

THE ESSENTIALS OF THE UK ECONOMY

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Спецкурс THE ESSENTIALS OF THE UK ECONOMY (PART 2) призначений для студентів факультету міжнародних відносин, що спеціалізуються у міжнародних економічних відносинах. Містить 6 уроків, присвячених основним економічним реаліям Сполученого Королівства. а також 2 додатки - вправи на переклад та розмовна лексика до теми **Spending and saving money.**

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

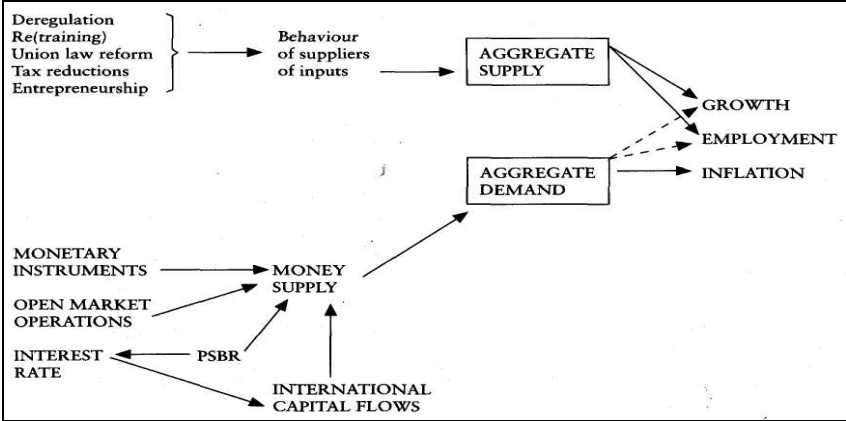
MONEY SUPPLY AND SUPPLY SIDE

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

Money supply	грошова маса (в обігу)
Supply side	аспект пропозиції
To reduce inflation	знизити інфляцію
Target	мета, ціль, планове завдання
Open market operations	відкриті ринкові угоди
Credit control	кредитне регулювання
Monetary base control	регулювання грошової бази
Adjustment	регулювання, пристосування
Interest rate	процентна ставка
To deter a flow of international capital	зупиняти (утримувати) потік міжнародного капіталу
Foreign currency	іноземна валюта
To convert money into holdings	переводити кошти у вклади
Securities	цінні папери
To restrain prices	притримувати ціни

2. Read and translate the following text:

The prevailing view that the UK economy is driven by demand in accordance with the Keynesian model became very unfashionable during the late 20th century, and was replaced by the view that the regulation of demand was more appropriately conducted via regulation of the **money supply**. What we do need to bear in mind is that a primary objective of economic policy during the 1990s was **to reduce inflation**, and that it was argued that this could be achieved via a tight regulation over the growth of the money supply. This is illustrated in figure below, where the direct link runs from aggregate demand to inflation, whereas the link from aggregate demand to growth and employment is shown as a broken link indicating that aggregate demand was not, in general, being manipulated in order to affect these variables.



Given the perceived direct link between the money supply and aggregate demand, it is evident that the money supply now becomes an intermediate **target** of policy. As such, it needs to be regulated via policy instruments such as **open market operations**, or other instruments such as **credit controls** or **monetary base control**. However, it is also determined in part by the size of the public sector borrowing requirement (PSBR) insofar as this has implications for the way in which it is financed, whether the method of financing creates new money or transfers existing money.

In other words, the fiscal stance which determines the PSBR has some bearing upon the money supply, as has the rate of interest which represents the cost of issuing or redeeming government securities (via an open-market operation, for example). A sharp change in the size of the PSBR necessitates an **adjustment** to the structure of interest rates. When the **interest rate** changes it either attracts or **deters a flow of international capital**. This in turn affects the money supply, since if international capital flows into the UK then foreigners must first convert it into sterling, whilst if it flows out then UK residents must first turn sterling into **foreign currencies**. Both flows necessarily affect the amount of sterling held in the UK, although it is possible to neutralize any inflows by **converting them into holdings of government securities**. The obvious difficulty with this approach to policy-making is that there is no longer a direct link between aggregate demand and growth/employment. Hence, these objectives must be controlled by instruments on the supply side of the economy – that is via the box marked aggregate supply.

It should be noted that, once the primary purpose of managing aggregate demand is **to restrain prices**, it is possible to achieve this objective using any form of demand management, whether fiscal or monetary, although it should be borne in mind that the

general thrust of the Keynesian model is to enlarge AD whereas its role would have to switch to restraining AD if the objective were to control inflation.

3. Answer the questions on the text:

- 1) What view about UK economy was prevailing in the late 20th century?
- 2) What was a primary objective of economic policy during the 1990s?
- 3) What policy instruments has money supply to be regulated via?
- 4) Is there any link between aggregate demand and growth/employment?
- 5) Does money supply become an intermediate target of policy?
- 6) What does a sharp change in PSBR necessitate?
- 7) What happens when the interest rate changes?
- 8) Is there a direct link between aggregate demand and employment?
- 9) What is the primary purpose of managing aggregate demand?
- 10) In what way is it possible to achieve the objective of restraining prices?

4. In group A and B match the pairs of synonyms:

A: restrain, demand, replace, interest, profit, growth, achieve, regulation, primary, appropriate;

B: request, restrict, initial, substitute, relevant, advancement, management, obtain, share, benefit.

5. In group C and D match pairs of antonyms:

C: foreign, deter, supply, reduce, profit, achieve, obvious, prevail, fashionable, difficulty;

D: loss, lack, lose, increase, attract, unfashionable, fail, unclear, native, ease.

6. Fill in the blank using active vocabulary:

<i>currencies</i>	<i>holdings</i>	<i>regulation</i>
<i>exchange rate</i>	<i>profit</i>	<i>s</i>
<i>entrepreneurs</i>	<i>financial</i>	<i>restrained</i>
<i>hip</i>	<i>objectives</i>	<i>aggregate</i>
<i>interest rates</i>		

1. To ensure security the investment fund has in many companies.
2. Brazil and Peru have different
3. The government needs to promote and inventiveness, by ending taxes and other disincentives.
4. The pound left the mechanism when its value fell below its required level.
5. You don't expect to make much within the first couple of years of setting up a company.
6. have risen again.

7. The report states that the growth in car ownership could be by increasing taxes.
8. The seven companies have an turnover of \$ 5-2 million.
9. We have to observe a million petty about the way we do business.
10. Is the European sales force achieving its ?

7. Put the words in the following sentences in the correct order:

1. When / changes / the interest rate / it / attracts / either / or / a flow / deters / of / international capital./
2. It / evident / is / the money supply / that / becomes / now / an intermediate target / policy./ of /
3. The / which / fiscal stance / the PSBR / determines / some / has / upon / bearing / the money supply./
4. There / no / is / a direct link / longer / growth/employment / between / aggregate demand./ and /
5. The / of / primary purpose / managing / is / aggregate demand / to restrain prices./
6. has / The company / from / suffered / of / several years / bad management. /
7. charges / Interest / high ./ are / an overdraft / on /
8. the company. / purchased / 3000 shares / of / They /
9. The military objectives / to / capture / the city./ are / simple –/ and / hold /
10. a possibility / There's / chemical fertilizers / that / using / pollute / might / water supply./
the region's /

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

credit control	to restrain	entrepreneurship
	prices	
open market	money	target
operations	supply	
to reduce inflation	interest rate	foreign currency
to convert money into	Adjustment	
holdings		

9. Insert proper prepositions:

*for, up, on, in, of, in, for, in, of,
on, to, in*

1. She was sent a management training scheme.
2. You should put the money the building society where it will earn interest.
3. Regulation ... all the machines must take place every month.
4. Her prime objective now is simply to stay power.

