

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ

**ХАРКІВСЬКИЙ НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ
МІСЬКОГО ГОСПОДАРСТВА імені О. М. БЕКЕТОВА**

**Збірник текстів і завдань до організації самостійної роботи
з дисципліни “Іноземна мова (за професійним
спрямуванням)”(англійська мова)**

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INTRODUCTION

These educational materials are designed for the ESP students of the 1st and 2nd year of studies of economics to develop their knowledge and skills in English according to their profession.

This manual is based on the authentic texts from different sources concerning Economics. It contains the tasks for reading and translation, vocabulary tasks and tasks for self-study. The manual consists of 9 units and is expected to be covered during student's practical lessons.

Each unit contains:

- pre-reading activity (questions and tasks)
- an authentic text for reading, translation and discussion in class;
- comprehension exercises;
- key vocabulary according to the topic. All key words are taken from the basic text where they are typed in italics;
- exercises for memorization and mastering key vocabulary;

The manual can be recommended for student's self-study.

UNIT 1 FOREIGN LANGUAGES IN PEOPLE'S LIFE

Language Questionnaire

1. How long have you been studying English?
2. Why did you start learning this language?
Did you learn any other foreign languages before you started to study English?
3. Do you enjoy learning this language?
4. What do you like most of all?
 - a) speaking English to your friends, teachers and native speakers;
 - b) reading English books in translation and in the original;
 - c) listening to and understanding English songs;
 - d) watching video films in the original;
 - e) doing grammar exercises;
 - f) doing English crosswords and puzzles;
 - g) other.
5. What areas of the language do you find most difficult to study?
 - a) grammar; b) vocabulary; c) pronunciation.
6. Which language skill is your weak point?
 - a) speaking; b) listening; c) writing; d) reading.
7. Do you work at your language systematically or from time to time?
8. What is the most boring aspect of English for you?
9. What do you think is the best way to learn pronunciation (grammar, vocabulary)?
10. Do you prefer British or American English? Why?
11. Do you think it is possible to learn a foreign language perfectly?
12. What are you going to need foreign languages for in your future job?
 - a) To act as an interpreter.
 - b) To be entertained when you are abroad.
 - c) To entertain foreign guests.
 - d) To work as a foreign language teacher.
 - e) To make travel and hotel arrangements when you travel abroad.
 - f) To read articles in scientific and technical journals.

Task 1. Read the text and decide if the statements after it are true or false

English as a World Language

English is losing its political and cultural associations and becoming the property of all cultures. Over 70 countries in the world use English as the official and semi-official language, and in 20 more English occupies an important position. It is the main foreign language taught within most school systems worldwide, many newspapers are published in English and it is the language of much radio and

television broadcasting. English is the language of international business, the main language of airports, air traffic control and international shipping. It is the language of science, technology and medicine, and it is estimated that two-thirds of all scientific papers today are first published in English. It is the language of diplomacy and sport; it is one of the working languages of the United Nations and the language used by the International Olympic Committee. International pop culture and advertising are also dominated by English. 70% of the world's mail is written in English, and 80% of all information in electronic retrieval systems is stored in English.

English infiltration of foreign languages is often regarded with horror. One of the Presidents of France, Pompidou, recommended a return to totally unpolluted French with an abolition of all anglicisms. In official documents “fast food” and “jumbo jet” were to be referred to by French expressions instead. But it would be difficult to eradicate the use of such familiar French terms as “le weekend”, “le sandwich” or “le parking”. French is not the only “polluted” language. In German we find “der Babysitter”, “der Bestseller” and “der Teenager”. “Weekend ” turns up again in Italian, where we can also find “la pop art” and “il pop corn”. “Jeans” is found in almost every language of the world, and in Spanish we also have “pancakes”, and “sueter” (sweater). Russian young people like to wear the latest trainer-style “shoozy”. But this invasion is not one-sided. Other languages have quietly been getting their own back for a long time. Native English speakers may think they are speaking “pure” English when they talk about the alphabet, the traffic, a mosquito, a sofa, a garage, their pyjamas or their boss, but Grec, Italian, Spanish, Arabic, French, Hindi and Dutch speakers never know better!

Statements:

1. English is losing the importance for the world culture T/F
2. More than 90 countries in the world use English as their official and semi-official language T/F
3. English is one of the main languages for mass-media T/F
4. English is the working language of all international airlines T/F
5. All scientific papers today are first published in English T/F
6. The staff of all foreign embassies should know English T/F
7. Some European countries resent the peaceful invasion of English T/F
8. English is the only language that “pollutes” other languages T/F
9. It is impossible to preserve language purity in the age of computer technologies T/F

Task 2. Read and translate the text. Correct statements given below it.

