забезпечувати та підтримувати стабільність; 3) ставити у привілейоване становище; 4) працювати заради основних цілей; 5) керівний орган, 6) директор, керуючий банком; 7) заступник керуючого; 8) невиконавчий директор; 9) дотримуватись, виконувати вимоги, 10) проводити монетарну політику, 11) задовольняти попит, 12) втілювати у життя політичний курс, 13) підтримувати валютний курс; 14) застосовувати компетентність, діловий досвід; 15) остаточно відповідати за;

**9. Supply proper noun or verb derivatives to the words below.**

Noun	Verb
	implement
conduct	
intervention	
	supervise
equalisation	
	constitute
	convert

**Make up sentences with the derivatives.**

**10. Match the words on the right with those on the left in order to make up proper word collocations. Translate and memorize them.**

Monetary	rate
Ultimate	flow
Cash	policy
Inter-bank	agent
Exchange	responsibility
Government's	clearing
balance	deposits
public	requirements
control	sheet
net	balances

### ***11. Insert correct prepositions where necessary:***

1. Our bank started its life as a joint stock company ..... 1996.
2. Banks accept deposits, make loans, and provide a variety of services ..... their customers.
3. Commercial banks differ ..... one another in many ways.
4. The persons who borrowed ..... the money and sold the bonds can be expected to spend their money.
5. All central banks perform the same functions, but they have different forms ..... organization.
6. Most government funds are ..... deposit with the central bank.
7. In most countries, the volume of currency is wholly determined ..... the central bank, which has no limits on its power to issue money.
8. If the central bank wishes to increase the cash reserves of the private banks, it buys bonds ..... the open market.
9. Selling large quantities of bonds, tends to force down the price of bonds and force up the rate ..... interest.
10. If the central bank sells a bond to a private citizen, it gives the bond to the individual and receives ..... return his check drawn against his own deposit in his bank and payable to the central bank.

### ***12. Translate the sentences into English paying attention to the underlined word combinations.***

1. Міністр фінансів несе остаточну відповідальність за здійснення грошової політики.
2. Банківські операції помітно впливають на ціни на ринку цінних паперів.
3. В умовах падіння долара обмінний курс євро зростає з кожним днем.
4. Центральний банк Великобританії розпочав свою діяльність як акціонерна компанія.
5. Оскільки коефіцієнт експорту перевищив коефіцієнт імпорту, це призвело до надлишку платіжного балансу.
6. Операційні банківські депозити використовуються для безготівкових розрахунків між банками.
7. ЮНІСЕФ вже довго і наполегливо працює заради досягнення своїх основних цілей: покращення здоров'я та освіти та захисту прав матерів.
8. Відповідно до маркетингових досліджень, на даний момент ріелторські компанії Києва не можуть задовольнити постійно зростаючий попит на послуги в сфері нерухомості.
9. Компанії, що розширюють свою діяльність у бізнесі, в якому вони зможуть використовувати свою компетентність, досягають певних переваг перед фірмами, що переходять в абсолютно нові для них сфери діяльності.
10. Якщо уряд серйозно має намір і можливість підтримати валютний курс на фіксованому рівні, спекуляція на валютному ринку менш імовірна.
11. Як повідомляють ЗМІ, Катар визнав керівний орган лівійських повстанців єдиним законним представником інтересів лівійського народу.
12. Економісти доводять, що розвиток ринку державних цінних паперів як інструменту залучення коштів і створення відповідної інфраструктури має стати ключовим напрямом державної фінансової політики.
13. Уряд пропонує передати активи і пасиви банків, які потребують оздоровлення, у державні банки з подальшою

ліквідацією проблемних фінансових установ. 14. Бреттон-Вудська валютна система поставила долар США у привілейоване становище на основі його переважного використання в міжнародних трансакціях. 15.

Токійська фондова біржа, четверта в світі за обсягом торгів, має намір об'єднатися зі своїм меншим конкурентом на внутрішньому ринку Японії - біржею Осаки заради підвищення конкурентоспроможності нової компанії на світовому ринку.

**13. Think of the most suitable words to complete the following text.**

### **BANKS**

People .....money in banks for future use. A man may be .....each week for his work. He probably will not want to .....all his pay the day he receives it. It may be risky for him to carry all his unspent money in his ....., or .....at home. So he may decide to put some of his money in a bank for .....