5. London, demand cheap housing far outstrips supply.
6. Tourism contributes millions pounds the country's economy.
7. What is your party's policy immigration?
8. Further slippage would delay the target opening date the new airport.
9. The domestic market is still depressed, but demand abroad is picking
10. Savers were advised to invest their money a high-interest bank account.

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

- 1) поширена думка; 2) визначатися попитом; 3) проводити жорстке регулювання; 4) безпосередня ціль; 5) регулювати за допомогою інструментів/механізмів політики; 6) фіскальна установка; 7) стосуватися справи; 8) випускати в обіг державні цінні папери; 9) погашати цінні папери; 10) залучати потік міжнародного капіталу; 11) впливати на грошову масу; 12) врівноважувати припливи капіталу; 13) розробка політичного курсу; 14) першочергова мета; 15) досягнути цілі; 16) пам'ятати;

11. Translate into English.

1. Грошові ресурси або грошова маса визначається сумою усіх грошей, які є в розпорядженні країни та знаходяться в обігу. 2. Першочергова мета уряду – заохочувати притік іноземного капіталу у формі інвестицій, але досягти цієї мети в сучасних умовах нелегко. 3. Нацбанк повідомляє, що процентні ставки за кредитами, наданими протягом лютого домашнім господарствам, у гривнях зросли до 27.42%. 4. фінансова ситуація у країні визначає необхідність проводити жорсткіше фінансове регулювання. 5. Цінні папери можна купити на аукціонах. 6. Нацбанк здійснює грошово-кредитне регулювання економіки за допомогою механізмів монетарної політики. 7. В умовах ринкової економіки неможливо стримувати ціни. 8. Економічна політика уряду спрямована на те, щоб знижити рівень інфляції. 9. В обмінних пунктах ви можете придбати іноземну валюту за наявності паспорта. 10. Широкий діапазон цінних паперів, що емітуються, пояснюється тим, що причини, які спонукають випускати цінні папери і купувати їх, також дуже різноманітні. 11. Безстрокові цінні папери – це цінні папери, які не мають встановленого строку погашення чи мають строк погашення більш як 10 років. 12. Побутує поширена думка, що Україна – не надто приваблива держава для залучення іноземного капіталу. 13. Постійна взаємодія грошових потоків врівноважує приплив і відплив грошових коштів. 14. Питання, яке підняли учасники переговорів, не стосується суті справи. 15. У Нацбанку вважають своїм пріоритетним завданням зниження інфляції в Україні до 2014 року до 5% і утримання її надалі в межах 3-5%.

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

13. Discussion points.

1. How can foreign capital influence the economy of the country and its money supply?
2. Is Ukraine attractive in terms of foreign investments?
3. What should be done to attract more investors and cash flows?
4. What European countries are considered the most attractive in terms of foreign investment?

UNIT 2

INVESTMENT

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

Financial assets	фінансові активи
Fixed capital formation	фіксований процес створення і росту капіталу
Total investment	сумарні капіталовкладення
Replacement investment	капіталовкладення на модернізацію
Depreciation	знецінення
Net investments	чисті інвестиції
Business investment	капіталовкладення підприємств
Government investment	державні капіталовкладення
Manufacturing investment	виробничі (промислові) капіталовкладення
To move out of recession	вийти з занепаду
Boom	швидкий підйом, пожвавлення
Retail	продаж в роздріб
Wholesale	оптова торгівля

2. Read and translate the following text:

The term 'investment' is used by the general public to refer to the acquisition of certain physical and **financial assets**. The purchase of an asset such as a picture or putting money into a building society account must be regarded as an act of saving. When we refer to investment, we mean that an addition has been made to the stock of productive capital machinery known as **fixed capital formation**. The existence of this capital stock is what enables the economy to produce output both in the current and in future periods.

Total investment, or Gross Domestic Fixed Capital Formation (GDFCF), consists of **replacement investment** and **net investment**. Replacement investment is simply that investment needed to make good any reductions in the capital stock due to **depreciation** and obsolescence. Net investment is any investment over and above that needed to keep the capital stock constant, and hence results in an increase in that stock. In general, net investment is the driving force behind economic growth and improved productivity..

Investment in physical assets can take a wide variety of forms. Officially these are categorised as private dwellings, other buildings and work, vehicles, ships and aircraft and plants and machinery. The first of these is the odd man out because a house used for personal rather than business purposes cannot contribute to output, although the money spent on its purchase clearly contributes to aggregate demand. Year 2000 saw investment fall back as the recession took hold, but this was isolated in the second half of the year, so the aggregate reduction for the year was not great, rising again in 2002.

Business investment is investment which takes place in the trading sector of the economy. This excludes private investment in dwellings and also in practice excludes general **government investment**. On the other hand it includes the public corporations, and in particular nationalised industries, which supply goods and services in the same way as private corporations.

A sub-category within business investment is **manufacturing investment**. In the UK, business investment currently accounts for roughly two-thirds of GDFCF, and manufacturing investment currently accounts for roughly one-quarter of business investment. During the 1990s business investment adjusted for inflation was fairly static, after 200 it rose again and even outran the rate of growth of consumers' expenditure. Such an event is, to put it bluntly, relatively unusual for the UK, and it does at least suggest that the UK economy currently has the capacity to sustain an investment-led **boom** over a period of several years.

Meanwhile, investment in financial services and, to a far lesser degree, investment in **retail** and **wholesale** distribution are on a rise. Nevertheless, the inescapable truth is that the UK has a comparative advantage in the provision of services but not in the provision of manufactured products. On the other hand, it is clearly possible to over-invest in services and to under-invest in manufacturing.

3. Answer the following questions on the text "Investment":

1. What does the term 'investment' refer to?
2. What must be regarded as an act of saving?
3. What is meant by fixed capital formation?
4. What does total investment consist of?
5. What is the difference between replacement investment and net investment?
6. How are the forms of investment categorised in physical assets?
7. In what sector of economy does business investment take place?
8. What does business investment include?
9. What is excluded from business investment?
10. Is there any sub-category within business investment?

4. Fill in the blanks using active vocabulary:

retail	investments	shares
wholesale	recession	shareholder
output	market	profit accounts
		boom

1. The Prime Minister is predicting a time for British business.
2. If you like, I can get that camera you want cheaper for you
3. sales were lower than expected this year.
4. The latest report confirms that the economy is in
5. Stocks are regarded as good long-term

6. If a company needs to raise a lot of money, it may issue
7. As an ordinary, you are entitled to vote at the meetings.
8. I've put part of the money into an instant access
9. A stag is a person who buys new issues of shares hoping to sell them quickly at a
10. The has been extremely volatile over the past few years.

