

ВЫСШАЯ ШКОЛА ЭКОНОМИКИ
НАЦИОНАЛЬНЫЙ ИССЛЕДОВАТЕЛЬСКИЙ УНИВЕРСИТЕТ

Английский для профессионалов

ПРИКЛАДНАЯ ЭКОНОМИКА

Учебник по английскому языку

APPLIED ECONOMICS

Study Pack

*Рекомендовано Учебно-методическим объединением
по образованию в области лингвистики
Министерства образования и науки Российской Федерации
в качестве учебника по английскому языку
для студентов, обучающихся
по направлению подготовки бакалавров «Экономика»*



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Учебник создан с учетом требований федерального государственного образовательного стандарта высшего профессионального образования, а также образовательных стандартов, принятых в НИУ ВШЭ. Материал учебника позволяет не только развивать и совершенствовать языковые и общеакадемические умения и навыки, но и формировать языковую компетентность, лежащую в основе будущей профессиональной деятельности. Для успешного освоения материала необходимо владение английским языком на уровне В2.

Для студентов экономических специальностей, изучающих английский язык для профессиональных целей.

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оказанную при создании данного учебника.

Preface / Предисловие

Данный учебник разработан коллективом авторов — сотрудников кафедры английского языка для экономических и математических дисциплин департамента иностранных языков НИУ ВШЭ и отражает результат многолетней практики преподавания английского языка студентам экономических специальностей. При разработке учебника учитывались требования федерального государственного образовательного стандарта высшего профессионального образования, а также образовательные стандарты, принятые в НИУ ВШЭ.

В учебнике реализуется компетентностный подход в преподавании иностранного языка, где особое значение придается формированию не только языковых, но и базовых образовательных компетенций, таких как ценностно-смысловая, общекультурная, учебно-познавательная, информационная, коммуникативная, социально-трудовая и компетенция личностного самосовершенствования.

Учебник построен по тематическому принципу и содержит две части: 1) *Applied Economics: Competence Development* и 2) *Skills Development*.

В первой части представлены тексты и задания, способствующие развитию языковых навыков и базовых образовательных компетенций. Тексты носят прагматический характер, они заимствованы из современных учебников, а также научных и публицистических статей, опубликованных в журналах и сборниках. Разнообразные задания и упражнения направлены на формирование языковых навыков и общеобразовательных компетенций. Рядом с каждым заданием размещен значок, показывающий, какая именно компетенция формируется. В состав каждой главы (юнита) помимо текста и упражнений включены задания для закрепления полученного знания (*Review*), а также список важных терминов, употреблявшихся в материалах юнита. Помимо этого, в учебнике представлен материал для самостоятельной работы (*Self-Study*), позволяющий учащимся работать в автономном режиме.

Во второй части приводятся задания на развитие основных видов речевой деятельности (чтение, письмо, аудирование и говорение).

В конце учебника расположен Словарь (*Glossary*), который включает 209 терминов и устойчивых выражений, формирующих терминологическую номенклатуру специальности «Экономика» специализации «Прикладная экономика».

Учебник рекомендуется использовать в качестве основного средства обучения в аудиторной и внеаудиторной работе, а также для целей самоподготовки. Для освоения материалов учебника необходимо владеть английским языком на уровне B2 и выше.

Short Forms and Labels

Word Classes

adj = adjective
adv = adverb
ger = gerund
n = noun

phr v = phrasal verb
prep = preposition
v = verb

Grammar Codes

Nouns
C = countable nouns
pl. = plural
U = uncountable nouns

Verbs
I = intransitive verb
T = transitive verb

Other Codes and Labels

esp. = especially
smb = somebody
smth = something

Competences

1. Ethical
competence



2. Cultural
competence



3. Learning
and cognitive
competence



4. Information
competence



5. Communicative
competence



6. Social and vocational
competence



7. Self-development
competence



PART I

Applied Economics: Competence Development

UNIT 1

MANAGING THE ECONOMY

Learning Outcomes

After studying this unit you should be able to:

- speak about the objectives of managing the economy;
- distinguish between government's fiscal and monetary policies;
- define price stability and its measurements;
- speak about price trends;
- define basic terms of the unit;
- use English corpora and on-line dictionaries for skills development.

Lead-in

I. How do the following quotations characterise Economics as a science? Do you agree with the authors of these quotations?

An economist is a man who states the obvious in terms of the incomprehensible.

Alfred A. Knopf

If all economists were laid end to end, they would not reach a conclusion.

George Bernard Shaw (1856–1950)

Isn't it interesting that the same people who laugh at science fiction listen to weather forecasts and economists?

Kelvin Throop III

An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today.

Laurence J. Peter (1919–1988)

An economist is a surgeon with an excellent scalpel and a rough-edged lancet, who operates beautifully on the dead and tortures the living.

Nicholas Chamfort (1741–1794)

II. Statistics quiz: How much do you know about Russia and its economy?

1. Russian economy makes ___% of the World GDP.
2. Russia has the world's ___ (*place*) highest marriage rate. There is a baby boom. The Russians have a positive increase in population without immigration.
3. The Russian job market is so buoyant that Russia has the ___ (*place*) largest number of illegal immigrants in the world after the USA. This is a sign of a strong economy.
4. Russia takes the ___ *place* in the world in natural gas extraction and export. Western Europe currently depends on Russia for nearly a third of its domestic gas supplies; Germany depends on Russia for ___% of its natural gas and Bosnia, Slovakia and Macedonia get ___% of their gas from Russia.
5. Russia takes the ___ *place* in the world in reserves of drinking water and the ___ *place* in reserves of fresh water.
6. The President is elected for ___ *years* by citizens of the Russian Federation on the basis of universal suffrage.
7. A citizen of the Russian Federation who is ___ (*age*) or older and who has resided permanently in the Russian Federation for at least ___ *years* may be elected.



Text A

Managing the Economy: Objectives and Instruments

(1) The desire of most individuals is to live and work within an economic framework which gives them the prospect of steady employment, relatively stable prices and a rising standard of living. It is usually recognized that to achieve such a situation the economy must trade and “pay its way” with other economies. Politicians realize that to attract votes and gain political power they must promise that these aspirations will be met, if only in the long run. Economic objectives at the macroeconomic level are therefore set in terms of full em-

ployment, price stability and rapid economic growth, together with long-term equilibrium in the balance of payments.

Full employment

(2) Full employment is a state of economy in which all eligible people who want to work can find employment at prevailing wage rates. However, it does not imply 100% employment because allowances must be made for frictional unemployment and seasonal factors.

(3) Frictional unemployment is temporary unemployment arising out of the inevitable time lags in the functioning of labor markets, such as the time taken in moving from one job to another. Full employment is attainable within any economy, but may result in an inflationary period. The inflation would result from workers, as a whole, having more disposable income, which would drive prices upward.