The money he puts in a bank is called a ..... . This money is added to his ..... . An account is a ..... of the money a ..... has in a bank. When he wants to .....or take out part of his deposit, the Bank must be ready to pay him.

Banks use money for .....to those who need funds. The bank charges the borrower, or a ....., interest for the use of the loan. Charging ..... is the chief source of bank .....

**14. Banks offer many services to businesses and their customers. Here are some of the most common. Fill each blank in the text with the correct word or phrase. Choose from the following list. Use each item once only:**

### **Banking services**

commissi on	issued	statement	credit rating
debited	outstandi ng	withdraw	credit transfer
in full	salaries	banker's	financial
interest	slip	draft	institutions
		cash dispenser	
			standing order

Many people now have a card which enables them to 1. .... money from a 2. .... . You feed your card into the machine and key in your PIN (personal identification number) and the amount of money you want. If you have enough in your account, the money requested will be 3. .... to you up to daily limit. Your account is automatically 4. .... for the amount you have drawn out.

Provided you have a sound 5. ...., you can get a credit card from a bank and other 6. .... . To obtain goods or services, you present your card and sign a special voucher. When it receives the voucher, the credit card company pays the trader (less a 7. ....) and then sends you a monthly 8. .... . Depending on the type of card you have, you will either have to pay 9. .... or be able to pay part of what is owed and pay 10. .... on the balance left 11. .... .

If you need to make fixed payments at regular intervals, e.g. for insurance premiums, you can arrange a 12. .... (sometimes known as a banker's order) so that the bank will do this for you.

If you have several bills to pay, you can do this by 13. .... .You write one cheque for the total sum involved, fill in a 14. .... for each bill and hand everything to the bank cashier.

The transfer system is also used by employers to pay 15. .... directly into employees' bank accounts.

If you are dealing with a supplier for the first time, a 16. .... may be used as payment. This is a cheque guaranteed by a bank and therefore it is not likely to 'bounce'.

**15. Choose the correct answer:**

1. The Finance Minister will be making a .....today about new rates of income tax.

- a) declaration   b) notice   c) statement   d) talk

2. When the company was declared bankrupt, its all fixed ..... were claimed by its creditors.

- a) assets   b) benefits   c) funds   d) sums

3. Our company has never had a large .....in its balance of payments.

- a) abundance   b) addition   c) overflow   d) surplus

4. he is in trouble as he has not paid his national insurance ..... for the last ten years.

- a) contributions   b) subscriptions   c) subsidies   d) tributes

5. The government has introduced .....currency controls.

- a) extreme   b) striking   c) stringent   d) strong

6. The government's policy is to .....firms in trouble to prevent unemployment.

- a) contribute   b) endow   c) grant   d) subsidize

7. Every day George .....money out of the bank.

- a) cashed b) drew c) stole d) robbed

8. The ..... of the pound has fallen recently.

- a) expense b) value c) price d) worth

9. In order to buy a house Mr Johnson had to obtain a large ..... from his bank.

- a) capital b) debt c) finance d) loan

10. Mr Royce had to .....all his savings from the bank to pay for a new car.

- a) withdraw b) exchange c) retire d) subtract

11. At this bank you can get 14 % .....on your savings.

- a) rate b) interest c) rent d) salary

12. I want \$500-worth of French francs. What is the .....rate, please?

- a) currency b) market c) money d) exchange

13. His bank manager decided to give him financial .....for the new shop.

- a) footing b) backing c) lifting d) standing

14. Many people who go to see their bank manager have a .....problem.

- a) cash-book b) cashing up c) cash flow d) petty cash

15. I have just ..... an account in a bank.

- a) entered b) made c) opened d) registered

***13. Summarize the role of the Bank of England into 150 words in written form.***

***14. Discussion points.***

1. Do you agree that banking is a risky business? Why do the banks have to choose between profitability and liquidity? Can they suffer consequences of economic recession?

2. In what way can banks help to create and increase prosperity?

3. What are the advantages and disadvantages of banking becoming increasingly international? Is there a risk of being confronted with foreign banks which are looking toward domestic market for financial services?