5. Match the words on the left to the definitions on the right:

1. asset	a) a period of sudden growth, esp. one that results in a lot of money
2. boom	b) the activity of selling goods to the public, usually in small quantities
3. recession	c) of or for the selling of goods in large amounts at low prices to shops and businesses, rather than the selling of goods in shops to customers
4. wholesale	d) a period when the economy of a country is not successful, business conditions are bad, industrial production and trade are at a low level and there is many unemployment
5. retail	e) a useful or valuable quality, skill or person, or a part of the valuable property, of a person or organization which can be used for the payment of debts
6. upturn	f) amount of money invested; business in which money is invested
7. output	g) amount saved
8. accounts	h) an improvement or advantageous change to a higher level value
9. investment	i) an amount of something produced by a person, machine, factory, country etc.
10. saving	j) records of the money a person or company spends and receives

6. Put the following sentences in the correct order:

- 1) Investment / the acquisition / refers to / certain / of / physical / financial assets./ and /
- 2) Total investment / of / consists / replacement / investment / and / investment./ net /
- 3) Investment / can / in / physical assets / a / take / of / wide variety / forms./
- 4) Business investment / place / takes / the economy./ of / sector / the trading / in /
- 5) A / within / sub-category / investment./ investment / business / manufacturing / is /
- 6) real terms / In / today. / the \$1,000 / invested / you / would be / \$ 5,000 / worth /

- 7) kind / return / of / What / I / investment? / can / on / expect / my /
- 8) higher / The / you / make./ risk / you / take / you / more / the / money /
- 9) You / have / should / as / possible. /as / a portfolio / diversified /
- 10) issued / Bonds / gilts. /as / known / the government / by / often / are /

7. Make up sentences of your own with the following words and word-combinations:

total investment	fixed capital formation	boom
financial assets	capital stock	retail
net investment	to move out of recession	wholesale

8. Insert proper prepositions:

of, in, up, from, of, out of, in, of, by, of, in, to, with, in, of, in, of, off, over, on, in

1. The company ordered a report their investment bankers.
2. The insurance business has been characterized a vicious cycle boom and bust as companies go and business and prices rise and fall.
3. The job is open applicants two years' experience retail.
4. times recession, more graduates seek careers the public sector because they perceive it as offering greater job security.
5. An assessment the Welfare System would involve careful study its inputs and outputs.
6. This year has seen a boom book sales.
7. This price represents a saving \$ 13 the manufacturer's recommended retail price.
8. Many business are failing because the continuing recession.
9. Pension funds play an important role the stock market.
10. They are putting the tax cigarettes.

9. Translate the following sentences into English.

1. Компанія зробила значні капіталовкладення за останні роки, щоб покращити виробництво заводу.
2. У цьому місті індустрія розваг зазнала швидкого підйому.
3. Товари в цьому супермаркеті продаються лише оптом.
4. Ця компанія має 6 роздрібних магазинів у Львові.
5. Інвесторам неварто сподіватися на різкий підйом в економіці.
6. Він стверджує, що економічний занепад є значно більшим, ніж уряд готовий визнати.
7. Ти зможеш добре заощадити купуючи їжу оптом.
8. Керівництво банку вирішило зробити капіталовкладення на модернізацію.

9. Місцева фабрика взуття виробляє якісну та недорогу продукцію.

10. Який прибуток я можу очікувати з моїх інвестицій?

10. Summarize the text “Investment” into 150 words in written form..

UNIT 3

STOCKS

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

Stocks	облігації, цінні папери, капітал
Inventories	інвентар; товари, предмети внесені в інвентаризаційний опис
To overcome imbalances	подолати невідповідність, дисбаланс
Supply and demand	попит і пропозиція
Raw materials	сировина
Finished manufacture	кінцевий продукт
Reduction in demand	зменшення попиту
To slide into recession	занепадати
To meet demand	задовольняти попит
To cut /decline output	скорочувати випуск продукції
To run down (<i>stocks</i>)	призупинити капіталовкладення
Stockbuilding	накопичення запасів
To collapse	зазнавати краху, провалитися
To cut back orders	зменшувати замовлення

2. Read and translate the text:

In the UK economy, fixed investment does not include investment in **stocks** or **inventories**. The scale of investment in stocks is rather small. Nevertheless, it is important both because it reflects changes in the level of demand and also causes such changes.

Although stocks play no part in the provision of services, they are clearly vital in **overcoming imbalances** between the **supply and demand** for **raw materials** and semi-finished and **finished manufactures**.

When sales rise relative to production this causes stocks to be run down, which acts as a signal to producers to increase output if the increased demand is expected to continue. Conversely, a rise in stocks relative to production, unless it is planned by producers in anticipation of a higher level of future sales, signals a **reduction in demand** and the need to cut back production if demand is expected to remain low.

As an economy **slides into recession**, producers cut back output severely and rely upon their cushion of stocks **to meet demand**. Destocking accordingly speeds up the rate of cutting, or **decline of output**, and this phenomenon is very clear in recessions.

If GDP is growing erratically then this will cause the accumulation or **run down of stocks** to be erratic in its turn, and this will then feed through to cause further erratic movements of GDP. It can alternatively be analysed in terms of **stockbuilding** in proportion to GDP or the stock-output ratio.

In the three years to 1990 stockbuilding was positive and the stock-output ratio rose accordingly, encouraged by negative real interest rates and a tax regime favourable towards stockholding. However, when in 1990 real interest rates rose sharply and demand **collapsed**, stocks were reduced sharply in order to maintain cash flow. The reduction in tax relief on stocks in 1991, combined with high real rates of interest and improvements in stock-control methods throughout the decade, served to stabilise stockbuilding at a modest positive rate which, given the rather faster rise in GDP, caused the stock-output ratio to decline until 1998. The destocking which began in 2000 was on a relatively modest scale and hence the effects upon GDP growth were also relatively modest.

At the equivalent of roughly three months' output, UK stockholding remains higher after 2004 than is customary for major competitors, but there is no longer much fat to trim. It would appear that improved information systems enabled firms to recognize that stocks were building up at an early stage as the recession took hold, and that as a result they were able **to cut back orders** in good time.

3. Answer the questions on the text "Stocks":

1. Is investment in stocks and inventories included in fixed investment?
2. What does the scale of investment reflect?
3. Why are stocks important?
4. What actions should be done if demand remains low?
5. What causes stocks to be run down?
6. How should producers act in this case?
7. What happens when economy slides into recession?
8. What does destocking speed up?
9. What will happen if GDP grows erratically?
10. How did the stockbuilding vary in the last decade of 20th century?

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

A: decline, to glide, finished, to run down, accumulation, raw, vital, scale, change, to reflect;

B: reduction, to cut back, store, organic, degree, to slide, alteration, essential, final, to demonstrate.

5. Fill in the blanks using active vocabulary:

overcome	collapse	sales figures
recession	inventories	proportion
ratio	manufacture	running down
		raw material

1. Manufactures are keeping low because of the poor economic situation.
2. A poor economy has caused the of thousands of small businesses.
3. Oil is an important which can be processed into many different products, including plastics.
4. Many business are failing because of the continuing
5. The of men to women at the conference was ten to one.
6. It's taken me a while but at last I've managed to my fear of public speaking.
7. Oil is used in the of a number of fabrics.
8. They claim that the government is secretly the Youth Training Schemes.
9. This month's are good.
10. The level of crime in an area is almost always in direct to the number of unemployed.

