Unit 1. Economics. General information

Text 1A

1. Before you start.



- What is economics?
- Why is economics important?
- Why can we call economics “a social science”?
- Can you name the main economic problems that modern society faces nowadays? How can the knowledge of economics help solve them?



2. Read the words and learn them by heart. Make up your own sentences with them.

1. **Economics** – экономика, народное хозяйство
2. **Economy** – хозяйство, экономика, экономия, бережливость
3. **Economic** – экономический, хозяйственный
4. **To examine** – исследовать, изучать, экзаменовать
5. **Alternative** – альтернатива, выбор
6. **Available** – доступный, имеющийся в наличии
7. **To involve** – включать, вовлекать
8. **A scientific approach** – научный подход
9. **Investigation** – исследование, расследование
10. **Choice** – выбор
11. **Scarcity** – недостаток, дефицит
12. **Cost** – цена, стоимость, затраты
13. **To cost (cost, cost)** – стоить, обходиться
14. **To select** – отбирать, выбирать
15. **Opportunity cost** – «цена выбора», альтернативная стоимость, стоимость упущенной возможности

16. **Resource** – ресурсы, средства
17. **To produce** – производить, создавать
18. **Production** – производство, изготовление
19. **Housing** – жилищные условия, жилищное строительство, обеспечение жильем
20. **Practically** – практически, фактически
21. **To require** – нуждаться (в чем-либо), требовать (что-либо)
22. **To confront** – сталкиваться, противостоять
23. **Issue** – выпуск, издание; вопрос
24. **To give up smth.** – сдаться, отказаться (от чего-либо)
25. **To cut back on smth.** – сокращать (расходы, потребление чего-либо)
26. **To preserve** – сохранять, хранить
27. **A wilderness area** – нетронутая местность, дикая местность
28. **Good** – товар, благо, польза
29. **Service** – услуга
30. **To determine** – определять, устанавливать
31. **To employ** – нанимать, предоставлять работу
32. **Skilled** – умелый, искусный, квалифицированный
33. **Recycled** – переработанный, использованный повторно
34. **Raw materials** – запасы сырья и материалов, сырьё
35. **Representative** – представитель
36. **To complain** – жаловаться
37. **Consumption** – потребление, расход
38. **To allocate** – назначать, распределять



3. Read the text 1A, translate it and compare your ideas in ex.1 with the facts.

Defining Economics

Economics is a social science that examines how people choose among the alternatives available to them. It is social because it involves people and their behavior. It is a science because it uses, as much as possible, a scientific approach in its investigation of choices.

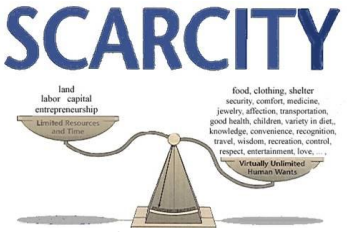
Scarcity, Choice, and Cost

All choices mean that one alternative is selected over another. Selecting among alternatives involves three ideas central to economics: scarcity, choice, and opportunity cost.

Scarcity

Our resources are limited. At any one time, we have only so much land, so many factories, so much oil, so many people. But our wants, our desires for the things that we can produce with those resources, are unlimited. We would always like more and better housing, more and better education – more and better of practically everything.

If our resources were also unlimited, we could say yes to each of our wants – and there would be no economics. Because our resources are limited, we cannot say yes to everything. To say yes to one thing requires that we say no to another. Whether we like it or not, we must make choices.



http://budirich.files.wordpress.com/2011

Scarcity and the Fundamental Economic Questions

The choices we confront as a result of scarcity raise three sets of issues. Every economy must answer the following questions:

1. **What should be produced?** Using the economy's scarce resources to produce one thing requires giving up another. Producing better education, for example, may require cutting back on other services, such as health care. A decision to preserve a wilderness area requires giving up other uses of the land. Every society must decide what it will produce with its scarce resources.

2. **How should goods and services be produced?** There are all sorts of choices to be made in determining how goods and services should be produced. Should a firm employ a few skilled or a lot of unskilled workers? Should it produce in its own country or should it use foreign plants? Should manufacturing firms use new or recycled raw materials to make their products?