4. Do banks face the problem of competition between various financial institutions? How can it affect their activity?

### ***15. Presentation. Role-play.***

1. Prepare a report on the performance of the National Bank of Ukraine. Compare its structure and functions with those of the Bank of England.
2. You are attending the World Bank summit for the discussion of the challenges banking faces in this day and age. As a representative of (*choose any country*), make a speech elucidating positive and negative experience of your national banking system.
3. You are the Chief Economist of the Bank of England being interviewed by 'The Times' correspondent. As a member of Monetary Policy Committee, explain how the MPC works and how the interest rate decisions are taken.
4. You are making a presentation at the international conference devoted to the financial stability issue. As a member of Financial Policy Committee at the Bank of England, comment on its structure and performance.

## UNIT 5

### PERSONAL INCOME, CONSUMPTION AND SAVINGS

*1. Memorize the following words and word combinations. Practise their pronunciation.*

Personal income	особистий дохід
National income	національний дохід
Wage	тижнева зарплата
Salary	місячна зарплата
Unincorporated business	підприємство, що не є юридичною особою
Non-profit-making body	неприбуткова організація
Life assurance body	компанія зі страхування життя
Household income	сімейний бюджет
Income tax	податок на прибуток
Transfer payment	переказний платіж
Personal disposable income	чистий прибуток
Gross income	валовий прибуток
Savings	заощадження
Interest	відсоткова ставка
Saving ratio	коефіцієнт заощаджень
Earnings	заробітки, трудовий дохід
Retail sales	продаж у роздріб
Real (nominal ) value	дійсна(фактична) вартість
Heavy outgoings	великі видатки
Tax burden	податковий тягар
Residual income	остаточний прибуток
Durable goods	товари тривалого користування
Fixed investment	інвестиції в основний капітал
Stocks	запаси, резерви
Depreciation	зниження вартості активів, знецінення
Current receipts	поточні надходження

*4. Read and translate the following text.*

In the UK, as well as in other countries, **personal income** consists of **wages** and **salaries**, employers' contributions, current grants from general government and other personal income. In total these constitute much the largest element of **national income**. However, the term 'personal' is somewhat ambiguous in that it refers not merely to individuals but to **unincorporated businesses**, private **non-profit-making bodies**, **life assurance companies** and pension funds. The latter three elements are largely excluded in data for 'household' incomes, but in making this distinction there are particular difficulties with, for example, the **earnings** of entrepreneurs who are, in

effect, individual person and business rolled into one. Personal income net of **income taxes**, social security contributions and **transfer payments** is called **personal disposable income** (PDI).

Consumers' expenditure represents the consumption not merely of households but of the other non-household parts of the personal sector. Nevertheless, household consumption constitutes 90 per cent of the total, and it is reasonable to treat one as a close approximation of the other.

It is worth noting that attention in the British media is sometimes to trends in **retail sales** as a guide to trends in consumer's expenditure, since the former are published on a provisional basis much earlier than the latter. However, it must be borne in mind that, for example, whilst food represents 12-13 per cent of consumers' expenditure, it represents roughly 40 per cent of retail sales which exclude energy, rent and rates and other services. Hence, in the short term, retail sales may prove a very unreliable guide to trends in the larger aggregate.

It should be borne in mind that, because consumption is determined by PDI rather than **gross income**, **savings** tend to fall somewhat when the **tax** and national insurance **burden** rises.

National saving is the sum of private (personal and company) saving and public saving. Personal saving is the difference between PDI and consumers' expenditure. Company saving is the **residual income** of companies net of tax, profits remitted abroad, transfers and payments of interest and dividends. Company expenditure on **durable goods** in the form of **fixed investment and stocks** is not deducted from their income in measuring company saving, but **depreciation** is. Public saving is the difference between the public sector's **current receipts** and current expenditure.

The **saving ratio** may vary over time. The traditional view was that once people came to realize that the value of money would be adversely affected by inflation, they would rush out to spend it as quickly as possible.

For example, if a person sets out to maintain the real, rather than the nominal, value of his savings, he or she will be obliged to increase the nominal value of those savings at the same rate as prices are rising. Furthermore, since high rates of inflation generally go hand in hand with rising unemployment, people who fear they may lose their jobs may try to build up a pool of savings in order to cushion their potential loss of income. Equally, if prices of consumer goods are rising so rapidly that people feel that they will never be able to afford to buy them, they may decide to give up trying to do so and save instead.