Many economists have estimated the amount of frictional unemployment, with the number ranging from 2–7% of the labor force.

Stable prices

(4) The European Central Bank's Governing Council has announced a quantitative definition of price stability:

“Price stability is defined as a year-on-year increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below 2%.”

The Governing Council has also clarified that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to 2% over the medium term.

The ECB's definition of price stability makes clear that the focus of its monetary policy is on the euro area as a whole. This reflects its euro area-wide mandate. Therefore, price stability is assessed on the basis of price developments in the euro area economy.

Economic growth

(5) Economic growth is the increase in the amount of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in *real gross domestic product*, or *real GDP*. Growth is usually calculated in real terms, i.e. inflation-adjusted terms, in order to obviate the distorting effect of inflation on the price of the goods produced. In economics, “economic growth” or “economic growth theory” typically refers to growth of potential output, i.e., production at “full employment.”

The balance of payments

(6) Balance of payments includes all payments between a country and its trading partners and is made up of the balance of trade, private foreign loans and their interest, loans and grants by governments or international organizations, and movements of gold (capital account). A chronically unfavorable balance of payments, when debits exceed credits, may affect the stability of the nation's currency, particularly where exchange rates are no longer fixed.

(7) Governments would have no macroeconomic problems if market forces in the economy automatically led to full employment equilibrium, with stable prices, and a rapid economic growth. The bulk of the evidence seems to indicate that market forces alone have failed to achieve these objectives. Such market failure essentially constitutes the case for intervention by governments. If governments are to intervene in the economy, there still remains the problem of selecting the appropriate instruments for achieving the targets they set themselves.

(8) In general terms the policy instruments available to the government are fiscal and monetary policies.

Fiscal policy

(9) In economics *fiscal policy* is the use of government revenue collection (taxation) and expenditure (spending) to influence the economy. The two main instruments of fiscal policy are changes in the level and composition of taxation and government spending in various sectors.

The three main stances of fiscal policy are:

- neutral fiscal policy is usually undertaken when an economy is in equilibrium. Government spending is fully funded by tax revenue and the budget outcome has a neutral effect on the level of economic activity;
- expansionary fiscal policy involves government spending exceeding tax revenue, and is usually undertaken during recessions;
- contractionary fiscal policy occurs when government spending is lower than tax revenue, and is usually undertaken to pay down government debt. [1]

Monetary policy

(10) *Monetary policy* is the process by which the monetary authority of a country controls the supply of money, often targeting a rate of interest for the purpose

of promoting economic growth and stability. The official goals usually include relatively stable prices and low unemployment. Monetary theory provides insight into how to craft optimal monetary policy. It is referred to as either being expansionary or contractionary, where an expansionary policy increases the total supply of money in the economy more rapidly than usual, and contractionary policy expands the money supply more slowly than usual or even shrinks it. Expansionary policy is traditionally used to try to combat unemployment in a recession by lowering interest rates in the hope that easy credit will entice businesses into expanding. Contractionary policy is intended to slow inflation in order to avoid the resulting distortions and deterioration of asset values. [2]

Vocabulary

asset value	the net market value of a company's assets divided by the number of outstanding shares of that company's stock. Investors often use the asset value of a company when determining if the company's shares are overvalued or undervalued <i>Another possibility for the rise could be a general re-rating of the company on the basis of its net <u>asset value</u>.</i>
disposable income	the amount of income left to an individual after taxes have been paid, available for spending and saving <i>Over the last decade, the upper <u>disposable income</u> limit rose by about 50%, but earnings rose by 135% and prices by 93%.</i>
distortion /n/	the alteration of the original shape (or other characteristic) of smth, such as an object, image, sound or waveform <i><u>Distortion</u> is usually unwanted, and so people strive to eliminate distortion, or minimize it.</i>
equilibrium /n/	balance, for example when demand equals supply <i>It is clear that the <u>equilibrium</u> depends on the method of finance.</i>
GDP (Gross Domestic Product)	the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports <i><u>GDP per head</u> in each region</i>
government intervention	actions on the part of government that affect economic activity, resource allocation, and esp. the voluntary decisions made

	<p>through normal market exchanges. Government, by its very nature, is designed to intervene in voluntary market activity <i>Speculative investors have watched the deals closely for signs of financial trouble and potential <u>government intervention</u>.</i></p>
labour force	<p>all the employees in a company or in an area <i>Women form 43% of the <u>labour force</u>, and women's incomes from employment are a major part of most family incomes.</i></p>
mandate /n/	<p>the authority given to an elected group of people, such as a government, to perform an action or govern a country <i>The President must offer the three main party leaders in turn a three-day <u>mandate</u> to try to form another government based on the present parliament.</i></p>
market failure	<p>a case in which prices are unable to adequately adjust to reflect changes in supply or demand <i><u>Market failures</u> may occur due to unexpected disruptive events such as wars or natural disasters, or due to economic barriers such as trade restrictions or monopolies.</i></p>
money demand	<p>is the desired holding of financial assets in the form of money: that is, cash or bank deposits <i>Control over aggregate <u>money demand</u> is necessary if the government is to achieve all or some of economic objectives.</i></p>
money supply	<p>is the total amount of monetary assets available in an economy at a specific time <i>In the same period Japan's broad <u>money supply</u> grew by 5.1%, compared with growth of 13% a year earlier.</i></p>
recession /n/	<p>a period of general economic decline; typically defined as a decline in GDP for two or more consecutive quarters <i>A <u>recession</u> is typically accompanied by a drop in the stock market, an increase in unemployment, and a decline in the housing market.</i></p>
standard of living	<p>the financial health of a population, as measured by the quantity of consumption by the members of that population <i>The measure most frequently used to estimate <u>standard of living</u> is gross national income per capita.</i></p>
surplus /n/	<p>the amount of money you have left when you sell more than you buy, or spend less than you own <i>Accordingly their annual <u>surplus</u> is understated by almost £200,000.</i></p>



I. Write a word according to its transcription. Mark the word stress.

- | | | |
|--------------------------|-------------------------|--------------------------|
| 1. _____
[æspɪreɪʃ̩n] | 2. _____
[əbdʒektɪv] | 3. _____
[juərəpɪ:ən] |
| 4. _____
[kaʊns̩] | 5. _____
[mʌnɪtrɪ] | 6. _____
[mændet] |
| 7. _____
[ɒvviət] | 8. _____
[sɜ:ples] | 9. _____
[det] |
| 10. _____
[ɪntəvɪ:n] | 11. _____
[ɪnsaɪt] | 12. _____
[ɪntaɪs] |

II. Read the sentences paying attention to the way the words in *italics* are pronounced.

1. There were signs of *an increase* in consumer and business confidence accompanied by a rebound in global trade.

In the late 10th and early 11th centuries the volume and range of goods that entered Europe began *to increase*.