6. Put the words in the following sentences in the correct order:

- a) include / doesn't / Fixed investment / in / investment / stocks / inventories. / or /
- b) The scale / investment / of / in / is / stocks / small / comparison / in / GDFCF./ with /
- c) speeds up / Destocking / the rate / decline / of / output. / of /
- d) When / rise / sales / to / relative / production / this / stocks / causes / run down. / to be /
- e) As / slides / recession / into / an economy / cut back / producers / output / rely upon / and /
cushion / of / stocks / their / demand. / to meet /
- f) is / The machine / there / erratically –/ working / be / must / loose connection./ a /
- g) teaching. / He / a / suffered / nervous collapse / year's / ten / after /
- h) competitors / How / many / took / the race? / in / part /
- i) group./ managed / Eventually / she / her / to overcome / shyness / in /
- j) industry / fishing / The / but / is / running down / the government / nothing./ does /

7. Make up sentences of your own with the following words and word-combinations:

to overcome imbalances	to slide into recession	
raw materials	finished manufacture	
to cut back orders	inventories	
run down of stocks	reduction in demand	stockbuilding
to meet demand		

8. Insert proper prepositions:

*from, within, of, from, in, of, for, of, in, at, of,
back, of, to, on, out, in*

1. The financial community is suffering a collapse confidence.

2. She had to overcome strong resistance her own political party.
3. The amount recycled glass used manufacture doubled in five years.
4. Sales this year exceeded the total the two previous years.
5. In China, the policy one child per family was introduced to stabilize the country's population ... 1• 6 billion.
6. Britain, if you are a foreign visitor you can buy goods tax-free to take ... to your own country.
7. Airline services will be disrupted during the expansion the airport, but normally services will be resumed the spring.
8. The rapid growth opposition the plan has surprised the council.
9. She's written several books personal growth.
10. The system keeps crashing and no one is able to figure why.

9. Translate the following sentences into English:

1. Для того, щоб подолати нестабільність в економіці необхідно вжити рішучих заходів.
2. Ми повинні скоротити випуск цієї продукції через зменшення попиту на неї.
3. Щоб задовольнити попит споживача необхідно забезпечити виробництво товарів високої якості.
4. Зменшення капіталовкладень негативно відбивається на розвитку сільського господарства.
5. Економічний спад часто призводить до краху малих підприємств.
6. Зменшення замовлень спричиняє зменшення виробництва.
7. Створення додаткових запасів сировини допоможе уникнути кризи у випадку порушення договору між країнами.
8. Переговори між країнами зазнали краху.
9. Ми намагаємося тримати новий продукт в секреті від наших конкурентів.
10. Сподіваються, що програма виконає своє призначення і подолає дисбаланс попиту і пропозиції.

10. Summarize the text into 150 words.

UNIT 4

INEQUALITY AND POVERTY

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

Inequality	нерівність
Poverty	бідність, злидні, нужда
Anti-poverty legislation	законодавство щодо боротьби з бідністю
Household income	дохід сім'ї, господарства
Housing costs	витрати на ведення господарства
Mortgage interest	відсоток з застави
Tax credit	оподаткований кредит
Fixed income threshold	фіксований поріг доходу
Out-of-work benefits	допомога по безробіттю

2. Match the following terms and their definitions.

1. trade-off	a) health and prosperity;
2. price	b) thing that is received by succession;
3. poverty	c) balance, compromise;
4. welfare	d) the total amount of money that must be handed over in exchange for an article or service that is being purchased;
5. inheritance	e) scarcity or lack, poorness;
6. taxation	f) imposition of payment tax;
7. distribution	g)) a payment or series of payments made by an institution, such as an insurance company or trade union, to a person who is ill, unemployed, etc
8. transfer	h) the division of the total income of a community among its members, esp. between labour incomes (wages and salaries) and property incomes (rents, interest, and dividends)
9. benefit	i) money or other payment earned
10. earnings	

	j) the act of transferring the title of ownership to shares or registered bonds in the books of the issuing enterprise
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3. *Read and translate the following text.*

In the UK, not all forces bringing about **inequality** and **poverty** are economic. Social and demographic factors play their part in altering income shares over time. The Royal Commission on the Distribution of Income and Wealth (the Diamond Commission) identified four major forces: changes in the age structure of the population; changes in the activity rates of various sectors of the population; changes in marital patterns; and changes in education patterns.

In the 21st century, **anti-poverty legislation** takes into account annual report “Monitoring poverty and social exclusion”, published since 1998. It describes poverty among children, adults, inequalities in income and pay, health inequalities, minimum education standards and exclusion by institutions.

According to the latest data available, a household is defined as being in income poverty (‘poverty’ for short) if its income is less than 60 per cent of the contemporary Great Britain median **household income**. In 2004/05, the latest year for which data is available, this was worth 100 per week for a single adult with no dependent children, 183 per week for a couple with no dependent children, 186 per week for lone parents with two dependent children and 268 per week for a couple with two dependent children. These sums of money are measured after income tax, council tax and housing costs have been deducted, where **housing costs** include rents, **mortgage interest**, buildings insurance and water charges. The sum of money left over is therefore what the household has available to spend on everything else it needs, from food and heating to travel and entertainment.

The most important findings of the report are the following:

1. 700,000 fewer children are now in income poverty than in 1998/99, a fall of 17 per cent. On the alternative ‘before deducting housing costs’ measure, the fall is 23 per cent.
2. Half the children in poverty have someone in their family doing paid work. Of these, four fifths live with two parents. Among the half of children in poverty who are in workless families, two-thirds live with just one parent.
3. **Tax credits** now help more than a million children in working households out of poverty, but the number needing such help has risen sharply.
4. Although the number of children who are in workless households has fallen by a quarter over the last decade, the UK still has a higher proportion than any other EU country.
5. The poverty rate for pensioners has come down from 27 per cent in the late 1990s to 17 per cent in 2004/05. Among single pensioners, the rate has halved over the period, from 33 per cent to 17 per cent. Pensioners now account for just one sixth of all the people in poverty.

6. The poverty rate for working-age adults remains unchanged at 19 per cent. Nearly half of working-age adults in poverty live in households where someone is doing paid work.

7. At 30 per cent, the poverty rate for disabled adults is twice that for non-disabled adults, a difference markedly higher than a decade ago. The main reason for this high poverty rate is the high levels of worklessness. Indeed, a graduate with a work-limiting disability is more likely to be lacking but wanting work than an unqualified person with no disability.

8. Relative to earnings, **out-of-work benefits** for working-age adults are now worth 20 per cent less than in 1997.

For the period to 2010 the government is planning to use a more complicated set of measures. The major changes are threefold, namely:

1) explicit adoption of incomes 'before deducting housing costs', whereas the previous practice was either to look at incomes 'after deducting housing costs' or both before and after.

2) the inclusion of a **fixed income threshold**, uprated by inflation only, as well as the relative threshold which rises as society becomes richer over time⁴ 3) the inclusion of material deprivation measures, which look at the proportion of the population who 'lack because they cannot afford' a defined set of items and activities which are deemed to be essential in contemporary society.

4. Answer the following questions.

1. What factors cause inequality and poverty?
2. Name four major forces leading to inequality and poverty.
3. When is a household defined as being in income poverty?
4. How is income usually measured? What is deducted?
5. How is poverty affecting children?
6. How is poverty affecting pensioners?
7. What is a poverty rate among adults?
8. Is the rate of poverty for disabled adults different from the non-disabled?
9. What appears to be the main reason for poverty?
10. How will government measure levels of income and overtaking by 2010?

5. Make up 5 controversial statements about the text and in turn ask your partners whether they are true or false according to the text.