The age structure of the population is also important. The bulk of savings are accumulated by people between the ages of 45 and 65. Younger people have **heavy outgoings** incurred in setting up homes and raising families, whilst the elderly earn little and may need to eat into past savings. The personal saving ratio began to rise again in 2010. Nevertheless, although the UK saving ratio may improve, and will doubtless remain above the (disputed) rate for the USA, there is still a long way to go before the UK citizenry save at German and Japanese rates.

#### *4. Match the following terms and their definitions.*

1. savings	a) money spent;
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2.consumption 3.income 4.expenditure 5.wealth 6.debt 7.asset 8.ratio 9.non-profit 10.receipt	b)abundance, a rich amount; c)something owed by one person to another; d)anything owned by a person or a group of persons, which can be expressed in monetary terms; e)the amount used, the act of buying and using products; f)money saved; g)money received from one's work, investments, etc. h) a measure of the relative size of two classes expressible as a proportion i) a written acknowledgment by a receiver of money, goods, that payment or delivery has been made j) not yielding a profit, esp. because organized or established for some other reason
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**4. Make up 5 questions to the text and ask them to your partner.**

**4. Decide whether this information is true or false. Supply your answers with the phrases : I have no doubt...., To my mind, In my opinion...,If I'm not mistaken, As far as I remember...., That's right, That's wrong.**

1. Personal income net of income taxes, social security contributions and transfer payments is called personal disposable income.
2. The term 'personal' refers only to individuals.
3. Food represents more than 10 per cent of consumers' expenditure.
4. The saving ratio does not change over time and remains fixed.
5. If tax and national insurance burden rises, savings rise too.
6. High rates of inflation generally go hand in hand with rising unemployment
7. National saving is a sum of private saving and public saving.
8. The bulk of savings are accumulated by people between the ages of 35 and 65.
9. The official savings ratio in the UK is lower than in the USA.
10. The Germans and the Japanese save more than the Englishmen.

**4. Fill in the blanks using the following words: sales, savings, inputs, wage, capital, output, income.**

1. A declining industry would present no serious economic problems if labour and ..... were extremely mobile.
2. We are having a good year and ..... may exceed our forecast by 15 per cent.
3. The .....of agricultural products is seriously affected by variations in weather conditions.
4. .... increases have helped to push up prices.
5. As ..... rises so does the demand for more leisure.

6. Since the total cost of these .....is fixed, the average cost, the cost per unit produced, falls as output increases.
7. If a person sets out to maintain the real value of his ....., he or she will be obliged to increase the nominal value of those savings at the same rate as prices are rising.
8. It is possible for a rise in ..... beyond a certain level to lead to a fall in the demand for a particular commodity.
9. Once we have a ..... function, we can define both an average propensity to save and a marginal propensity to save.
10. As long as marginal cost is less than marginal revenue, increases in ..... will increase profits.

**4. Put the words in the following sentences in the correct order.**

1. Rates / tend / with / to / interest / inflation / rise.
2. Younger / up / homes / heavy / have / outgoings / people / setting / in / incurred.
3. People / assets / to / wealthier / who / as / passes / own / will / time / tend / feel.
4. Prices / house / fall / 2002 / real / in.
5. Consumption / Xmas / to / always / shopping/ final / surges/ due / in / quarter/ of / year / each.
6. Expenditure / goods / rose / durable / on / sharply.
7. 'personal' / somewhat / The / is / term / ambiguous.
8. 90 per cent / total / consumption / of / Household / the / constitutes.
9. of / of 45 and 65 / The / people / are / between / bulk / the ages / savings / by / accumulated.
10. sales / may / a / Retail / aggregate / in / larger / the / prove / guide / trends / to / unreliable / very

**4. Insert the correct preposition where necessary:**

1. Expenditure ..... goods rose very slightly in real terms.
2. Household consumption constitutes 90 percent .....the total.
3. This figure contains quarterly data .....personal income before tax at current prices since 2001.
4. The saving ratio is treated .....the reference it is accorded .....media.
5. Savings are defined .....net of borrowing.
6. The high birth rate immediately .....the Second World War has produced an exceptionally large generation approaching the period of high savings.
7. Adjusting the data .....inflation has no effect .....this general proposition.
8. ....the other hand, the real saving of the company sector was slightly higher than its nominal saving in every year.
9. The British were always fond .....indulging themselves.
10. Public saving is the difference .....the public sector's current receipts and current expenditure.