One world – One language?

Many people feel that the only realistic chance of breaking the foreign

language barrier is to use natural language as a world lingua franca. Today, English is the main contender for the position of world lingua franca.

There are few competitors. Several other languages have an important local role as a lingua franca but no comparable level of international use, such as Russian in Eastern Europe, or Spanish in South and Central America. More people in the world speak Chinese than any other language, but in the West Chinese is too unfamiliar to be a serious contender. French is still widely used, but far less than it was a century ago.

Many factors contribute to the gradual spread of a language – chiefly political and military might, economic power, and religious influence (all of which artificial languages lack). These same factors mean that the development of a world language is not viewed with enthusiasm by those who would have to learn it. Such a language, it can be argued, would give its organizing culture an unprecedented influence in world affairs and scientific research. For example, scientists who used it as a mother tongue would be in a privileged position: they would have to spend time learning it and would more easily assimilate ideas expressed in it.

Furthermore, it is thought, a world language would inevitably erode the status of minority languages and pose a threat to the identity of nations. Many people thus view the current progress of English towards world language status with concern and often with antagonism.

Ironically, the main danger to the growth of a world language comes from within. As the language becomes used in all concerns of the world, by people from all walks of life, it begins to develop new spoken varieties which are used by local people as symbols of their identity.

In the course of time these new varieties might become mutually unintelligible. It cannot be predicted how far this diversification will affect English. Linguistic predictions have a habit of being wrong. A hundred years ago, predictions were being made that British and American English would by now be mutually unintelligible. It is not always easy to predict the trend that will result from increased modern contacts through travel and communications.

Statements:

1. There is an opinion that none of the existing languages can be used as a world language by all peoples T/F
2. English, Chinese, Russian and French have equal opportunities of becoming a lingua franca T/F
3. English is the most widely spoken language of the world T/F
4. A lot of people in the world would like to learn an artificial language to be able to communicate with each other T/F
5. The development of an artificial language will help other languages to develop T/F
6. Artificial languages can be used as a lingua franca for political reasons T/F
7. Many people in the world welcome English as an international language T/F

8. Not all people are in favour of choosing one modern language to become a world one T/F
9. It would only be fair to choose the most used language to be a lingua franca T/F
10. Few people think that English influences the culture of their countries in a bad way T/F
11. If one language is chosen to become a lingua franca, people in different localities will easily understand each other T/F
12. The author of the article predicts that either British or American English will one day become a world language T/F

UNIT 2. LANGUAGES IN UKRAINE, GREAT BRITAIN AND THE USA

Task 1. Read and translate the following text.

The Ukrainian Language

According to the Constitution, Ukrainian is the state language of sovereign independent Ukraine. It is also spoken by Ukrainians living in other countries of the former Soviet Union and in Ukrainian diasporas in Canada, Australia, the USA, Great Britain and other countries of the world. Ukrainian is an independent and original unit of the Slavic branch of the Indo-European family of languages. Together with Russian and Byelorussian it forms the East Slavic group of languages. The history of the Ukrainian language embraces, on the one hand, the history of the phonetic, morphological and syntactical system of the spoken language in its various dialects, and, on the other hand, the history of the literary language. In the latter there have occurred great changes and breaks with tradition, brought about by circumstances in the cultural and political history of Ukraine. Consequently, the history of the literary language is divided into three periods:

- 1) the old period (10—12th centuries), when the basic literary language of Kievan Rus was Church Slavonic, to which popular elements were added slowly but regularly;
- 2) the middle period (14—18th centuries), when the so-called literary language of the 17th century was formed which was a mixture of different elements. Russian influence and pressure put an end to this development and led to its decline in the second half of the 18th century.
- 3) the modern period (19—20th centuries), when the literary language was reconstructed and based entirely on the popular language.

The fact that the literary Ukrainian language did not develop in urban centres and for the most part is based on the variety spoken in the countryside, has largely determined the peculiarities of its vocabulary which includes a lot of words and

phraseological units describing village life and work, folklore, emotionally coloured elements, localisms, etc.