6. Fill in the gaps with correct prepositions.

1. Official measureswealth distribution in the UK represent estimates of wealth.
2. Any stock of means is measuredthe total value of the various items within the stock.
3. The share of personal income goingrents, dividends and interest behaved more erratically during the period from 1990.

4. In the case of a mixed economy like the UK the role of government is a crucial influencethe distribution of income and wealth.
5. On the other hand, some observers argue that efficiency should be always the main criterionjudging public expenditure programs.
6. Using the term 'inequality' in the present context is intended as a comment upon the extent to which the rewards of the market place are distributed equallythe population.
7. Any distribution in which least one income unit has more or less than each of the other units is unequal.
8. The populationthe UK has been getting older.
9. This report paid a lot of attentionthe problems created by unemployment.
10. We can begina closer look at factor market patterns.

7. Put the words in the following sentences in the correct order.

1. All / these / economic / not / of / forces / are.
2. The / of / official / the / in / by / Central Statistical Office / estimates / incomes / personal / are / distribution / published / the / the.
3. Expenditures / benefits / confer / government.
4. Fiscal / not / wealth / a / the / UK / comprehensive / system / include / tax / does / include.
5. Wealthy / diet / choose / a / might / eat / individual .
6. In / role / government / the / is / UK / the / important / of.
7. The / combat / EC / is / programme / piecemeal / to / poverty.
8. factors / play / Social / in / income / their / altering / role / shares.
9. expenditures / alter / the / Government / can / disposable / significantly / of / income / dispersion.
10. for / The / of / single / concern / has been / a / cause / particular / increase / parents / the / in / number.

8. Use the following words and word-combinations in the sentences of your own: poverty, the poor, total expenditure, income, social justice, tax, taxation.

9. Translate into English.

1. Скорочення урядових витрат означає скорочення фондів, уряд використовує для забезпечення освіти, охорони здоров'я та інших послуг для населення.
2. У країнах Африки багато бідних людей.
3. Уряд підтримує тих, хто не в змозі адекватно піклуватися про себе, даючи дотації малозабезпеченим верствам населення.
4. Незважаючи на стабільний зріст економіки, уряд Великобританії турбує проблема бідності в деяких регіонах їхньої країни.
5. Люди на межі бідності отримують готівку від випадкових заробітків.

6. Чому зростає кількість людей на межі бідності?
7. Національні прибутки розподіляються нерівномірно.
8. Часто родини, у яких є 4 і більше дітей, належать до малозабезпечених верств населення.
9. Частка старшого населення у Великобританії зростає.
10. За теорією британського економіста Джона Гобсона нерівний розподіл доходів спричинює економічний занепад: ринок насичений товарами, які бідні не можуть купити, а багаті не можуть спожити усієї їх кількості

10. Summarize the text into 150 words in written form.

11. Presentation. Role-play.

Prepare a comparative report on issues of poverty and inequality in Ukraine and the UK.

UNIT 5

EMPLOYMENT AND UNEMPLOYMENT

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

Working age population	населення працездатного віку
Retirement	вихід на пенсію
Labour force	трудова сила (робітники)
Economic activity rate	показник економічної активності
Unemployment pool	фонд безробітних
Factional unemployment –	фракційне безробіття
Structural unemployment	структурне безробіття
Classical unemployment	класичне безробіття
Voluntary unemployment	добровільне безробіття
Involuntary unemployment	примусове безробіття
Unemployment rate	рівень безробіття
Demand-deficient unemployment	безробіття у зв'язку з відсутністю попиту

2. Match the following terms and their definitions.

1. labour population	a) the number of workers;
2. work study	b) person employed for wages;
3. self-employed	c) person who keeps another person occupied;
4. employee	d) a study concerned with reviewing working methods and deciding how long particular jobs should take;
5. employer	e) number of workers engaged or available;
6. workforce	f) those who are in business on their own account.
7. retirement	g) of, relating to, or designating manual industrial workers
8. white collar	h) of, relating to, or designating non-manual and usually salaried workers employed in professional and clerical occupations
9. blue collar	
10. stock	

	<p>i) the act of retiring from one's work, office, etc</p> <p>j) the capital raised by a company through the issue and subscription of shares entitling their holders to dividends, partial ownership, and usually voting rights</p>
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3. *Read and translate the following text.*

The population of **working age** in the UK encompasses males aged 16 to 64 and females aged 16 to 59. It comprises all those who might work and embodies those at school or in **retirement**. However, parts of the population of working age are economically inactive. Some are engaged in further and higher education, some in raising children and some are physically unable to work. The **labour force** comprises those willing and able to work. In 2000 there were 3.22 mn of people self-employed. The largest number worked in distribution, catering and repairs, followed by construction, other services and banking, finance and insurance.

The proportion of the resident population who are in the civilian labour force is usually referred to as the **economic activity rate**. Activity rates have always been very different for males and females

In 2001 the activity rate in Britain for males of all ages was 72.5 per cent, and for females - 55.1 per cent. It is estimated that male employees have basic usually weekly of between 35 and 45. Half of all female employees work for less than 35 hours per week and over two-thirds for between 35 and 40 hours. For both sexes the self-employed work longer hours than employees.

The most important measure of the demand for labour is unemployment. This represents the difference between the workforce in employment, which consists of employees in employment, the self-employed, HM Forces and participants on work-related government training schemes, and the workforce which also includes those people claiming benefit at Unemployment Benefit offices. The total number of persons who are unemployed is counted at a point in time, and thus represents a stock which we can call the unemployment pool.

There are two categories of people who enter the unemployment pool. First, there are those people who have lost a job previously held, either voluntarily by giving notice or involuntarily by being made redundant. This constituted 56 per cent of the total in 2000. Secondly, there are those people who are either entering the labour force for the first time or re-entering after a gap and who have no job to go to directly, namely school leavers and college graduates housewives, immigrants; the long-term sick and disabled; and those not wishing to work.

It has become customary to divide unemployment up into four main types: **factional unemployment**: consists mainly of people temporarily out of work as they

move from one job to another; **structural unemployment**: arises when there is a mismatch of skills and job opportunities when the pattern of demand and output change; **demand-deficient unemployment**: arises when demand falls and wages and prices have not yet adjusted to restore full employment; **classical unemployment**: arises when the wage level stays above that at which the labour market will possibly as a result of the exercise of union power or the existence of minimum wages legislation.

Unemployment can also be seasonal, but the unemployment data is normally 'seasonally-adjusted' to prevent this from showing up independently. However, the current debate about unemployment is usually conducted in terms of whether it is **voluntary** or **involuntary**. Unemployment is 'voluntary' if a worker is offered a job but is unwilling to accept it at the real wage on offer. **Involuntary** unemployment is predominantly caused by a deficiency of demand such as occurs during the downswing of the economic cycle.

According to the data of 2009 by the Office for National Statistics, the number of unemployed people, the unemployment rate and the claimant count have all increased. The employment rate and the number of people in employment have fallen. The number of vacancies has fallen too. The number of inactive people of working age and the inactivity rate are little changed.

In February, 2009 the number of unemployed people reached 2.10 million. The unemployment level and rate have not been higher since 1997. The employment rate for people of working age was 73.8 per cent for the three months to February 2009 - 29.27 million people, down 227,000 over the previous year.

There were 462,000 job vacancies in the three months to March 2009, down 230,000 over the year. This is the lowest figure since comparable records began in 2001.