**9. Scan the text and find English equivalents for the following word combinations and comment on their usage in the context:**

1) підприємець; 2) фізична особа; 3) внески у фонд соціального забезпечення; 4) споживчі витрати; 5) тимчасово; 6) чистий, після стягнення податків; 7) переказувати, відводити кошти закордон; 8) зазнати небажаного впливу інфляції; 9) поспішати; 10) мати намір; 11) підвищувати номінальну, дійсну вартість; 12) високий рівень інфляції; 13) супроводжувати, йти пліч-о-пліч; 14) накопичувати заощадження; 15) пом'якшити втрату 16) зазнавати втрат, видатків; 17) витратити колишні заощадження; 18) громадяни, цивільне населення.

**10. Paraphrase the following sentences using the word combinations from the above exercise instead of those underlined:**

1. Sales were hard hit by high interest rates using up disposable income.
2. They hope the sanctions will be imposed only for the time being.
3. Many businessmen are afraid of suffering losses, so they try to find reliable partners.
4. The citizens of Ukraine suffer from the high amount of taxes they have to pay.
5. He had the intention to take a loan and hurried to the bank.
6. The economists believe that poverty and corruption are closely connected.
7. Due to the market fluctuations the prices for durable goods have been unfavorably influenced by inflation.
8. People are a bit afraid to save up as they risk losing all savings one day.

**11. Translate into English.**

1. Дохід визначається як грошові або матеріальні ресурси, що надходять державі, підприємству, закладу або окремій особі в процесі розподілення національного доходу. 2. Інфляція зменшує купівельну спроможність споживачів, а отже і попит на дані товари і послуги. 3. Хоча прибуток і не є єдиною метою, але він займає важливе місце у завданнях, які стоять перед підприємцем. 4. Акціонери зацікавлені у збільшенні розмірів дивідендів. 5. Чим більше людина заробляє, тим більше вона і витрачає. 6. Рівень заощаджень у розвинутих країнах вищий, ніж у країнах, що розвиваються. 7. З метою уникнути сплати податків та приховати особистий чистий прибуток, багатії вдаються до відведення коштів закордон, наприклад в офшори. 8. Збільшуючи мінімальний депозит і зменшуючи період оплати, уряд отримує швидкий спосіб зменшення попиту на товари тривалого використання. 9. Споживчі витрати становлять частину національного продукту. 10. При збільшенні податків зменшуються заощадження населення. 11. З нового року значно спростилася система адміністрування внесків до пенсійного фонду та фонду соціального забезпечення. 12. З точки зору перспективи, не можна повністю відмовитися від довгострокових позик, які найбільшою мірою зазнають негативного впливу інфляції. 13. На конференції вирішили об'єднати правничу та економічну проблематику, адже в бізнесі право та економіка завжди йдуть пліч

опліч. 14. Багато індивідуальних підприємців не можуть впоратися з податковим тягарем та змушені закрити свій бізнес. 15. Неприбуткові організації зазвичай займаються соціальною роботою, волонтерством та доброчинністю.

**12. Summarize the text into 150 words in written form.**

**13. Discussion points.**

1. What makes the heaviest part of your personal consumption? Do you follow any personal consumption pattern planning your savings and expenditure ahead?
2. In what way can GDP influence personal income and personal consumption?
3. How can fiscal policy affect personal consumption? Is it likely to decrease personal consumption through higher taxes and lower disposable income?
4. Do you agree that filing an income tax return can fight corruption and shadow economy? Is it a necessity for everyone?
5. The Muslims pay monthly charity tax in this way donating 2.5% of their income. Would you support the initiative to introduce such tax in our country?
6. Is building up a pool of savings wise or risky in current economic situation?

**14. Presentation. Role-play.**

1. You are a bank clerk trying to win over a potential client and convince him to open a savings account in your bank. Outline the details of a deal and describe its advantages.
2. As a Head of Tax Administration, make a brief report of tax policy for the previous year. Discuss it with your colleagues and think of the ways to make it more effective.
3. Make a comparative analysis of personal income, consumption and savings of EU member-states.