2. Between the beginning of the 11th century and 1800 Britain's *import* of tea increased from 400,000 lb per annum to 23,000,000 lb per annum.

The United Provinces of Northern India, for example, was able *to import* roughly 725,000 tons of grain to lessen the catastrophic effects of a severe famine in 1907.

3. The Senator's *conduct* is being investigated by the Ethics Committee.

We are *conducting* a survey to find out what our customers think of their local bus service.

4. Marx points out the potential *conflicts* below the surface of society.

If the two sides *conflict* with each other again, it will be disastrous for party unity.

5. *The contest* for deputy leadership of the party is gathering speed.

We will certainly *contest* any claims made against the safety of our products.

III. Scan through the Text A and find words according to their definitions.

para 1

(1) to a fairly large degree, esp. in comparison to smth else /adv/

(2) a strong desire to have or do smth /n/

(3) smth that you are trying to achieve /n/

para 2+3

(4) to include or contain smth /v/ _____

(5) possible to achieve /adj/ _____

para 4

(6) the act of looking for or trying to find smth /n/ _____

(7) to show or be a sign of the nature of smth
or of smb's attitude or feeling /v/ _____

para 5

(8) following what is traditional or the way smth
has been done for a long time /adv/ _____

(9) to remove a problem or the need
for smth /v/ _____

(10) not clear, strange /adj/ _____

para 6+7+8

(11) a sum of money that smb owes /n/ _____

(12) the main part of smth /n/ _____

(13) when you think about the true, important
or basic nature of smb/smth /adv/ _____

para 9

(14) the money that a government receives from
taxes or that an organization, etc. receives from its
business /n/ _____

(15) many different types of smth /adj/ _____

para 10

(16) an understanding of what smth is like /n/ _____

(17) to become or to make smth smaller
in size or amount /v/ _____

(18) to persuade smb to do smth, usually
by offering them smth /v/ _____

(19) the process of becoming worse /n/ _____

IV. Use the words from Exercise III to fill in the gaps.

1. Moreover, while traditional bureaucratic control is associated with tight supervisory attention, human relation control adopts team working to achieve management _____.

2. Private shareholders in Concorde would have required a high expected return to _____ them into such a risky project.
3. A paradigm _____ a particular conceptual framework through which the world is viewed and in which it is described.
4. Duncan and Lukes therefore have a much broader view of the function of theory than does Dahl, for whom the separation of fact and value appears an obvious and readily _____ objective.
5. In the UK, for example, economic expansions often had to be cut short by restrictive domestic policies as an increased demand for imports led to a _____ in the balance of payments.
6. Meanwhile, if oil prices remain low, America's visible-trade deficit could _____ to around \$40 bn in that period.
7. Bengal was a _____ untapped state in India for the Europeans and incidentally the most prosperous, and it became the first major economic and later political base of the English East India Company.
8. What changes are needed to meet women's _____ for employment?
9. In _____ of this goal France also decided to minimize the military and to highlight the civilian and communications facets of its space programme.
10. This new evidence _____ the need for any further enquiries.
11. Despite its huge _____ reductions in the years following 1979, and a budget deficit second only to that of the US, Saudi Arabia's major projects continue.
12. We can also make some preliminary connections to some of the issues with which "urban" sociology is _____ concerned.
13. Some elderly people can find pleasure in joining with others in their age group in _____ kinds of purposeful activity or service to the community.
14. The Fractal Geometry of Nature reminds us that mathematics can surprise us with _____ into the world in which we live.
15. By returning responsibility for quality and efficiency to individual workers, Pilkingtons improved routine problem-solving communications between plant management and the shopfloor without the _____ effect of technical intermediaries.

16. Once the spending plans are established, the necessary finance is sought, _____ through taxation.
17. The two largest creditor republics, Russia and Ukraine, would take 61.34% and 16.37% of the _____ respectively.
18. Overall, however, the _____ of evidence on female crime suggests that gender plays a relatively minor role in determining the response of the legal system.
19. Its price _____ the fact that it is not in the category of software expected to sell in millions of copies.

V. Find a word(s) or a word combination from Text A which makes a phrase complete, some words are given. Translate the phrases from English into Russian.

Example:

(0) the prospect of steady ... *employment* ...

(1) arising of (6) the distorting

(2) political power (7) the bulk of

(3) at the macroeconomic (8) governments are to in level the

(4) having more (9) for the of economic growth

(5) in the of price (10) theory into

VI. Translate the sentences from Russian into English. Use the phrases from Exercise V.

1. *Постоянная занятость* — это занятость индивида, которая гарантирована ему в течение всей его жизни. Это понятие не включает разовые, временные или сезонные работы, даже если они являются гарантированными.

2. Долгое время между государством и обществом существовал контракт: общество не вмешивается в политику, а государство в свою очередь обеспечивает обществу *растущий уровень жизни*.

3. Крупный бизнес сохранился как огромный экономический и финансовый генератор и стал *набирать политическую силу*.

4. Очевидно, что *макроэкономические цели* могут быть достигнуты только на путях дальнейшей интеграции России в мировую экономику и про-

должения многовекторной политики, направленной на развитие взаимовыгодных связей с соседями по СНГ, Европейским союзом и другими регионами.

5. Анализ показывает, что домашние хозяйства в России тратят значительно больше средств, чем их *располагаемый доход*, рассчитанный на основании данных, формально полученных из различных источников.

6. *Преследуя цели стабилизации роста цен*, правительство принимает решительные экономические шаги.

7. Экономический рост оценивается в реальном выражении *с целью устранить искажающий эффект инфляции*.

8. В отечественной и зарубежной литературе накоплено *большое количество данных*, подтверждающих эффективность политики расширения бюджетных расходов.

9. Главной причиной, сдерживающей развитие малого бизнеса, является тот факт, что *государство избыточно вмешивается в экономику*.

10. Теория денег *обеспечивает понимание* того, как работает эффективная кредитно-денежная политика.

VII. Look at the chart below which clarifies the difference among the three commonly misused words: *target*, *objective*, and *goal*.

<i>Target</i>	<i>Objective</i>	<i>Goal</i>
↓	↓	↓
Target is usually officially recorded in some way, for example by an <i>employer</i> or by a <i>government committee</i> . It is often specific, and in the form of <i>figures</i> , such as <i>number of sales</i> or <i>exam passes</i> , or a <i>date</i> .	People often set their own objectives: these are <i>things</i> that they wish to achieve, often as part of a <i>project</i> or a <i>talk</i> they are giving.	Goals are often <i>long-term</i> , and relate to people's <i>life</i> and <i>career plans</i> or the long-term plans of a <i>company</i> or <i>organization</i> .