Under the Soviet power the linguistic policy for Ukraine was at first Russifying. Then from 1926 up to 1930, the so-called “Ukrainization” policy was introduced. At that time much was done in preparing and publishing new dictionaries, opening Ukrainian schools, theatres, cinemas and newspapers. But then the general policy was changed again, and “de-Ukrainization” began which lasted practically till the time of “perestroika”. During that period the majority of Ukrainian philologists and a number of writers and poets who fought for the rights of the Ukrainian language, found themselves in exile or in prison.

Now that Ukraine is independent, Ukrainian language, traditions and culture are experiencing their rebirth.

Task 2. Decide if the following statements are true or false

1. Ukrainian language is spoken in Australia T/F
2. Ukrainian is an original unit of Indo-European family of languages T/F
3. Together with Russian and Byelorussian it forms the Western Slavic group of languages T/F
4. The history of literary language is divided into 2 periods T/F
5. The basic literary language of Kievan Rus was Church Slavonic T/F
6. Literary language of the 17th century was formed as a mixture of different elements T/F
7. During 19-20th centuries literary language was not reconstructed T/F
8. Literary Ukrainian language did not develop in urban centres T/F
9. Literary Ukrainian language includes a lot of words and phraseological units describing village life and work T/F
10. During 1926-1930 much was done in preparing and publishing new dictionaries T/F
11. During 1926-1930 the majority of Ukrainian philologists who fought for the rights of the Ukrainian language, found themselves in prison. T/F

Task 3. Read the text about English language and do activity after it

The English Language

English belongs to the Teutonic or Germanic branch of the Indo-European family of languages. Three periods are usually recognised in its history:

Old English — from the time of the invasion of Britain by the Germanic tribes of the Angles, Saxons and Jutes in the 5—6th centuries, until the 9th century, after the Norman Conquest in 1066;

Middle English — from the middle of the 11th to the middle of the 15th centuries;

New English — from the middle of the 15th century to the present day.

Besides, the last period is often subdivided into Early New English (1450—1700) and Modern English.

When the Anglo-Saxons came to Britain, they found the island inhabited by a people weaker in a military sense but more civilized than themselves because the Celts for some centuries had shared the civilization of the Roman Empire whose governors had ruled the country. So, Early English speech can be called a mixture of Celtic, Latin and German.

Other changes into the language were brought by two national disasters — the Danish and Norman Conquest. The Danes, who came first to rob Britain and then to settle there brought with them a distant relative of the Anglo-Saxon language which could even be understood without great difficulty. The Normans, however, interrupted the tradition of this language by destroying its literature and culture, and reducing it to the speech of uneducated peasants. English was no longer spoken by the nobility or taught at schools. French became the official language for centuries.

During the Middle and Modern English periods the English vocabulary has increased enormously as a result of borrowing from foreign languages. The revival of learning during the Renaissance gave a new impulse for borrowing new words from Latin. This period in the language development is called “the peaceful invasion”.

Britain’s growing position as a world power and the rapid development of America, resulted in the introduction into English of words from languages in every part of the globe.

Today we do not speak the language that was used by Chaucer or Shakespeare. We even don’t converse like Dickens or Jane Austin, because language is like a living organism — it is born, it lives and changes, and it may die if nobody speaks it any longer.

Task 4. Fill in the blanks with one suitable word and find out some interesting information about English spelling. Bear in mind that more than one variant is sometimes possible

English Spelling

English spelling is unpredictable at the best of times, and occasionally totally chaotic – an opinion no doubt shared by British _____ and by foreigners who study English. However, studies of the _____ show that there are only about 400 _____ whose spelling is totally irregular. Unfortunately many of them are _____ the most frequently used in the language the first problem with _____ arose when the romans tried to write down Old English words _____ the 23 letter Latin alphabet. Old English at that time _____ nearly 40 vowels and consonants. Another problem came with the Norman _____ and the third with the introduction of the printing press in 1476 and emerging of a standard spelling system. The _____ reflected the speech of the London area. During the 15th _____ the pronunciation of vowels changed but because of the printing _____ the standard spelling system never caught up with the _____. There have been many attempts to reform the _____

spelling system but so far no changes have been made since the 16th century, mainly _____ nobody can agree on what the best alternative may be!