3. **For whom should goods and services be produced?** If a good or service is produced, a decision must be made about who will get it. A decision to have one person or group receive a good or service usually means it will not be available to someone else. For example, representatives of the poorest nations on earth often complain that energy consumption per person in the United States is 17 times greater than energy consumption per person in the world's 62 poorest countries. Critics argue that the world's energy should be more evenly allocated. Should it? That is a "for whom" question.

So, every economy must determine what should be produced, how it should be produced, and for whom it should be produced.

(Source: http://www.saylor.org)

4. Say if the sentences concerning Text 1A are true or false.



1. Economics is an exact science that deals with numbers and shapes.
2. Economics does not involve people and their behaviour.
3. Economics uses a scientific approach in its investigation of choices.
4. We have so much land, so many factories, so much oil, so many people, – so our resources are unlimited.
5. No matter whether we like it or not, we must make choices.
6. The first question that economy must answer is "Where can we get money for production?"
7. Every society must decide what it will produce with its scarce resources.
8. It is not important for a producer to know who will get his products and services.
9. A decision to have one person or group receive a good or service usually means it will not be available to someone else.



5. Answer the following questions.

1. Why can economics be called a science?
2. What ideas does selecting among alternatives involve?
3. How do you understand the idea of scarcity?
4. What are the three fundamental economic questions?
5. Why should we always make choices?
6. Can we say "yes" to everything? Why?
7. Explain the idea of how should goods and services be produced.
8. How do you understand the idea of "for whom should goods and services be produced"?

6. Give English equivalents of the following words and word combinations from Text 1A.



Общественная наука, научный подход, дефицит, вариант (выбор из двух возможностей), жилищные условия, практически, неограниченный, нравится нам или нет, комплекс вопросов; Что производить!? Как производить и для кого производить!? сокращение других услуг, здравоохранение.

7. Using vocabulary in ex.2 match the words with their definitions.

Word	Definition
1. **economics**	**a.** the process of growing or making food, goods or materials, especially large quantities.
2. **choice**	**b.** a business whose work involves doing smth. for customers but not producing goods.
3. **scarcity**	**c.** things that are produced to be sold.
4. **production**	**d.** the study of how a society organizes its money, trade and industry.
5. **goods**	**e.** shortage of smth. and difficulty to obtain
6. **service**	**f.** to make smb. do or have smth., especially because it is necessary according to a particular law or set of rules.
7. **resource**	**g.** an act of choosing between two or more possibilities.
8. **to require**	**h.** to give smb. a job to do for payment.
9. **to employ**	**i.** the act of using energy, food or materials.
10. **consumption**	**j.** a supply of smth. that a country, an organization or a person has and can use, especially to increase their wealth.



8. Discuss with the group the following topics:

- How do geographical, cultural, ethnic peculiarities influence a country's economy: what to produce, how to produce, and for whom?
- Find various definitions and quotations about economics and discuss them with the group (use internet for additional information).
- For additional information read the text **"Scarcity"** in **Appendix I** and discuss it.

Text 1B



1. Before you start.

- What do you think opportunity cost is?
- What influences you when you have to make choices?

2. Read the words and learn them by heart. Make up your own sentences with them.



1. Opportunity cost – «цена выбора», альтернативные издержки, издержки неиспользованных возможностей;

2. To forgo – отказываться от чего-либо, воздержаться от;

3. Value – ценность, важность, полезность

4. To value – оценивать, расценивать

5. Valuable – ценный, полезный, дорогой

6. To spend (spent, spent) – тратить, расходовать, проводить (время)

7. To expect – ожидать, ждать, рассчитывать

8. Purchase – покупка, приобретение

9. To purchase – покупать, приобретать

10. Price – цена, ценность

11. Fee – плата за услуги, гонорар, вознаграждение

12. Tuition – обучение, сумма приобретенных знаний

13. Endeavour – область деятельности

14. To sacrifice – жертвовать, приносить жертву, терять

3. Read the text 1B, translate it and compare your ideas in ex.1 with the facts.



Opportunity Cost

It is within the context of scarcity that economists define what is perhaps the most important concept in all of economics, the concept of opportunity cost. Opportunity cost is the value of the best alternative forgone in making any choice.