Use the correct word *target*, *objective* or *goal* to complete the sentences.

1. The university will reach its _____ of 5,000 students next September.
2. The main _____ of this meeting is to give more information on our plans.

3. There is no _____ date for completion of the new project.
4. Managers should set specific performance _____ for their teams.
5. Do you think I'll be able to achieve my _____ of losing five kilos before the summer?
6. Our _____ is for the country to be fully independent within two years.
7. One of your first business _____ should be to get your own office.
8. Our ultimate _____ must be the preservation of the environment.
9. The government may fail to meet its _____ of recycling 25% of domestic waste.
10. Jiang set annual growth _____ of 8–9%.

VIII. Read the sentences below and decide which meaning (A, B or C) of the underlined word suits the context.

1. The statistics reflect a change in people's spending habits.

A to return light, heat, sound, or an image back
B to show, express, or be a sign of smth
C to think carefully, esp. about possibilities and opinions

2. Internet connections through conventional phone lines are fairly slow.

A used for a long time and considered the usual type
B considered to be normal, right, and socially acceptable
C used traditionally for special purposes

3. The report provides a framework for further research.

A the parts of a building or an object that support its weight and give it shape
B the structure of a particular system
C set of beliefs, ideas or rules that is used as the basis for making judgements

4. The figures they have used are just not accurate.

A exact
B arranged
C neat

5. The election victory gave the party a clear mandate to continue its programme of reform.

- A the period of time for which a government is given power B an official order given to smb to perform a particular task C the authority to do smth

6. She has considerable expertise in French history.

- A high level of knowledge B examination C judgement

7. Newspapers are often guilty of distorting the truth.

- A changing a situation from the way it would naturally be B changing facts, ideas, etc. so that they are no longer correct C changing the appearance or shape of smth so that it is strange or unclear

8. Her attitude lends a fresh perspective to the subject.

- A way of considering B profit C future success

9. We had estimated about 300 visitors, but the actual number was much higher.

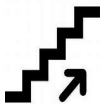
- A important B existing in fact C urgent

10. A market economy in China promises to mean that over the next decade Asia's geography can reassert itself.

- A a period of 10 days B a period of 10 months C a period of 10 years



IX. Look up the two commonly misused verbs adapt and adopt in the on-line Oxford Advanced Learner's Dictionary <<http://oald8.oxfordlearnersdictionaries.com/dictionary>>. Search for the meanings of these verbs and fill in the chart given below.



Adapt

1. _____
These styles can be adapted to suit individual tastes.
2. _____
The organisms were forced to adapt in order to survive.

Adopt

1. _____
a campaign to encourage childless couples to adopt
2. _____
All three teams adopted different approaches to the problem.

3. _____
Three of her novels have been adapted for television.

3. _____
The council is expected to adopt the new policy at its next meeting.

4. _____
Early Christians in Europe adopted many of the practices of the older, pagan religions.

5. _____
He adopted an air of indifference.

6. _____
She was adopted as parliamentary candidate for Wood Green.

X. Fill in the gaps with the correct verb *adapt* or *adopt*.

1. We had to _____ our plans to fit Jack's timetable.
2. Roz has _____ one or two funny mannerisms since she's been away.
3. The play had been _____ for children.
4. The ability to _____ is a definite asset in this job.
5. They have no children of their own, but they're hoping to _____.
6. It took me a while to _____ to the new job.
7. The new tax would force companies to _____ energy-saving measures.
8. Davies is busy _____ Brinkworth's latest novel for television.
9. He's _____ a remarkably light-hearted attitude towards the situation.
10. California has _____ a tough stance on the issue.



XI. Follow the link <<http://www.youtube.com/watch?v=IyRW3jEX9iI&noredirect=1>> and watch the video on *Why Price Stability Is Important for You*. Then answer the following questions.

1. How does the European Central Bank define *price stability*?
2. Why does money exist?
3. What circumstances push prices up and make money lose its value?
4. What is inflation?
5. How does the Central Bank control inflation?
6. How does the interest rate help to control price increases?

7. What is meant by the Eurosystem?
8. What is deflation?
9. How can deflation damage the economy?
10. What is the primary objective of the European Central Bank and the Eurosystem?



Text B

Price Trends in American History



(1) Economic historians and economists have charted the course of prices in the United States from the earliest settlements of the 17th century to the present day. Fragmentary information suggests that prices were falling throughout the 17th century as the demand for money (shillings) grew faster than the irregular supply. Variations in relative prices across colonies were common. As trade expanded and as the money supply became more regular, prices began to rise and price fluctuations to moderate. The development of wholesale commodity markets in the major port cities — Boston, New York, Philadelphia, and Charleston — led to the regular publication of price information in broadsheets or in tabular form in local newspapers known as “Prices Current,” and these have facilitated the construction of historical price indexes beginning in the early 18th century.

(2) The revolutionary war witnessed one of the first occurrences of wartime inflation in American history. Prices fell after the mid-1780s but soon rose again sharply beginning in the mid-1790s through the War of 1812. Prices fell sharply from their wartime peak in 1814, and continued to fall until reversing course in the early 1830s. The fall in prices that occurred after the panic of 1837 cemented in place a cyclical pattern in prices that, while hardly new to the economy, would be repeated several times up to and including the Great Depression of the 1930s — prices generally rose smartly during booms, but then fell, sometimes quite abruptly, during a recession.

(3) Following the recession of the early 1840s, the last two decades of the pre-Civil War period were generally a period of rising prices. Beginning in 1843, prices rose more or less continuously until once again declining in the wake of the panic of 1857, but stabilized shortly thereafter. Despite the increases of the preceding 20 years, on the eve of the Civil War the overall level of prices was still well below that experienced in the late 18th and early 19th centuries.

(4) The war years (1861–1865) witnessed substantial — uncontrollable, in the South — increases in prices due to the issuance of paper money by both the Union and Confederate governments. Prices rose sharply, and more importantly, relative to wages, created an “inflation tax” that helped both sides pay for the war effort.

(5) Prices fell after the Civil War, and except for a minor upswing in the early 1880s, continued on a downward trend until the late 1890s, when an expansion in the worldwide supply of gold produced an increase in the money supply and a rising price level that stabilized just before the outbreak of World War I (1914–1918). As during the Civil War, prices rose rapidly during World War I, as the sale of war bonds fostered an expansion of the money supply in excess of the growth of production.