Task 5. All the sentences in the text are scrambled up. Arrange them in the correct order and find out interesting facts about other languages in Britain

The languages of Wales, Scotland and Ireland

_____ 1 At the start of the 20th century half of the population of Wales were able to speak _____ speaking people have been getting smaller and smaller, and today only about a fifth of _____ islands of the Hebrides. It is interesting that the word “whisky” is taken from Gaelic _____ a language of Celtic origin, is still spoken by 70,000 people in Scotland, especially in the _____ century. Gaelic is also the language of the Irish people. It is still being taught both in _____ the population of Wales speak the language. Both the government and voluntary _____ and means “water of life”! People in the Lowlands of Scotland have for centuries _____ spoken Scots, a dialect derived from the Northumbrian branch of Old English and a _____ encouraged, and more radio and TV programmes in Welsh have appeared. Gaelic, also _____ completely separate language from Gaelic. This has its own recognised literary _____ tradition as in the poetry of Robert Burns and has seen a revival of poetry in the 20th _____ Welsh, a language belonging to the Celtic family. However, the numbers of Welsh- _____ Northern Ireland, where about 142,000 speak it, and the Republic of Ireland. _____ groups have taken steps to revive the use of Welsh. Bilingual education in schools is.

Task 6. Before reading the text try to match the beginnings of the following sentences with their completion given below.

1. _British English differs from American in...
2. _Both American and English...
3. _Words that have been absorbed into English tell much about...
4. _Some differences in vocabulary between British and American English...
5. _Many new words came into British English from...
6. _Immigrants coming to live in America brought with them...
7. _Native Indians made...
 - a. _the world history

- b. _can lead to amusing situations
- c. _the former colonies of the British Empire
- d. _their own contribution into American English
- e. _accent, grammar, spelling and vocabulary
- f. _their own words which later assimilated into American English
- g. _owe a lot to other languages in the world

Task 7. Match the British English words given in the left-hand column with the American English words given in the right-hand column.

1. car	a. pants
2. handbag	b. zipper
3. lift	c. movies
4. biscuit	d. cookie
5. trousers	e. candies
6. lorry	f. apartment
7. zip	g. automobile
8. pictures	h. purse
9. flat	i. elevator
10. sweets	j. truck
11. autumn	k. subway
12. bill	l. store
13. chemist's	m. freeway
14. crisps	n. can
15. shop	o. fall
16. petrol	p. check
17. pavement	q. chips
18. motor way	r. sidewalk
19. tin	s. drugstore
20. tube	t. gas

Task 8. Sort out the following definitions of one and the same words according to their use in British and American English

British English	American English

a.	b.
----	----

Gas

- a) something that you burn for heating and cooking
- b) something that you put in your car to make it go

Bill

- c) money which is made of paper
- d) a list of things that you have bought or eaten in a restaurant and the sum of money you have to pay

Subway

- e) a railway which runs under the surface
- f) a path which passes under a road

Vest

- g) clothing that you wear over your shirt and under your jacket
- h) clothes which you wear under your shirt

Chips

- i) long sticks of potato which you cook in deep oil and eat hot with a meal
- j) very thin slices of fried potato which you eat cold before a meal or as a snack

UNIT 3. ECONOMIC SYSTEMS.

Task 1. Read and translate the text.

Key words: economics, economic, economical, command economy, free market economy, mixed economy, society, demand, good, service, market, to allocate, consumption, decision, intervention, government intervention, level, restriction, the former, the latter, government regulation, importance.

Market and Command Economies

Economics is a science that analyzes what, how, and for whom society produces. The central economic problem is to reconcile the conflict between people's unlimited demands with society's ability to produce goods and services.

In industrial Western countries markets are to allocate resources. The market is the process by which production and consumption are coordinated through prices.

In a command economy, a central planning office makes decisions on what, how and for whom to produce. Economy cannot rely entirely on command, but there was extensive planning in many Soviet block countries.

A free market economy has no government intervention. Resources are allocated entirely through markets.

Modern economies in the West are mixed and rely mainly on the market but with a large dose of government intervention. The optimal level of government intervention remains a problem which is of interest to economists.

The degree of government restrictions differs greatly between countries that have command economies and countries that have free market economies. In the former, resources are allocated by central government planning. In the latter, there is not any government regulation of the consumption, production, and exchange of goods. Between the two main types lies the mixed economy where market and government are both of importance.

Task 2. Answer the following questions

1. What is central economic problem of the society?
2. What is market?
3. What is the function of the market in an industrial country?
4. How are decisions made in a command economy?
5. In what way does a free market economy differ from a command economy?
6. To which type do most economies in the West belong?