The opportunity cost to you of reading the remainder of this unit will be the value of the best other use to which you could have put your time. If you choose to spend $20 on a potted plant, you have simultaneously chosen to give up the benefits of spending the $20 on pizzas or a paperback book or a night at the movies. If the book is the most valuable of those alternatives, then the opportunity cost of the plant is the value of the enjoyment you otherwise expected to receive from the book.



http://superprofs.com/blog/wp-content/up

The concept of opportunity cost must not be confused with the purchase price of an item. Consider the cost of a college or university education. That includes the value of the best alternative use of money spent for tuition, fees, and books. But the most important cost of a college education is the value of the forgone alternative uses of time spent studying and attending class instead of using the time in some other endeavor. Students sacrifice that time in hopes of even greater earnings in the future or because they place a value on the opportunity to learn. Or consider the cost of going to the doctor. Part of that cost is the value of the best alternative use of the money required to see the doctor. But, the cost also includes the value of the best alternative use of the time required to see the doctor. The essential thing to see in the concept of opportunity cost is found in the name of the concept. Opportunity cost is the value of the best opportunity forgone in a particular choice. It is not simply the amount spent on that choice.

The concepts of scarcity, choice, and opportunity cost are at the heart of economics. A good is scarce if the choice of one alternative requires that another be given up. The existence of alternative uses forces us to make choices. The opportunity cost of any choice is the value of the best alternative forgone in making it.

(Source: http://www.saylor.org)

4. Say if the sentences concerning Text 1B are true or false.



1. Opportunity cost is the value of the worst alternative forgone in making any choice.
2. If you choose to spend $20 on a potted plant, you have simultaneously chosen to give up the benefits of spending the $20 on pizzas or a paperback book or a night at the movies.
3. The concept of opportunity cost is the same as the purchase price of an item.
4. A good is scarce if the choice of one alternative requires that another be given up.
5. The absence of alternative uses forces us to make choices.

5. Answer the following questions.

1. What is the most important concept in all of economics according to economists?
2. What is the opportunity cost?
3. How can we measure the opportunity cost?

4. What economic notion must not the opportunity cost be confused with?
5. What value does university education include?
6. What concepts are at the heart of economics?

6. Give English equivalents of the following words and word combinations from Text 1B.

Цена наилучшей альтернативы, остальная часть урока, потратить свое время, не следует путать, отказаться от выгоды, вечер в кино, самое ценное, стоимость утраченной возможности, покупная цена, в надежде на большие заработки, взвесить возможность, деньги, требуемые для визита к врачу.

7. Using vocabulary in ex.2 match the words with their definitions.

Word	Definition
1. value	**a.** the act or process of buying smth.
2. to spend	**b.** an amount of money that you pay for professional advice or services.
3. purchase	**c.** to think or believe that smth. will happen or that smb. will do smth.
4. price	**d.** how much smth. is worth in money or other goods for which it can be exchanged.
5. fee	**e.** an advantage that smth. gives you.
6. to expect	**f.** the amount of money that you have to pay for smth.
7. cost	**g.** a thing that you can choose to do or have out of two or more possibilities.
8. alternative	**h.** the amount of money that you need in order to buy, make or do smth.
9. benefit	**i.** to give money to pay for goods, services, etc.



8. Discuss with the group the following topics:

Opportunity cost

To understand the opportunity costs of your options it is recommended to list the choices and identify their advantages and disadvantages. Read the following paragraph and answer the questions to explain how you might choose to use your scarce time and money.

It's Sunday morning and you're going to meet your friends and spend time joyfully together. Then you get two phone calls that make you stop and think. Firstly, a friend calls you to invite to

an-all day music festival where your favourite band will play. With transport expenses, tickets to the show, and lunch, you figure you'll spend $50, which will put a dent in the money you're saving for your dream trip. Second, your close relative calls offering you the opportunity to help paint their apartment. He will pay you $75 for the day of work. What will you do? Explain your decision.

a) List your choices (a. _____ b. _____ c. _____).
b) Describe the advantages and disadvantages of each choice.