(6) Prices fell sharply after the end of World War I and remained stable for the remainder of the 1920s. Stock prices were an important exception. Fueled by the postwar boom, these prices rose to unprecedented heights, before crashing down in October 1929. The depression that followed was by the far the worst in American history. Just as it had in previous downturns, the price level fell sharply between 1929 and 1933. Money wages also fell, but not as much as prices. Real output per capita decreased, and unemployment soared to nearly a quarter of the labor force in 1933. Prices began to recover after bottoming out in 1932, but fell again when the economy again went into decline late in the decade. In 1940, on the eve of U.S. entry into World War II, the price level was lower than it had been in 1930, and lower still than in the 1920s.

(7) With the entry into the war, the nascent economic recovery accelerated, and unemployment, which had stood at nearly 15% in 1940, declined sharply. The war effort put severe upward pressure on prices that, officially at least, was checked through the imposition of wage and price controls in 1942. Unofficially, price rises exceed those recorded by the government: black market activity was rampant, and black market prices do not figure into the official price indexes of the period. After controls were lifted in 1946, the price level rose rapidly, reaching a level in 1950 slightly more than double the level in 1940.

(8) Since 1950, the American economy has experienced a steady and substantial rise in price level, although the rate of increase — the inflation rate — varied across decades. Consumer prices rose by 23% in the 1950s and by another 31% in the 1960s. These increases were sufficient to prompt the Republican administration of President Richard Nixon to impose wage and price controls from 1971 to 1974. In the end, however, the controls did little to stem rising prices, particularly after an international oil embargo in 1973–1974 caused a

sharp spike in energy prices. By the end of the decade, the price level had risen a stunning 112% over the level prevailing in 1970. The price level continued to rise in the 1980s and 1990s but at a much reduced pace. By the end of the 1990s, the cumulative effects of post-1950 increases in the price level were such that one 1999 dollar purchased the equivalent of \$0.19 in 1950 prices.

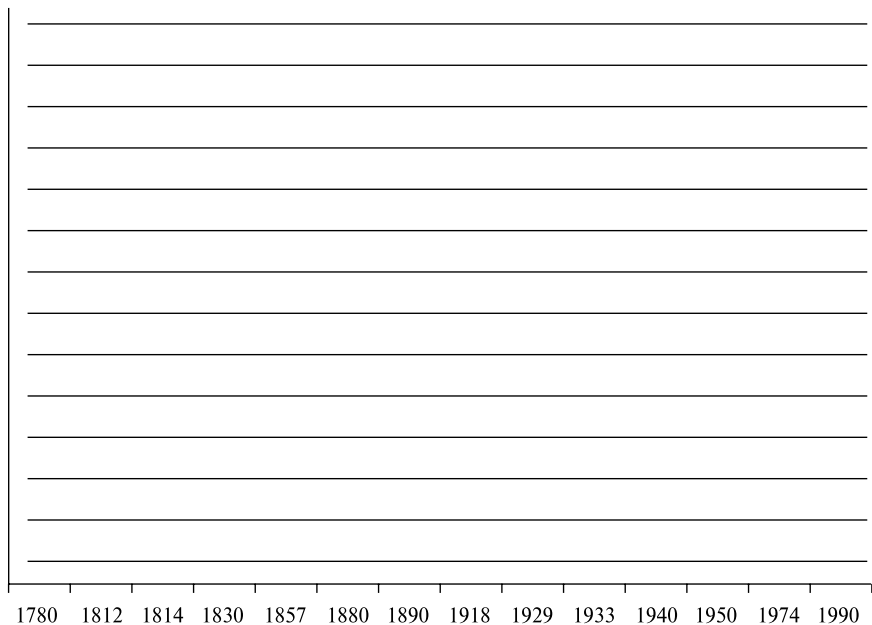
(9) Information on prices is routinely collected by government agencies and by the private sector. At the federal level, much of the responsibility is entrusted to the Bureau of Labor Statistics and the Bureau of Economic Analysis. Indexes produced by these agencies are published regularly in government documents such as Statistical Abstract of the United States and on-line at agency Web sites. For historical price indexes, readers are directed to the various editions of Historical Statistics of the United States. [3]

Vocabulary

abrupt /adj/	sudden and unexpected <i>an <u>abrupt</u> change of plan</i>
boom /n/	a quick increase of business/economic activity <i>The <u>boom</u> has created job opportunities.</i>
chart /v/	to record information about a situation or set of events over a period of time, in order to see how it changes or develops <i>Scientists have been <u>charting</u> temperature changes in the oceans.</i>
embargo /n/	an official order to stop trade with another country <i>an <u>embargo</u> on wheat exports</i>
foster /v/	to help a skill, idea etc. develop over a period of time <i>The bishop helped <u>foster</u> the sense of a community embracing all classes.</i>
moderate /v/	to make smth less extreme or violent, or to become less extreme or violent <i>We agreed to <u>moderate</u> our original demands.</i>
per capita /adj/	used to describe the average amount of smth in a particular place, calculated according to the number of people who live there <i>the country's <u>per capita</u> income</i>
rampant /adj/	if smth bad, such as crime or disease, is rampant, there is a lot of it and it is very difficult to control <i>Pickpocketing is <u>rampant</u> in the downtown area.</i>

- recession /n/ a difficult time when there is less trade, business activity etc. in a country than usual
There is deep recession in the UK.
- soar /v/ to increase quickly to a high level
The price of petrol has soared in recent weeks.
- spike /n/ a sudden large increase in the number or rate of smth
a spike in interest rates
- tabular /adj/ arranged in rows across and down a page, in the form of a table
The results are presented in tabular form.
- upswing /n/ an improvement or increase in the level of smth
an upswing in economic growth
- wholesale /adj/ affecting almost everything or everyone, and often done without any concern for the results
This company will not be successful until there are wholesale changes.