Task 3. Choose correct variant

1. _____ is a society where the government makes all decisions about production and consumption.
 - a. a command economy
 - b. a free market economy
 - c. mixed economy

2. _____ studies how markets and prices allow society to solve the problems of what, how and for whom to produce
 - a. economics
 - b. economy
 - c. economical

3. Every economist sees _____ of the question of what, how and for whom to produce
- a. the assumption
 - b. the restriction
 - c. the importance
4. Nations have different _____ of farm production
- a. consumption
 - b. levels
 - c. allocation
5. When _____ of some goods grows, people will try to use less of them but producers will want to produce more of them
- a. the price
 - b. the importance
 - c. the quality
6. In _____ countries, Canada and USA, structural changes in the agricultural sector of economy have become of interest to economists and general public in the 80s and 90s of the 20s century
- a. second
 - b. mixed
 - c. both
7. Economists' recommendations may be of high _____ to governments but governments do not always rely on them
- a. valuable
 - b. value
 - c. evaluation
8. The study of economics is of great _____ even to those students who have no wish to become professional economists

- a. use
- b. usage
- c. usable

9. Grain markets have greatly changed over the last 25 years in the United States and Europe. Both have high levels of government _____ in the agriculture

- a. allocation
- b. intervention
- c. exploration

10. Resource _____ decisions are being made every day in every city, mostly through mechanisms of markets and prices

- a. taxation
- b. allocation
- c. intervention

Task 4. Fill in the gaps using the words from the table

Both, government, restrictions, the former, the latter, economics, through, to produce, services(2), goods(2), regulations, mixed economy

1. Every group of people must solve three main problems: what _____ and _____ to produce, how _____ them and for whom to produce them.
2. _____ is placed among the social sciences.
3. Markets in which there is no _____ intervention are called free markets.
4. Society allocates resources into production _____ the price system.
5. There are no government _____ and _____ in a free market economy.
6. _____ is an economy in which the government and private sector cooperate in solving economic problems.
7. Government regulations and restrictions must _____ work in the interests of society.
8. People produce _____ and _____. _____ are produced in the factories or in farms, _____ - at schools, hospitals, shops, banks.

Task 5. Match two parts of the sentences

1. America's strong demand for automobiles explains	a. may be called command economies
2. In contrast to market economies, economies with different forms of dictatorial control	b. entirely through government regulation
3. Big corporations are not allowed to dominate an industry or a market	c. and resources are allocated through goods and services markets.
4. In some industries, such as radio, television, telephone services and some others, competition can not be relied	d. why auto workers have historically been among the highest paid workers in the world.
5. Resources are things or services that are used	e. which rely heavily on economic advisers in making decisions about the future of the country.
6. Economics and economists play an important role at the highest levels of governments	f. entirely on to produce results that are good for the society.
7. Until the middle of the 18 th century, industry (in contrast to agriculture and commerce)	g. was of little importance in the economies of Europe and America.
8. Under capitalism, economic decision-making in decentralized	h. to produce goods which can satisfy people's

	demands
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Task 6. Read and translate the text. Fill in the gaps using the words from the box

mixed economy (2)	free market	economic freedom	government
orders	producer	nationalized	command economy
			needs

The _____ allows individuals to produce goods and services without any government restrictions. The _____ allows little individual _____ since most decisions are made by the government. Between these two extremes lies the _____.

In a _____ the government and private sector co-operate in solving economic problems. The _____ controls production through taxation and _____ for goods and services for the army, the police force, administration and other _____.

In a mixed economy the government may also be a _____ of goods. An example of this is the United Kingdom where there are _____ industries such as railways and coal.

UNIT 4. THEORY OF DEMAND

Task 1. Read and translate the text

Key words: consumer demand, constant, relationship, assume, assumption, budget constraint, utility, marginal utility, prefer, obtain, provided, maintain, follow, additional, unit, expenditure, market demand, depend upon, affect.

Theory of Demand

Consumer demand is the quantities of a particular good that an individual consumer wants and is able to buy as the price varies, if all other factors influencing demand are constant.

That is, consumer demand is the relationship between the quantity demanded for the good and its price. The factors assumed constant are the prices of

other goods, income and a number of non-economic factors, such as social, physiological, demographic characteristics of the consumer in question.

The theory of demand is based on the assumption that the consumer having budget constraint seeks to reach the maximum possible level of utility, that is, to maximize the utility, but he usually prefers to obtain more rather than less. The consumer has to solve the problem of choice. Provided he is to maintain a given level of utility, increases in the quantity of one good must be followed by reductions in the quantity of the other good. The consumer has to choose the specific goods within the limits imposed by his budget.