Text 1C



1. Before you start.

- What is the difference between microeconomics and macroeconomics?
- What are their goals?

2. Read the words and learn them by heart. Make up your own sentences with them.



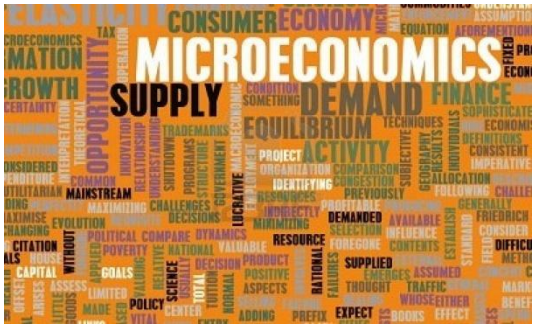
1. **To divide** – делить, разделять
2. **Realm** – область, сфера
3. **Distinction** – различение, разграничение
4. **To consume** – потреблять, расходовать
5. **Consumer** – потребитель, покупатель, клиент
6. **Impact** – влияние, воздействие, эффект
7. **Market** – рынок, базар
8. **Aggregate** – совокупный, сгруппированный
9. **Real estate** – недвижимость, недвижимое имущество
10. **To end up** – прекратиться, закончить
11. **Discount** – скидка, дисконт
12. **To regard** – рассматривать, считать
13. **The rate of inflation** – уровень инфляции, темп инфляции
14. **To increase** – увеличиваться, повышать
15. **To decrease** – уменьшаться, сокращать
16. **Output** – продукция, выпуск
17. **Employment** – занятость, служба
18. **Unemployment** – безработица, незанятость



3. Read the text 1C, translate it and compare your ideas in ex.1 with the facts.

Microeconomics and Macroeconomics

The field of economics is typically divided into two broad realms: microeconomics and macroeconomics. It is important to see the distinctions between these broad areas of study.



http://en.docsity.com/wordpress/wp-conte

Microeconomics is the branch of economics that focuses on the choices made by individual decision-making units in the economy – typically consumers and firms – and the impacts those choices have on individual markets. Macroeconomics is the branch of economics that focuses on the impact of choices on the total, or aggregate, level of economic activity.

Why do tickets to the best concerts cost so much? How does the threat of global warming affect real estate prices in coastal areas? Why do women end up doing most of the housework? Why do senior citizens get discounts on public transit systems? These questions are generally regarded as microeconomic because they focus on individual units or markets in the economy.

Is the total level of economic activity rising or falling? Is the rate of inflation increasing or decreasing? What is happening to the unemployment rate? These are questions that deal with aggregates, or totals, in the economy; they are problems of macroeconomics. The question about the level of economic activity, for example, refers to the total value of all goods and services produced in the economy. Inflation is a measure of the rate of change in the average price level for the entire economy; it is a macroeconomic problem. The total levels of employment and unemployment in the economy represent the aggregate of all labor markets; unemployment is also a topic of macroeconomics.



http://s2.hubimg.com/u/4825411_f260.jpg

Both microeconomics and macroeconomics give attention to individual markets. But in microeconomics that attention is an end in itself; in macroeconomics it is aimed at explaining the movement of major economic aggregates – the level of total output, the level of employment, and the price level.

We have now examined the two branches of economic way of thinking: microeconomics and macroeconomics.

(Source: Principles of Microeconomics http://www.saylor.org)

4. Say if the sentences concerning Text 1C are true or false.

1. There exist three broad realms of the field of economics: micro-, middle- and macroeconomics.
2. Macroeconomics studies economy as a whole.
3. Microeconomics studies the economic behaviour of individual firms.
4. Economics is concerned with production, distribution, and consumption of goods and services.
5. The question of how the threat of global warming affects real estate prices in coastal areas is the problem of macroeconomics.
6. The study of the rate of inflation refers to microeconomic sphere.
7. The total levels of employment and unemployment in the economy are a topic of macroeconomics.