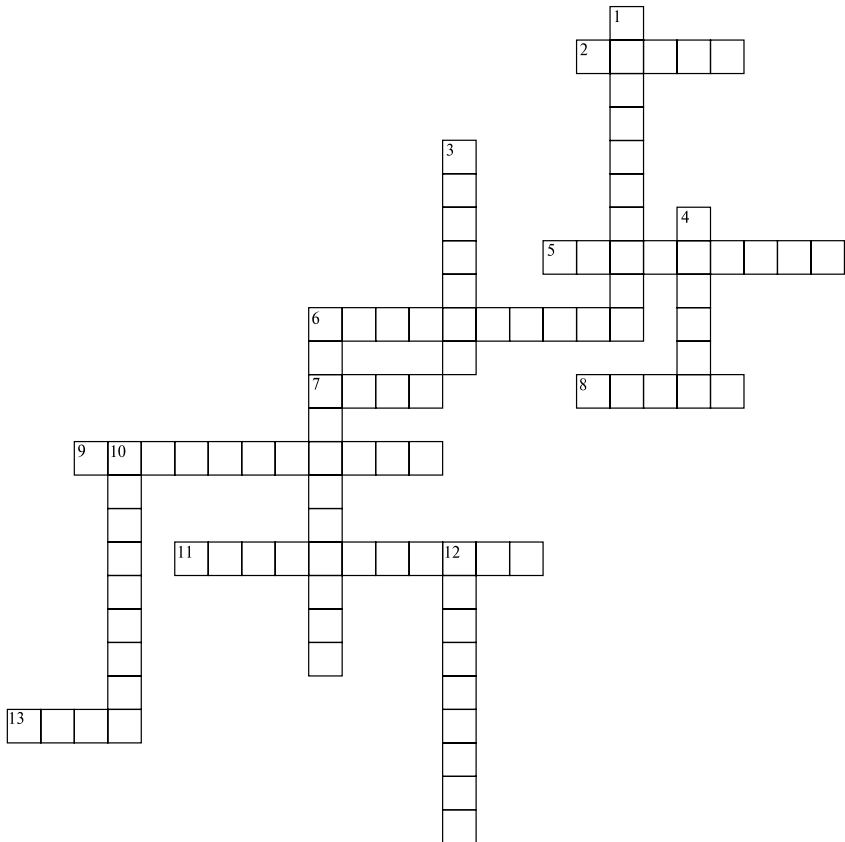
I. Read Text B and draw the chart illustrating the major price changes in American history.



II. Scan through Text B and find phrases which exemplify *positive*, *negative* and *neutral* changes in prices.

+	-	0
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

III. Scan through Text B once again (paragraphs 1–4) and find words which can help you do the crossword.



Across

- 2. The activity of buying, selling, or exchanging goods /n/
- 5. Happening or coming before the time, place, or part mentioned /adj/
- 6. A place where people have come to live and make their homes /n/
- 7. A period of sudden economic growth /n/
- 8. A collection of information stored on a computer or on a set of cards, in alphabetical order /n/
- 9. Consisting of many different small parts /adj/
- 11. A change in a price, amount, level etc. /n/
- 13. Shortly /adv/

Down

- 1. A newspaper that is printed on large sheets of paper /n/
- 3. In a way that is sudden and very noticeable /adv/
- 4. A period of 10 years /n/
- 6. Large in amount or number /adj/
- 10. A period when the economy of a country is not successful /n/
- 12. Not having an even, smooth pattern or shape /adj/



IV. Some global trends which are shaping new socio-economic environment are listed below. Which of them do you find the most influential? Why? Is Russia ready to take advantage of these trends (yes/no)? Justify your choice.

Yes No

1. Mobility in production and consumption is rising

A new era of mobility has come to stay. Consumption occurs everywhere and anytime. Moreover tools and resources to create value are more broadly distributed. What to distribute more?

Work, renewable technologies, mass teaching platforms etc. _____

2. Industrial revolution: how work is reshaped by robots and smart machines

Smart machines and robots affect society. Robots are everywhere — in stores, banks, public transport. Technology allows people to do what professionals once did. The new generation of smart machines will also create new types of jobs. The challenge for society will be to create a workforce that is skilled for them. _____

3. Escalation of resource wars

As the world's population moves towards 9 bn by 2050, resources are overused. By 2030 people will demand twice as many resources as the planet can supply. Scarcity is already driving resource price volatility and cross-border investments.

___ ___

4. The financial system is being reshaped

The financial system is changing. Regulators want improvements, companies want new means of financing and consumers need alternatives. The “banks” of the future will include state-owned entities, and firms that simply don't use cash: think bartering and community currencies.

___ ___

5. The struggle for control in the future

Rapidly growing economies (the BRICS and Beyond) will be there to control future economic boom, and social development will take place. Multipolar market landscape occurs based on different economic, social and political systems. The scope for sufficient political shifts at home and among nations is rising.

___ ___

V. Translate the words and phrases in *italics* from Russian into English.**Две ошибки макроэкономической политики**

Ошибка первая — низкие *1 госрасходы*

1 _____

В период *2 благоприятной* мирохозяйственной конъюнктуры 2000–2008 гг., когда и цены на нефть, и российская экономика, и *3 доходы бюджета* росли, был упущен шанс увеличить госрасходы на укрепление институтов и модернизацию экономики.

2 _____

Как слабость госинститутов — неспособность государства предоставлять в нужном объеме *4 общественные блага*, — так и отсутствие господдержки для модернизации экономики были как раз самым

4 _____

5 слабым звеном в цепочке рыночных реформ с 1992 г. Неразбериха 1990-х годов была вызвана в основном именно *6 несостоятельностью государства*: неспособностью правительства на всех уровнях *7 предоставить* общественные блага, а не несостоятельностью рынка.

5 _____

6 _____

7 _____

Ошибка вторая — попытки снизить инфляцию до 8 однозначных значений

8 _____

Снижение инфляции не должно быть главной задачей политики правительства. После августовского кризиса 1998 г. *9 бартер и неплатежи* вроде бы ушли в прошлое, но при *10 жесткой монетарной политике*, при попытке додать инфляцию до уровня менее 10% в год, неплатежи, судя по опыту прошлых лет, могут вновь появиться. Сказать, что мы *11 точно понимаем*, когда эти неприятные явления возникают и когда исчезают, отважатся, видимо, немногие. Эмпирическое правило пока что таково: *12 попытки снизить инфляцию* до уровня менее 10% в год могут вновь привести к *13 лавине неплатежей*. А далее — *14 невозврат кредитов* и, возможно, банкротство банков. Хотелось бы верить, что сегодня наша экономика может обойтись без бартера и неплатежей даже при низких, однозначных, уровнях инфляции. При появлении *15 первых признаков неплатежей* и подавления производства надо *16 смягчать монетарную политику*, так как вред от неплатежей и падения производства больше, чем от *17 умеренной инфляции*. Это — *18 долгосрочный ориентир* для монетарной политики [4].

18 _____



VI. Scan through Text B and find English equivalents for the following words and phrases.

- | | |
|----------------------------------------------------------|-----------------------------------------------------------------|
| (1) изменения (колебания) цен | (9) уровень безработицы резко повысился |
| (2) падение цен | (10) начавшийся экономический рост усилился |
| (3) цены уверенно росли в периоды экономического подъема | (11) безработица оставалась на уровне 15% |
| (4) цены резко снижались в период экономического спада | (12) экономика испытывала стабильный и ощутимый рост уровня цен |
| (5) незначительное повышение цен в начале 1880 г. | (13) потребительские цены увеличились на 23% |
| (6) до конца 1920-х годов цены оставались стабильными | |

(7) цены выросли до небывалых значений (беспрецедентного уровня)

(8) уровень цен резко снизился в период между 1929 и 1933 гг.