The concept of marginal utility is of great importance for solving the utility maximization problem. The marginal utility of a good is the additional utility obtained from consuming an additional unit of the good in question. The marginal utility from consuming a good decreases as more of that good is consumed. The income should be allocated among all possible choices so that the marginal utility per dollar of expenditure on each good is equal to the marginal utility per dollar of expenditure on every other good.

A price increase will result in a reduction in the quantity demanded. This relationship between the quantity demanded of a good and its price is called the law of demand. As the marginal utility from each additional unit of the good consumed decreases, the consumer will want to buy more of this good only if its price is reduced.

Market demand is the quantities of a good that all consumers in a particular market want and are able to buy as price varies and all other factors are assumed constant. Market demand depends not only on the factors affecting individual demands, but also on the number of consumers in the market. The law of demand also works with market demand.

Task 2. Answer the following questions

1. What is consumer demand?
2. What factors influencing consumer demand are assumed constant?
3. What is the principal assumption of the demand theory?
4. What choice does the consumer have to make?
5. What is marginal utility?
6. How should the consumer allocate his income?
7. How does the marginal utility change as the consumption of a good increases?
8. What is market demand?
9. In what way is the marginal utility connected with price?
10. In what way does market demand differ from individual demand?

Task 3. Decide if the following statements are true or false

1. Consumer demand is the quantities of a particular good that an individual consumer wants and is able to buy at constant prices T/F
2. Consumer demand is the relationship between the quantity demanded for the good and its price T/F
3. The consumer having budget constraint seeks to reach the maximum possible level of utility T/F
4. Provided the consumer is to maintain a given level of utility, reductions in the quantity of one good must be followed by reductions in the quantity of the other good T/F
5. The marginal utility of a good is the additional utility obtained from consuming an additional unit of the good in question T/F
6. The marginal utility from consuming a good increases as more of that good is consumed T/F
7. A price increase will result in a reduction in the quantity demanded T/F
8. Market demand depends only on the factors affecting individual demands T/F

Task 4. Fill in the gaps using the words from the box

Choice, to obtain (2), number, that is, within (2), to maintain, constant, rather than, per(4), provided, to result in, to assume, to choose

1. We assume that the consumer prefers to have more of a good _____ less.
2. _____ the good whose price has risen is a normal good, the economist can _____ that the demand for it will fall.
3. A constant level of utility is _____ through correct choice of goods or services that can be _____ at one time.
4. the lower price _____ additional demand.
5. People must often make a _____ between two or more goods. They usually _____ the good with the highest utility _____ limited budget, _____, choose the cheapest good.
6. Income is usually counted _____ year, but sometimes also _____ month or even _____ week.
7. The man having a credit card has to pay _____ a certain _____ of days for everything that he has bought with its help during the month.

8. We do not assume that _____ acre productivity will remain _____ as modern agricultural technology allows farmers to _____ better results.

Task 5. Choose correct variant

1. An increase in food prices greatly _____ consumer real income because food is a large part of consumer expenditure

- a. affects
- b. follows
- c. imposes

2. An increase in the price of the good j increases the quantity demanded of the good i when the two goods are _____ but reduces the quantity demanded of the good i when the two goods are complements

- a. inferior
- b. substitutes
- c. normal

3. We _____ that the consumer always decides that one good is better than, worse than, or as good as another.

- a. prefer
- b. assume
- c. sum up

4. This model of consumer _____ can show different behaviour of different consumers

- a. goods
- b. expenditure
- c. choice

5. The demand theory assumes that the consumer _____ on a budget constraint wants to maximize utility

- a. following
- b. assuming
- c. depending

6. Importers often must first _____ an import licence

- a. follow
- b. obtain

- c. find
7. Economic development is the process of raising the income _____
- a. per
 - b. for
 - c. within
8. If the level of imports is high, great parts of incomes are spent on the goods produced abroad _____ on the goods produced at home
- a. that is
 - b. over
 - c. rather than
9. Statistics show that the _____ of working women with young children is constantly growing in the USA today
- a. character
 - b. the budget constraint
 - c. the number
11. An increase in consumer expenditure usually _____ an equivalent rise in the income of consumers
- a. follows
 - b. results
 - c. increases
12. The problem of the consumer is to choose the particular goods and services within the limits _____ by his budget
- a. imposed
 - b. allocated
 - c. produced

Task 6. Translate the sentences from Russian into English

1. Когда цена на один товар возрастает, потребитель покупает товар, цена которого не возросла.