The inactivity rate for people of working age was 20.7 per cent for the three months to February 2009, virtually unchanged over the previous quarter but down 0.1 over the year. The number of economically inactive people of working age fell by 5,000 over the quarter and by 9,000 over the year to reach 7.85 million.

Therefore, the tendencies are changing, the world economic meltdown being partly responsible for it.

4. Answer the following questions:

1. What does the population age comprise?
2. What does labour force consist of?
3. What do working hours in Britain include?
4. What is unemployment pool?
5. What people enter unemployment pool?
6. What types of unemployment do you know?
7. What is the difference between voluntary and involuntary unemployment?
8. What are the latest rates of employment and unemployment?

5. *Make up a couple of statements and ask your partners whether this information is true or false. Supply your answers with the phrases: I have no doubt that, It's quite certain....., As far as I remember....., To my mind....*

6. *Fill in the blanks using active vocabulary.*

- a) Data on are produced on a national basis and also on an internationally comparative basis by the EC.
- b) Among the countries of the EC in 1995 the UK had the second highest behind Denmark.
- c) Average weekly fell during the 1990's in most countries, although the Americans worked slightly longer and the Japanese exactly the same.
- d) In every year since 1971, the overall changes in the are more positive for women than for men.
- e) Combining with public holidays yields 40 days' holiday for Germans, 36.5 days' for the french, 3.5 days for Italians but only 31 days' for UK citizens.
- f) It is immediately evident that the cannot be held constant simply by creating a new job for each person who loses one.
- g) In Sweden, the postwar rate has frequently been as low as 1.1 per cent.
- h) If a as a whole is to gain relative to other groups, its share of the total of national income must grow.
- i). It may at times be possible for a union to bargain an off his demand curve and negotiate both wages and employment.
- j). The company suggested that he should take early

7. *Find the words in list B which can be combined with the words in list A.(e. g . unemployment rate)*

A	B
unemployment	opportunity
labour	insurance credit
national	population
long-term	rate
labour	flexibility
wage	force
job	unemployment
working	market
training	graduates
college	schemes

8. *Fill in the correct preposition where necessary.*

- a) Full employment became a pre-condition inflation.
- b) The number of children under 16 increased in the UK by over 1mln1961 and 1971.
- c) The official dividing line for part-time work is set 30 hours week.
- d) New contractual agreements introduced Japanese companies.

- e) If the unemployment pool remains unchanged size from one point in time to another (about one month) this does not mean that the same people are continuously unemployed.
- f) This fact demonstrates the nature of unemployment a period of economic growth.
- g) This picture contains information the relative incidence of unemployment on males and females.
- h) She was engaged conversation with a client.
- i) We'll have to make an approach the managing director.
- j) She works an oil company.

9. Translate into English using your active vocabulary

1. Робітник повинен отримати гарантію про оплату праці від роботодавця, якщо перший працює неповний робочий день. 2. Якщо зростання зарплати визначається зростанням вартості життя, то ми не отримаємо реального зростання економіки. 3. Частка безробітних на Україні становить 36 %. 4. Покращення умов праці відбувається для того, щоб уникнути конфліктів між робітниками і роботодавцями. 5. Спеціалізація і розподіл праці обмежують масштаб рішень, які приймаються за участю підлеглих. 6. Держава дбає про мало захищені верстви населення, пропонуючи їм соціальні виплати. 7. Для того щоб вижити багато людей працюють за сумісництвом. 8. На біржах праці зареєстровано багато безробітних. 9. За законодавчими нормами час роботи складає 30 годин на тиждень. 10. Коли його звільнили через скорочення штатів, йому виплатили компенсацію у розмірі місячного окладу.

10 .Summarize the text into 150 words in written form..

UNIT 6

THE TAX SYSTEM

1. Memorize the following words and word combination and practise their pronunciation.

Tax system	податкова система
Income tax	податок на дохід
Allowance	знижка
Standard tax rate threshold	поріг оподаткування
Taxpayer	платник податку
Capital gains	прибутки від приросту капіталу
Insurance contribution	страховий внесок
Corporation tax	корпоративний податок
To levy (charge) taxes	накладати податок
Inheritance tax	податок на спадщину
VAT	ПДВ
Excise duties	акцизний збір
Customs duties	митний збір

2. Match the following words with their definitions.

Installments duty economic growth goal council tax allowance threshold profit oversea licence	a) tax on certain goods, imports, etc. b) deduction or discount c) financial gain d) any of several usually equal payments for something e) profitable increase in value f) point won g) point of entry or beginning h) new local tax based on the value of a property and the number of people living in it. j) a certificate, tag, document, etc., giving official permission to do smth. k) relating to, located in, or coming from, a place
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3. *Read and translate the text.*

The **tax system** in the UK is somewhat out of line with that typically found elsewhere in Organisation for Economic Cooperation and Development (OECD). The UK tax system has been developed in an evolutionary manner since 1948.

Income tax remains the most important element of the tax system. It is charged on all income which originates in the UK (including, since 1987, the earnings of overseas entertainers and sportsmen), and on all income arising abroad of people resident in the UK. However, every tax payer, is entitled to a personal **allowance**. There is currently a separate allowance for the single and for the married. This is generally referred to as the **standard rate tax threshold**. It may also be supplemented by a whole variety of other allowances, of which the most common is tax relief on interest paid on mortgages.

From 6 April 1990 husbands and wives are taxed independently on their income and chargeable **capital gains**. This means that (a) husband and wife become independent **taxpayers**, (b) every taxpayer receives the single person's allowance; (c) in addition, a married couple receives the difference between the current single allowance and married allowance, which is set first against the husband's income but any unused amount may be transferred to the wife.

National Insurance Contributions were introduced as a universal tax in 1948. Unusually for the UK tax system they are a hypothecated tax, which means that they exist to finance specific items of expenditure, in particular retirement pensions and unemployment and sickness benefit.

Corporation tax. for small companies, earning profits below 100,000 per annum, was initially set at 29 per cent, and was later reduced to 25 per cent. By international standards, company taxation in the UK thereby is modest. It is levied on all profits, whether retained within the company or distributed to share-holders. However, if a company wishes to distribute profits in the form of dividends, then these are paid in a net-of-tax form. The company is obliged to pay the tax liability arising on the gross dividends at the standard rate of income tax on behalf of the shareholders. This is collected by the tax authorities in advance of the time when dividends are paid out and is therefore known as advance corporation tax (ACT)..

North Sea taxation consists of royalties, petroleum revenue tax (including advance payments) and corporation tax from North Sea oil and gas production.

Customs duties are charged in imported goods in accordance with the Common Customs Tariff of the European Community. This exempts community goods imported from other EC member states, and provides a uniform EC-wide tariff barrier against goods from elsewhere in the world. Special arrangements apply for agricultural products in accordance with the Common Agricultural Policy (CAP). As these duties are an EC rather than a purely national policy, their proceeds are transferred to Brussels to help finance the EC.

Excise duties, on the other hand are not concerned with controlling trade flows but purely with raising revenue from goods and services which are either in inelastic

demand (their consumption varies less than in proportion to price) or antisocial, or both. They apply to oils used for road fuel to alcoholic drinks; tobacco products betting; gambling machine and casino licences. Road usage is additionally taxed through vehicle licences.