(14) резкий скачок цен на энергоносители

(15) цены возросли на целых 112%

(16) уровень цен продолжил расти, но уже меньшими темпами

VII. Use the words and phrases from Exercise VI to translate the sentences.

1. В экономике стран, поставляющих на экспорт разнообразный ассортимент товаров, в котором нет доминирующего компонента, *колебания цен* приводят к незначительным изменениям поступлений от экспорта.

2. С начала 1985 г. *падение цен* на нефть становится очевидным фактом, определяющим развитие мировой экономики.

3. *Цены уверенно росли* несмотря на строгие правительственные запреты.

4. В 1986 г. *цены снижаются до беспрецедентно низкого уровня* — менее 10 долл. за баррель в текущих ценах.

5. *Незначительное повышение цены* нечувствительно для потребителя, готового платить 30–50 руб. за 0,5 кг высококачественной продукции.

6. В 2000–2003 гг. *уровень цен резко снизился* до 13%, одновременно прекратился рост прибыли экономики.

7. *Уровень безработицы* экономически активного населения страны *резко повысился* к началу 2003 г. и составил 9%.

8. *Наступивший* в начале 1990-х годов *экономический рост* усилился с принятием новых стимулирующих производственную сферу мер.

9. В период 2003–2007 гг. российская экономика испытывала *стабильный и ощутимый рост уровня* покупательских цен.

10. *Резкий скачок цен на энергоносители* не мог не отразиться на стоимости производства молочной продукции.

VIII. Read the two parallel texts in Russian and English. Translate the missing words (phrases).

О чем никогда не рассказывают
основатели компаний

Some Things Founders
Don't Talk about

Быть 1 основателем бизнеса —
значит быть одиноком

Being a 1 _____ Is Lonely

Вы по определению стоите выше большинства людей. Зачастую у основателей бизнеса нет никого, с кем они могли бы поговорить на работе и кому они могли бы довериться дома. А учитывая *2 невероятные эмоциональные затраты*, которые всегда сопровождают работу над новым предприятием, основателям чрезвычайно трудно *3 справиться* со своими чувствами в одиночку.

Быть основателем бизнеса — значит постоянно мучиться сомнениями

Существует два типа основателей деловых предприятий: те, кто не знают, получится ли у них что-нибудь, и те, кто лукавят. Ни один из нас не знает, достигнет ли он успехов в том деле, которым занимается. Это неотъемлемая часть процесса начала *4 нового предприятия*. Однако окружающий мир должен видеть, как вы излучаете стопроцентную уверенность в своем подходе.

Быть основателем бизнеса — значит быть банкротом

На вершине эмоциональных американских горок находится лавина *5 долгов и финансового стресса*. Основатели бизнеса получают зарплату в последнюю очередь, и к тому времени, когда компания достигает достаточного уровня, чтобы платить своему основателю, его затраты уже

By definition, you don't have a lot of peers. This leaves most founders with no one to talk to at work and no one to confide in at home. Considering the *2 _____* invested into a startup, it's very difficult to be isolated when *3 _____* those emotions. Not an awesome feeling.

Being a Founder Is Riddled with Doubt

There are generally two types of founders — those who have no idea if things are going to work out, and those that are lying about it. We have no idea whether or not what we're doing is going to work. That's part of being a *4 _____* founder. But to the outside world, you need to project 100% confidence in your approach.

Being a Founder Bankrupts You

On top of the emotional roller coaster comes an absolute torrent of *5 _____*. Founders are the last to get paid, and by the time the company ever makes it to a point where it can start paying the founder, it's typically at a cost of that can almost never be repaid. What does it mean to invest everything into a company and have no idea if it will ever come back?

невозможно возместить. Что значит инвестировать все свои средства в компанию и не знать, можно ли будет их когда-нибудь вернуть?

Основателей бизнеса преследуют б неудачи

Главная проблема заключается не в неудаче как таковой, а в предшествующей ей полосе тревог. Это постоянное напоминание о том, что вы, возможно, *7 допустили где-то ошибку*, потеряли деньги, потратили время или испортили себе репутацию. Неудачи преследуют вас постоянно, и это не прекращается, даже если вам удалось совершить прорыв.

Основатель не может бросить свой бизнес

8 Когда дела идут хорошо, быть основателем приятно. Однако если корабль начинает тонуть, вместе с ним ко дну должен пойти и его капитан. То же самое касается основателей деловых предприятий.

Проводить подобные встречи необходимо

Всегда легче обсуждать такие популярные темы, как *9 привлечение клиентов* или *10 сделки по развитию предприятия*.

Гораздо труднее рассказывать о личных переживаниях, особенно когда они связаны с неудачами.

Однако мы вынуждены бороться

6 _____ Haunts You

The problem with failure isn't the failing itself, it's the shroud of anxiety that precedes it. It's a constant reminder that you may *7 _____*, lost money, wasted time, and ruined your reputation. It haunts you endlessly, and it rarely stops when you have a breakthrough moment.

It Can Feel Inescapable

8 _____, it's great to be the founder. But when the ship is sinking, the captain has to go down with it. And that fact isn't lost on any founder.

These Conversations Need to Happen

It's always easier to talk about popular topics like *9 _____* or *10 _____*. It's harder to talk about personal feelings, especially when they relate to failing. But we don't struggle with technical problems, we struggle with emotional ones. If that means taking more opportunities to combine good

не с техническими проблемами, а с эмоциональными. И если для этого нужно чаще собирать основателей предприятий за приятными напитками, то так тому и быть. Проводить подобные встречи необходимо.

founders with a few delicious drinks, so be it. These conversations need to happen. [6]



Review

Answer the following questions.

1. What are the society's economic objectives at macroeconomic level?
2. What is meant by full employment? How does it affect the economy?
3. How does the European Central Bank define price stability?
4. How can economic growth be measured in terms of GDP? Are *economic growth* and *economic development* synonyms?
5. What instruments help governments manage the economy?
6. What are the basic types of fiscal policy?
7. Can price stability be achieved? Use America's price trends (see Text B) to illustrate your answer.
8. What happens to price trends during war periods and recessions?
9. What do prices do during economic recovery? Illustrate your answer with statistics from Text B.
10. How would you characterise the general price trend in America's historic perspective?

Self-Study

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

1. Capital allowances are ___ relevant since the company is a non-taxpaying entity.

a) in

b) ir

c) un

2. Suppose it is recognized that economies of scale may lead to monopoly or other forms of imperfect competition that tend to ___ allocate resources.