## UNIT 6

### GROWTH AND PRODUCTIVITY

*1. Memorize the following words, word-combinations and practise their pronunciation:*

Economic growth	економічне зростання
Volume of goods and service	обсяг товарів та послуг
Standard of living	рівень життя
Domestic consumption	споживання в межах країни
Labour force	робоча сила
Output	випуск продукції, виробництво
Productivity	продуктивність виробництва
Plant closure	закриття заводу
Recession	спад економічної діяльності
Capital stock	акціонерний капітал

*2. Read and translate the following text.*

For a country to grow richer, it must first of all grow. In other words, it is the increase in the **volume of goods and services** (real GDP) which **economic growth** represents that underpins the improvement in a country's **standard of living** over time. It should be observed that there are quite a number of qualifications to be made when linking growth to living standards - for example, if the extra goods and services are all exported, **domestic consumption** will not be affected, and the fruits of growth may not be distributed at all equally so that some individuals may become worse off even when the economy is growing rapidly. Nevertheless, provided population growth does not outstrip economic growth - fortunately not the case in advanced societies, as the UK's one is - the only certain way for individuals to become steadily richer is for economic growth to be the rule rather than the exception. It must also be remembered that growth is compound. In other words, if there is 10 per cent growth for three years, the index of real GDP will not rise in the sequence 100; 110; 120; 130 but in the sequence 100; 110; 121; 133. Whilst this makes little difference in any single year, it makes an enormous difference over several decades. At 10 per cent compound, real GDP doubles in 7,5 years; triples 4 years later and is four times as large less than 3 years after that. At a growth rate of 5 per cent it takes 33 years to raise real GDP by a factor of 5 whereas at a growth rate of 10 per cent it takes only 17 years.

For real GDP to grow year on year we strictly need only to keep increasing the size of the **labour force** and to maintain **output** per person employed at a constant level. However, if the labour force is not growing at all rapidly, what is needed is to make each worker more productive. **Productivity** is thus of crucial importance, and it is in respect of productivity that a 'miracle' is alleged to have taken place in the UK during the 1990s.

Improvements in productivity are related to **plant closures**. If the effect of the 1990-91 **recession** was to close down a large proportion of the least efficient plants in

the UK, then that alone could account for much of the subsequent improvement in productivity as output became increasingly concentrated in efficient plants. Unfortunately, the evidence on this topic is ambiguous. A reasonable interpretation would appear to be that the rate of scrapping of the **capital stock** accelerated sharply at the beginning of the 2000, and continued at levels some 50 per cent higher than in previous years.

**3. .Make up 5 questions to the text and ask them to your partner.**

**4. Say whether the statements are true or false, according to the text. Supply your answers with the phrases : I have no doubt...., To my mind, In my opinion....,If I'm not mistaken, As far as I remember...., That's right, That's wrong.**

1. For a country to grow richer, it must first of all grow.
2. The improvements in the standard of living depend on economic growth
3. If the extra goods and services are all exported, domestic consumption will be affected.
4. Compound growth makes an enormous difference over several decades
5. For GDP to grow it is necessary only to keep increasing the size of the labour force.
6. Improvements in productivity are not connected with plant closures.
7. The rate of scrapping of the capital stock slowed down sharply at the beginning of the 2000.

**5. Match the following terms and their definitions.**

1. growth	a. branch of industry;
2. exchange rate	b. the price of the currency of one country in the terms of the currency of another;
3. labour	c. branch of production or manufacture;
4. productivity	d. increase in size or value;
5. manufacturing	e. manual workers, considered as a political and economic force;
6. capital	f. amount produced by somebody or something;
7. output	g. amount produced by an industry, workforce;
8. industry	<b>h.</b> the total resources of a person or organization;
9. compound	
10. qualification	

	<p>i) composed of or created by the combination of two or more parts, elements, etc</p> <p>j) an ability, quality, or attribute, esp. one that fits a person to perform a particular job or task</p>
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**6. Choose the correct answer to the following questions.**

1. Growth of a country is ....
  - increase in the volume of goods and services;
  - increase in the taxation;
  
2. Growth is .....
  - compound;
  - simple;
  
3. Labour productivity is measured by .....
  - output per person employed;
  - output per sales terms;
  
4. For real ..... to grow we need to keep increasing the size of the labour force.
  - GDP
  - VAT
  
5. Productivity is of ..... importance.
  - minor
  - crucial

**7. Match the words on the right with those on the left to make up word combinations.**

Population	effect
Growth	economy
Advanced	growth
Capital	rate
Labour	productivity
Shock	stock
real	proportion

constant	standards
living	GDP
large	level

*Now make up your own sentences with the word combinations from the ex. 6 illustrating their usage in the context.*