Inheritance taxes have been levied in the UK since 1894. Until 1974 they were known as Estate Duty for death duty and applied only to transfers at death. **Capital Gains Tax** is levied on the difference between the purchase and sale price of any asset.

Value Added Tax. VAT is the most wide-ranging tax on expenditure, and has been in force since the UK joined the EEC in 1973. It is levied in one installment directly by the retailer upon the customer. The standard rate of VAT is currently 15 per cent, but is going to increase to 17.5 per cent on 1 January 2010.

4. Finish the sentences using information from the text.

1. The UK Tax System has been developing since....
2. Tax charged on all income arising in and within the country is called
3. Husbands and wives are taxed
4. National insurance Contributions were introduced as a universal tax in
5. Corporation tax in the UK amounts topercent
6. Tax, which consist of royalties, petroleum revenue tax and corporation tax from North Sea oil and gas production is called.....
7. Imported goods are taxed by
8. The tax with the longest history , dating back to 19th century is called
9. The tax levied on all profits is called
10. Standard rate of VAT is per cent.

5. Make up 10 questions about the text “The Tax System in Great Britain” and ask them to your partner.

6. Give clear definitions to the following economic terms:

VAT, council tax, corporation tax, income tax, inheritance tax, capital gains tax, excise duties, customs duties.

7. Consult the dictionary and find synonyms to the following words.

Levy, revenue, allowance, tax liability, exemption from taxes, gross dividends, duties.

8. Read the text again and insert the correct prepositions where necessary.

1. Our tax system is dependent ... the local taxes.
2. This represents a high goal ... practice.
3. ... the 1990 budget moved several steps ... single taxation.

4. Income is charged ... all income which originates in the UK and ... all income arising abroad of people resident in the UK.
5. This is based ... the principle of ability to pay.
6. These facts did nothing ... economic growth.
7. Our benefits were related ... contributions.
8. ...international standards, company taxation in the UK became modest.
9. It is ... to the tax authorities to determine which method is to be applied.
10. In recent years increasing attention has been paid ... the wider social costs associated ... the misuse of alcohol, tobacco and vehicles ... individuals.

9. Translate the following sentences into English.

1. Податок на додану вартість визначається на кожному етапі виробництва і розподілу товарів і послуг серед населення. 2. Відшкодування податку відбувається лише у тому випадку, якщо ви правильно заповнили податкову декларацію, і ваші податки перевищують існуючі норми оподаткування. 3. У цьому випадку ПДВ дорівнює нулю. 4. Уряд повинен зробити певні кроки до прийняття податкового кодексу. 5. Повна сума сплачується в кінці фінансового року. 6. Верховна Рада України скоротила ПДВ до 17%. 7. Не потрібно ухилятися від оподаткування своїх доходів та капіталів. 8. Митний збір складає 18% від ціни імпортованих товарів. 9. Податок на прибуток сплачують усі фізичні та юридичні особи, які займаються підприємницькою діяльністю. 10. Компанії, незалежно від форм власності, зобов'язані сплачувати корпоративний податок.

10. Summarise the text into 150 words in written form.

11. Presentation.

Prepare a report comparing the taxation system in Ukraine and the UK.

Appendix 1

Translation Practice.

1. Теорії макроекономіки створюють основи для макроекономічних моделей, які використовуються у економічних прогнозах.
2. Якщо інфляція – менше ніж 4%, то рівень безробіття – більше – 6 %.
3. Грошова маса визначається як сукупність грошових засобів, які знаходяться в розпорядженні юридичних і фізичних осіб.
4. Макроекономіка розглядає питання національного доходу і зайнятості.
5. Чому нам потрібно вивчати макроекономіку і мікроекономіку?
6. Термін «макроекономіка» запропонував у 1935 році британський економіст Джон М. Кейнс.
7. Поняття *сукупний попит, сукупна пропозиція, баланс заощаджень і інвестицій, мультиплікатор, схильність до заощаджень і інвестування* – ключові поняття макроекономіки.
8. Сукупний споживчий попит – це загальний об'єм попиту на товари і послуги споживчого призначення.
9. Не завжди легко розрізнити мікроекономіку і макроекономіку.
10. Розходження між економістами зводилось до того, якою мірою вони погоджувалися з аналізом Кейнса.
11. Які існують проблеми єдиного європейського ринку?
12. Окремі галузі промисловості перебувають у занепаді.
13. Профспілки взяли під свій контроль виплату заробітної плати.
14. Конституція України гарантує кожному право на працю і відпочинок.
15. Мені потрібно хоча б один вихідний на тижні.
16. Сьогодні ми працюватимемо у нічну зміну.
17. Під час відпустки по догляду за дитиною жінкам гарантують збереження їх робочого місця.
18. Надлишковий час на роботі повинен відповідно оплачуватися.
19. Після створення Європейського Союзу багато країн-членів почали замислюватись над питаннями, які допоможуть контролювати їх економічну політику.
20. Європейський банк видає позики для розвитку економіки новим країнам-членам ЄС.
21. У Києві з'явилась велика кількість комерційних банків.
22. Банки надають позики під безвідсотковий кредит.
23. У цьому супермаркеті можна оплатити як кредитною карткою так і готівкою.
24. Ціна визначає попит.
25. Банки видають кредити під заставу нерухомості.
26. Щоб отримати довготривалий кредит, вам потрібно зібрати перелік документів, зазначений у правилах надання кредитів.
27. Коли ви оплатите відсотки, нараховані за кредитом?
28. Якщо ви не оплачуєте кредит вчасно, вам слід буде сплатити штраф.
29. Повний термін кредиту включає в себе термін використання, пільговий період і термін сплатування.
30. Які переваги і недоліки безвідсоткового кредиту?

Appendix 2

Conversational idiomatic English

Topic: Spending and saving money

Unit 1. Having a Ball

- A. I feel like having a ball. Let's splurge.
B. Forget it. I'm broke.
A. Don't worry! I'll pick up the tab. I'm loaded today. I'll treat you.
B. No, we'll go Dutch. I don't like to freeload.

Vocabulary.

7. to have a ball – to enjoy yourself, to have fun;
8. to splurge – to spend a lot of money on smth.
9. to be broke – to have no money;
10. to be loaded – to have a lot of money;
11. to pick up the tab- to pay the bill;
12. to treat smb. – to pay for one's meal;
13. to go Dutch – everyone pays for himself;
14. to freeload – to get things that others pay for;

Unit 2 . Footing the Bill

- A. I'm always running out of food.
B. Why don't you pick up some odds and ends at the store?
A. 'Cause I'm fed up with having to foot the bill. I don't like to throw money down the drain.
B. Have everyone chip in!
A. No, just skip it!

Vocabulary.

1. to run out of smth – to be short of, to finish the supply;
2. to pick up – to obtain, to get without difficulties;
3. odds and ends – a mix of items, bits and pieces, different miscellaneous items;
4. fed up with – annoyed or angry about bad situation;
5. to foot the bill – to pay the bill;
6. to throw money down the drain – to spend carelessly;
7. to chip in – to contribute together to a sum of money;
8. Skip it~! – Forget it!

Unit 3 . Making Ends Meet.

- A. You're a clotheshorse!
B. I know. I like dressing up.
A .Do you shop around a lot for a bargain?
B. I'm lucky. I work for the department store and get a discount for merchandise.
A. That's great!! Because everything is sky-high nowadays.
B. Yes, it's difficult making ends meet. We have to cut corners.
A. Me too. I have to cut down on luxuries.