5. Answer the following questions.

1. What is the field of economics typically divided into?
2. What does microeconomics focus on?
3. What individual decision-making units in the economy do you know?
4. What does macroeconomics focus on?
5. What questions are generally regarded as microeconomic? Why?
6. What problems are regarded as macroeconomic? Why?
7. What do both microeconomics and macroeconomics give attention to? What are the peculiarities of this attention?

6. Give English equivalents of the following words and word combinations from Text 1C.

Сфера экономики, две широкие области, хозяйственная единица с правом принятия решений, отдельные рынки, влияния выбора, потребители, экономическая активность, общий или совокупный уровень, влиять на цены на недвижимость, отказаться, пожилые люди, получать скидки, система общественного транспорта, уровень инфляции, рост и падение экономической активности, уровень безработицы, общая стоимость всех товаров и услуг, средний уровень цен, рынок труда, самоцель, весь выпуск продукции, совокупные экономические показатели.

7. Using vocabulary in ex.2 match the words with their definitions.

Word	Definition
1. to consume	**a.** easy to sell; attractive to customers and employers.
2. market	**b.** to become or make smth. become smaller in size, number, etc.
3. to increase	**c.** the fact of a number of people not having a job.
4. to decrease	**d.** a person who buys goods or uses services.
5. unemployment	**e.** an amount of money that is taken off the usual cost of smth.
6. consumer	**f.** an open area or building where people meet to buy and sell goods.
7. marketable	**g.** to eat or drink smth.
8. discount	**h.** to become or to make smth. greater in amount, number, value, etc.



8. Discuss with the group the following topics:

1. Explain the key-terms of micro- and macroeconomics.
2. Study the following economic terms: labor economics, international economics, agricultural economics, public finance, applied welfare economics. Explain them to your groupmates (use internet for additional information).



1. Fill in the gaps using the words below:

Fee, increased, decreased, price, value, purchase, consumption, spent, consume, require, resources, expected, economics, services, goods, production

1. She studied politics and _____ at Cambridge. 2. This car model went out of _____ in 2000. 3. The cargo delivered _____ in time. 4. The supply of water, gas, and electricity are

essential _____. 5. Natural _____ in this region are quite diverse and rich. 6. She was advised to reduce her chocolate _____. 7. Little babies _____ a lot of love and attention. 8. Every year private property increases in _____. 9. He _____ a great amount of money on a new car. 10. Keep your receipt as proof of _____. 11. Children over seven must pay full _____ for the ticket. 12. House prices are _____ to rise sharply. 13. In winter people _____ large amounts of heat and electricity. 14. The rate of inflation has _____ by 6% since the beginning of the year. 15. The number of new students _____ from 180 to 150 this year. 16. Does the bank charge a _____ for setting up the account?

2. Translate the following sentences using the vocabulary of Unit 1.

1. Я выполню работу как можно экономнее. 2. Производство новых вертолетов начнется в этом году. 3. В нашем районе открылся новый магазин с низкими ценами. 4. Товары в этом магазине довольно дорогие; не каждый может позволить себе купить их. 5. Стоимость украденных товаров составила 3 млн. рублей. 6. Наша компания оказывает финансовые и юридические услуги. 7. Сервис в этом отеле оставляет желать лучшего. 8. Мы договорились объединить наши ресурсы (to pool one's resources). 9. У компании нет свободных средств, чтобы поменять компьютеры. 10. Потребление тепла и электричества возрастает в холодное время года. 11. Потребуется, чтобы все абитуриенты сдали вступительный тест. 12. Победитель получит приз стоимостью $10 000. 13. Я потратил все свои деньги. 14. Они приобрели землю под строительство коттеджа за 1 млн. рублей. 15. Цены на молочные продукты снова возрастут. 16. Мы ожидаем рост цен на продукты питания (a rise in food prices) этой осенью. 17. Люди не ожидали, что темпы инфляции будут такими высокими.



3. Speaking. Make a presentation on the following topics:

- A historical outline of economics as a science.
- Outstanding economists and their theories.