**8. Insert the correct prepositions where necessary.**

1. Labour productivity, .....example, can be responsive to changes .....the quality of the capital stock.
2. If the labour force is not growing ..... all rapidly, what is needed is to make each worker more productive.
3. The key issue about growth is not why the UK grows slowly but why it grows more slowly than other economies .....the medium to long term.
4. This figure shows that .....the successive six-year periods had annual rates contained in the 2.5 to 3.5. per cent range.
5. ....the manufacturing sector and elsewhere in the economy, the performance of different sub-sectors has been very variable.
6. ....the USA real earnings actually fell.
7. If there is 10 per cent growth .... In three years, the index of real GDP will rise .....the sequence 100, 110, 121, 133.
8. There is no doubt whatever that ..... the last 20, 50 or 100 years, the standard of living of the typical family has increased dramatically.
9. Better organization of productivity can alone account ..... increases in productivity.
10. If capital is being substituted ..... labour, costs will be reduced by less than the increase in productivity per unit of labour.

**9. Scan the text and find English equivalents for the following word combinations and comment on their usage in the context:**

- 1) закладати основу покращення рівня життя; 2) стати менш заможним; 3) випереджати економічне зростання; 4) розвинуте, передове суспільство; 5) підтримувати виробництво на постійному рівні; 6) бути надзвичайно важливим; 7) закривати завод; 8) пояснювати.

**10. Translate into English.**

1. Торгівля відіграє важливу роль в економічному зростанні країни. 2. Коли тарифи зменшено, споживачі можуть купити товари за меншу ціну. 3. Уряд країни наклав вето на ввіз іноземних товарів. 4. Економісти визначають наступні причини низького зростання економіки: невідповідна інфраструктура, корупція в державних структурах, зростання тіньової економіки.
5. Зростання продуктивності праці означає те, що робітникам потрібно менше часу для виготовлення товарів і послуг. 6. Зростання торгівлі веде до зростання рівня життя. 7. Інколи дуже важко визначити реальний ВВП, оскільки у деяких

країнах присутня тіньова економіка.8. Багато економістів визначають рівень життя у країні шляхом поділу ВВП на кількість населення.9. Уряд країни не може прийняти рішення щодо того, як виправити ситуацію та ліквідувати небажані побічні ефекти ринкової економіки.10. Продукцію, яка виробляється різними галузями економіки, можна класифікувати за різними ознаками.

11.Прем'єр-міністр доручив міністерству економіки проаналізувати внутрішнє споживання сільськогосподарської продукції за останній рік. 12. Вчора, 4 квітня, корпорація Toyota Motor заявила, що тимчасово закриває всі свої заводи у Північній Америці. 13. Кожне розвинуте суспільство з ринковою економікою базується на регулюванні економіки засобами поєднання ринкових відносин і державного управління. 14. Невід'ємною складовою забезпечення стабільного економічного розвитку, який закладає основу і можливості для підвищення соціальних стандартів, для надання конкретної допомоги людям, є розвиток інвестиційної діяльності. 15. Кандидат у президенти пропонує ввести диференційоване оподаткування: збільшити навантаження для багатих і знизити для менш заможних, а також для малого бізнесу, повідомляє Російська служба Бі-Бі-Сі.

**11. Summarize the text into 150 words in written form.**

**12. Discussion points.**

1. If you were an official in power, what methods or technologies would use suggest implementing to increase the standard of living in the country?
2. What kind of policy should be conducted to provide the economic growth of the country? How can an average citizen contribute to economic growth?
3. Does Ukraine have sufficient volume of labour force to increase productivity and the output? How to make each worker more productive?
4. How did the closure of many once-powerful plants influence the economy of the country?

**13. Presentation. Role-play.**

1. You are an economic analyst conducting the comparative analysis of European economies. Choose any two of many countries and look into their economic growth over the last decade.
2. You are a participant of the round-table discussion over the standard of living issue. Suggest your ideas of its improvement.