2. Принимая решение, экономист должен полагаться на любую информацию, которую он может найти.
3. Сокращение доходов приводит к повышенному спросу на товары низкого качества.
4. Предельная полезность зависит от количества потребленных товаров.
5. Потребитель всегда стремится приобретать товар, который предоставляет ему больше предельной полезности на каждый потраченный доллар.
6. Каждый потребитель должен решить проблему выбора.
7. При равновесной цене предложение равно спросу.
8. Цены ниже равновесной приводят к дефициту.
9. На свободном рынке изменения цены зависят от изменения спроса и предложения.
10. Фирма может контролировать одну или более производственных единиц.
11. Концепция предельной полезности очень важна для решения некоторых проблем спроса.

UNIT 5. THE THEORY OF SUPPLY

Task 1. Read and translate the text

Key words: output, profit, revenue, marginal revenue, costs, marginal costs, opportunity costs, earn, expenses, include, commodity, amount, alternative, corresponding, own.

The theory of supply is the theory of how much output firms choose to produce. The principal assumption of the supply theory is that the producer will maintain the level of output at which he maximizes the profit.

Profit can be defined in terms of revenue and costs. Revenue is what the firm earns by selling goods and services in a given period such as a year. Costs are the expenses which are necessary for producing and selling goods or services during the period. Profit is the revenue from selling output minus the costs of inputs used.

Costs should include opportunity costs of all resources used in the production. Opportunity cost of a commodity is the amount an input can obtain in the best alternative use (best use elsewhere). In particular, costs include the owner's time and effort in running a business. Costs also include the opportunity cost of the financial capital used in the firm.

Aiming to get higher profits, firms obtain each output level as cheaply as possible. Firms choose the optimal output level to receive the highest profits. This decision can be described in terms of marginal cost and marginal revenue.

Marginal cost is the increase in total cost when one additional unit of output is produced.

Marginal revenue is the corresponding change in total revenue from selling one more unit of output.

As the individual firm has to be a price-taker, each firm's marginal revenue is the prevailing market price. Profits are the highest at the output level at which marginal cost is equal to marginal revenue, that is, to the market price of the output. If the profits are negative at this output level, the firm should close down.

An increase in marginal cost reduces output. A rise in marginal revenue increases output. The optimal quantity also depends on the output prices as well as on the input costs. Of course, the optimal supply quantity is affected by such non-economic factors as technology, environment, etc.

Making economic forecasts, it is necessary to know the effect of a price change on the whole output rather than the supply of individual firms.

Market supply is defined in terms of the alternative quantities of a commodity all firms in a particular market offer as price varies and as all other factors are assumed constant.

Task 2. Answer the following questions:

1. What is the principal assumption of the supply theory?
2. What is the difference between profit and revenue?
3. What is included in costs of production?
4. How do firms get maximum profits?
5. When are the profits the highest?
6. When should firms close down?
7. What is the relationship between marginal revenue, marginal cost and output?
8. What is market supply? What is market supply important for?

Task 3. Decide if the statements are true or false

1. The principal assumption of the supply theory is that the producer will maintain the level of output at which he maximizes the profit. T/F
2. Costs are what the firm earns by selling goods and services in a given period such as a year. T/F
3. Revenue is the expenses which are necessary for producing and selling goods or services during the period. T/F

4. Profit is the revenue from selling the output minus the costs of inputs used. T/F
5. Opportunity cost of a commodity is the amount an input can obtain in the best alternative use. T/F
6. Firms obtain each output level as cheaply as possible. T/F
7. If the profits are negative at this output level, the form should close down. T/F
8. Marginal cost is the decrease in total cost when one additional unit of output is produced. T/F
9. An increase in marginal cost expands output. T/F
10. The optimal supply quantity is affected by such non-economic factors as technology and environment. T/F

Task 4. Match two parts of the sentences

<ol style="list-style-type: none"> 1. Market demand is 2. An improvement in technology 3. Profits are 4. As long as the total demand and the total supply of the commodity remain equal, 5. Part of a company's profits is put back into the business rather than 6. examining how revenues and costs change with the level of output produced and sold, 7. With inflation, people have to increase expenditure because 8. Profit depends on 9. Opportunity cost is the amount 	<ol style="list-style-type: none"> a. revenues minus cots. b. the firm can select the output level maximizing its profit. c. paid out as dividends. d. the equilibrium price will remain unchanged. e. makes it possible for firms to produce more goods with the same amount of resources as before. f. how much the amount received is greater than the amounts paid. g. the total demand from all consumers. h. the old level of expenditure in money terms now buys a smaller quantity of goods. i. an input can obtain in its use elsewhere
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Task 5. Choose correct variant