Vocabulary.

1. a clotheshorse- a very well-dressed person, stylish and fashionable;
2. to dress up – to wear one's best clothes;
3. to shop around – to look for smth. in many shops;
4. a bargain – a thing bought for less than its usual price;
5. to get a discount – to get a reduction;
6. merchandise – goods that are bought or sold;
7. sky – high – very expensive
8. to make ends meet – to balance one's budget, to earn just enough money to be able to pay for the things you need;
9. to cut corners – to reduce or limit the usage;
10. to cut down on smth. – to use less, to economize;

Unit 4 . Raking it in.

- A. He was in the casino and started to make a bundle. He was really raking it in.
B. I bet he thought he had it made.
A. Then he started losing his shirt.
B. With his temper he probably hit the ceiling.
A. Sure. The casino took him to the cleaners'.
B. Was he a good sport?
A. No, he was a sore loser.

Vocabulary.

1. to make a bundle = to rake it in – to make a lot of money;
2. have it made – to be sure of success;
3. to lose one's shirt – to lose everything, all your money;
4. to hit the ceiling – to get very angry;
5. to take smb. to the cleaners' – to win all of someone's money;
6. a good sport – the one who loses well, with dignity.
7. a sore loser – the one who gets very angry when losing.

Unit 5. Caught Short.

- A. At the end of the week I'm always caught short.
B. That's because money burns a hole in your pocket. I don't feel sorry for you.
A. How can I tighten my belt?
B. You must do without in order to get along.
A. I know. I'll try to brown bag . Within a short time I'll be in chips again.

Vocabulary.

1. to be caught short – to run out of supplies;
2. to burn a hole in one's pocket – to be spent very quickly, to vanish;
3. to tighten one's belt – to economize;
4. to do without – to manage to live without smth;
5. to get along – to keep on, to manage or survive;
6. to brown bag – to bring lunch from home;
7. to be in chips – to have plenty of money;

Unit 6. A Nest Egg.

- A. He is always squawking about money.
B. If he had a nest egg, he wouldn't have to worry.
A. It's difficult to salt away money today.
B. That's true and he tries to keep up with the Joneses.
A. Not really. He tries to save but the family expenses are on his shoulders.
That's why he's on pins and needles.
B. Why doesn't he play the lottery?
A. Because he can bank on the fact that he's not going to make a killing that way.

Vocabulary.

1. to squawk about – to complain ;
2. a nest egg – extra money saved;
3. to salt away – to save, to keep hidden until needed;
4. to keep up with the joneses – to try to be equal to your neighbors' life style.
5. on one's shoulders – on one's responsibility;
6. on pins and needles – nervous , excited;
7. to bank on – to be dead sure of;
8. to make a killing – to win a large sum of money at one time.

Unit 7. Falling Behind

- A. I'm breaking my neck at two jobs . So, I don't fall behind in my bills.
B. Maybe, you'd better face up to the fact that you can't enjoy life to the hilt.
A. I'll go over my budget again. Don't fly off the handle if my cheque bounces.
B. I'm sure it will clear, but if you want I'll give you some money to tidy you over.

Vocabulary.

1. to break one's neck – to try very hard;
2. to fall behind in – to fail with the payments;
3. to the hilt – completely;
4. to face up to – to accept smth. unpleasant;
5. to go over – to review, to examine;
6. to fly off the handle – to get very angry;
7. to bounce – not to be accepted, to be returned;
8. to clear – to be accepted by the bank;
9. to tidy smb. over – to help, to lend a hand;

Unit 8. When the Chips are Down.

- A. I can't believe I'm down and out. I'm living from hand to mouth and pinching pennies.
- B. You can always turn to me when the chips are down.
- A. I don't want any hand-outs. I can't mooch off anyone.
- B. Just sit tight. You will get out from under.

Vocabulary.

1. Down and out – having no money, no success; a complete failure;
2. hand to mouth – hardly able to exist or cover daily expenses;
3. to pinch pennies – to be very economical, thrifty;
4. to turn to – to ask for help;
5. when the chips are down – in the most difficult situational
6. hand-outs – some kind of charity; money, food or clothes that are given to a poor person;
7. to mooch off – to beg, to borrow and not return;
8. to sit tight – to wait patiently;
9. to get out from under – to overcome difficulties;

Unit 9. Keeping One's Head Above Water

- A. I'm racking my brains to find the way to keep my head above water.
- B. I didn't know you were hard up.
- A. I put up a good front, but I haven't seen daylight for a long time.
- B. I'll give you some moola to bail you out.
- A. That's just a drop in the bucket. I need to much to get back on my feet.

Vocabulary.

1. to rack one's brains – to think hard, to speculate;
2. hard up – in great, desperate need of something;
3. to keep one's head above water – to be able to live, to keep afloat;
4. to put up a good front – to pretend that you're successful;
5. to see daylight – to succeed, to expect achievement;
6. moola(slang) – money;
7. to bail smb. out – to back, to support;
8. drop in the bucket – a very small amount;
9. to get back on one's feet – to be financially independent or healthy again;

Unit 10. A Nitwit.

- A. He is a nitwit. What half-baked ideas does he have?
- B. He's sure he can become a millionaire by buying one hundred lottery tickets.
He thinks it'll be a piece of cake.
- A. He talks through his hat. You'd better take everything he says with a pinch of salt.
- B. Just watch. He will have the egg on his face.

Vocabulary.

1. a nitwit – a silly, foolish, naive person;
2. half-baked – crazy, foolish;
3. a piece of cake – very easy;
4. to talk through one's hat – to make inaccurate statements, to exaggerate greatly;
5. with a pinch of salt – skeptically;
6. to have egg on one's face – to be embarrassed, in an unpleasant situation;

T E S T

1. Complete the sentences with the suitable idiomatic phrases, putting them into a correct grammatical form.

1. Never before have I seen such a high price! This car is really _____ .
2. Despite losing the game, he retained honor and dignity. He was _____ .
3. As it was our friend's birthday, we decided to _____ and buy a nice present.
4. She's always complaining about money. I wish she would stop _____ !
5. Don't reveal my secret to anyone. Just _____ !
6. It was unforgettable party and all the guests _____ .
7. I spent so much money last week that now I have no way out but to _____ .
8. Look how fashionably dressed she is! A real _____ !
9. You _____ money _____ ! I can't understand why you spend it so carelessly!
10. Some employees prefer _____ to having lunch at the factory's canteen.

2. Paraphrase the underlined phrases with your active idiomatic vocabulary.

1. I don't want you to pay for me. We'd better pay separately.
2. With our miserable wages it's difficult to balance the budget.
3. Unable to counter his passion for gambling, he lost all his possessions.
4. He was so unlucky! The casino got all his money!
5. We've got some extra money saved in case of emergency.
6. Tomorrow is the day of his final exam, so he's quite worried and nervous .
7. Having heard about the his son's misbehavior, father got extremely angry.
8. He's working very hard at two jobs, but still can't earn enough.
9. No one can manage to live without friends.
10. Don't worry about the expenses! I'll pay the bill!

3. Explain in your own words the following expressions:

1. to splurge;
2. to freeload;
3. a sore loser;
4. to make a bundle;
5. caught short;
6. to keep up with the Joneses;
7. to tidy smb. over
8. to be loaded;
9. to bounce;
10. to have it made;