- a) un b) non c) mis

3. It is nearly always ___ possible to raise the first quote.

- a) in b) im c) un

4. Growth may ___ courage competitors and may ___ courage others from entering the field.

- a) in b) un c) dis

5. Until now firms have had to pay the tax on all their sales, even when customers have left bills ___ paid.

- a) un b) dis c) under

6. The content of informal discussions will be ___ predictable and cover a wide variety of material.

- a) a b) un c) non

7. The future date specified is in an ___ valid format.

- a) un b) dis c) in

8. Some may find it ___ convenient to take the time off work to be screened.

- a) in b) un c) dis

9. Others have less choice, they work as the skilled, the semi-skilled and ___ skilled.

- a) in b) non c) un

10. In most contemporary societies the law is the only human institution claiming ___ limited authority.

- a) in b) un c) dis

II. Fill in the gaps using words from the box below.

<i>for at on in of by to</i>

1. How quickly the services will be ___ offer depends ___ BT, Mercury and the operators of mobile radio networks.
2. If the proposals which I put forward ___ behalf of the Conservative group had been adopted, £15,000 not £1,500 would have been available ___ practical environmental issues this year.
3. Suppose that a contract to sell ___ a given price for a specified period is, for whatever reason, advantageous ___ both buyers and sellers.
4. One of the factors cited ___ government as important ___ determining the structure of benefits is “the effect on family stability.”
5. ___ response to the news, Anglo United pulled out of the bidding for the company, explaining that the operation was now too small to be ___ any interest.
6. Similarly, a fall ___ the real wage will induce a decrease ___ the supply ___ labour.
7. Lack of internal capital and entrepreneurial experience mean that rural people are often not able to take advantage ___ such opportunities.
8. A service company makes its profits ___ hiring people ___ one price and selling their time ___ a higher price.

III. Read the text about Russia’s economy and translate the underlined phrases from Russian into English.

Горе от сырья

В российской экономике деградируют отрасли, не связанные с нефтью и газом

Недавно правительство утвердило долгосрочный прогноз социально-экономического развития страны до 2030 г. Главный принцип, лежащий в основе прогноза, неизменен вот уже много лет подряд. Сохранятся высокие цены на нефть — все с нашей экономикой будет хорошо. Упадет баррель — и все показатели снизятся вслед за ним.

Принимался этот прогноз правительством на фоне привычных разговоров о необходимости выбора инновационного пути развития для нашей экономики в противовес сырьевой модели. Но примерно в те же дни эксперты Центра развития Высшей школы экономики обнародовали исследование, в котором подсчитали, как менялся вклад тех или иных отраслей в ВВП страны за минувшие 10 лет.

На фоне многолетних разговоров о необходимости диверсификации российской экономики и планов избавления ее от нефтегазовой зависимости деградируют целые отрасли, не связанные с добычей сырья. Цифры наглядно это доказывают: вклад добычи полезных ископаемых в ВВП с 2002 по 2012 г. вырос почти в 2 раза — с 5,9 до 9,3%. А доля обрабатывающих производств за это время сократилась с 15,2 до 13,0%. Примерно на столько же снизился вклад транспорта и связи, а также сельского хозяйства. В минусе практически все сферы, относящиеся к реальному сектору экономики. Зато, помимо углеводородов, в жирном плюсе — сектор госуправления (с учетом обеспечения военной безопасности и социального страхования): его вклад вырос с 4,5 до 5,6% от всего ВВП.

Экономисты Центра развития показали, что даже в сравнении с развитыми сырьевыми странами — Австралией, Канадой, Нидерландами — в России гипертрофированно развиты добыча полезных ископаемых, нефтепереработка и оптовая торговля. Однако сильно недоразвиты здравоохранение, образование и многие виды услуг, в том числе финансовые. Исследователи пришли к выводу: предыдущие 10 лет российская экономика росла почти исключительно за счет сырья, а стремительный — в 3 с лишним раза — рост душевого ВВП не был заработан, он явился лишь следствием повышения цен на нефть и газ. Следовательно, в случае их падения отечественная экономика может оказаться отброшена далеко назад, поскольку никакими иными драйверами роста она за прошедшие 10 лет так и не обзавелась.

И все представления о том, что российская экономика может с легкостью от сырьевой направленности быстро перейти к инновационному развитию, — это иллюзия. Дело в том, что в последние годы мы активно строили новые нефте- и газопроводы, вкладывая туда десятки миллиардов долларов. Всю эту сырьевую инфраструктуру невозможно просто так взять и бросить, ее придется нагружать — а значит, выкачивать все больше полезных ископаемых, углубляться в труднодоступные районы страны, разрабатывая там все более сложные месторождения [5].

IV. Read the text and fill in the gaps with the words from the box. Remember to change the form of the word.

to run to cause to occur to originate to owe to affect to purchase

Demand Shock

In economics, a *demand shock* is a sudden event that increases or decreases demand for goods or services temporarily.

A positive demand shock increases demand and a negative demand shock decreases demand. Prices of goods and services are 1 _____ in both cases. When demand for a good or service increases, its price typically increases because of a shift in the demand curve to the right. When demand decreases, its price typically decreases because of a shift in the demand curve to the left. Demand shocks can 2 _____ from changes in things such as tax rates, money supply, and government spending. For example, taxpayers 3 _____ the government less money after a tax cut, thereby freeing up more money available for personal spending. When the taxpayers use the money to 4 _____ goods and services, their prices go up.

In the midst of a poor economic situation in the United Kingdom in November 2002, the Bank of England's deputy governor, Mervyn King, warned that the domestic economy was sufficiently imbalanced that it 5 _____ the risk of causing a "large negative demand shock" in the near future. At the London School of Economics, he elaborated by saying, "Beneath the surface of overall stability in the UK economy lies a remarkable imbalance between a buoyant consumer and housing sector, on the one hand, and weak external demand' on the other."

During the global financial crisis of 2008, a negative demand shock in the United States economy was 6 _____ by several factors that included falling house prices, the subprime mortgage crisis, and lost household wealth, which led to a drop in consumer spending. To counter this negative demand shock, the Federal Reserve System lowered interest rates. Before the crisis 7 _____, the world's economy experienced a positive global supply shock. Immediately afterward, however, a positive global demand shock led to global overheating and rising inflationary pressures. [6]

Important Terms of the Unit

balance of payment	government intervention	price stability
disposable income	Gross Domestic	stable prices
equilibrium	Product	standard of living
fiscal policy	inflationary period	surplus

fixed exchange rate
frictional
unemployment
full employment

labour force
market failure
monetary policy
money demand/supply

unfavourable balance
of payment



Extension Activities

The second part of this book *Skills development* contains a variety of activities which may help you progress in reading, writing, listening and speaking.

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