1. Farmers may _____ more revenue from a bad harvest than from a good harvest
 - a. own
 - b. earn
 - c. run
2. A rise in the income of consumers will typically result in an equivalent increase in _____ consumer expenditure
 - a. corresponding
 - b. total
 - c. alternative
3. Statistics show the greatest increase in the number of jobs in the American non-production sector among government workers _____ today
 - a. in terms of
 - b. elsewhere
 - c. in particular
4. Do not forget to calculate the _____ of the man's labour, that is, the money that he could earn by working elsewhere
 - a. marginal cost
 - b. costs
 - c. opportunity cost
5. In Marxist theory, proletariat is the social class of workers who have to see their _____ ability to work
 - a. corresponding
 - b. own
 - c. total
6. If we want to understand how firms make output decisions, we must analyze how they determine _____
 - a. revenues
 - b. output
 - c. amounts
7. Higher _____ have much more influence on the way people eat (more meat, less bread) than on the amount they eat

- a. incomes
 - b. education
 - c. experience
8. The price at the time the good is ready for marketing may be _____ from the price at the time the decision to produce it was made
- a. equal
 - b. corresponding
 - c. different
9. Real _____ is the amount of the goods and services a consumer can buy with his money income
- a. income
 - b. tax
 - c. revenue
10. _____ is the amount of a good that will be offered in the market at a certain price and time
- a. profit
 - b. supply
 - c. revenue

Task 6. Fill in the gaps using the word from the box

opportunity cost, corresponding, profit, owner, to own, to use (2), alternative, expenses, own, marginal costs, marginal revenue, allotting, boom

1. The syndicate controls prices and output and, _____ quotas to its members, it divides the market demand among them.
2. _____ is a period of increased business activity when a rising demand for all commodities results in increased industrial production.
3. A free market is a market in which buyers and sellers are free of intervention and control and are able to determine the market price _____ to supply and demand.
4. A person is economically free if he can do what he wishes with its his _____ property, time and effort.

5. The personal sector in a mixed economy is that part of the economy that is _____ and controlled by private persons and private businesses.
6. The main aim of all firms is the same: to maximize _____ though there may be _____ aims as well.
7. Under feudal system the king was the _____ of all land, and his lords could _____ his land. The system came into an end when the peasants were paid for their work and paid rent for the land they _____.
8. _____ is the amount lost by not using the resource (labour and capital) in its best alternative use.
9. At profit-maximizing level _____ has to be equal to _____.
10. Profit is the difference between business income and _____.

Task 7. Translate the sentences from Russian into English

1. Потребитель – это человек, потребляющий продукты и услуги.
2. Производитель всегда стремится поддерживать уровень производства, при котором он максимизирует прибыль.
3. Стремясь получить более высокую прибыль, производители используют дешевые ресурсы.
4. Рыночный спрос – это общий спрос на товар в обществе.
5. не все партнеры в деле должны принимать активное участие в управлении фирмой.
6. Нелегко рассчитать доход, издержки и прибыли для большого предприятия.
7. Фермер – это человек, который владеет и управляет фирмой.
8. Когда цена поднимается выше предельных издержек, каждый производитель хочет производить больше.
9. Даже при нулевой выработке фирма должна оплачивать некоторые расходы.
10. Издержки должны включать альтернативные издержки всех ресурсов, используемых в производстве.

UNIT 6. INFLATION

Key words to memorize: inflation, supply, output, interest rate, deflation, reflation, basket, monetarism, Keynesian economics

Task 1. Match the key words with their definitions

1. inflation	a. the process of increasing the amount of money being used in a country in order to increase trade
2. supply	b. the belief that governments should use public money to control the level of employment in order to provide more jobs in periods of high unemployment.
3. output	c. the percentage amount charged by a bank when you borrow money or paid to you by a bank when you keep money in an account there
4. interest rate	d. the average or total value of a number of different goods or currencies
5. deflation	e. the amount of goods or work produced by a person, machine, factory etc
6. reflation	f. an amount of something that is available to be used
7. basket	g. a reduction in the amount of money in a country's economy, so that prices fall or stop rising stagflation
8. monetarism	h. a continuing increase in prices, or the rate at which prices increase
9. Keynesian economics	i. the belief that the best way to manage a country's economy is for the government to control and limit the amount of money that is available and being used

Task 2. Read and translate the text. Pay attention to the usage of the key words

In mainstream economics, the word “**inflation**” refers to a general rise in prices measured against a standard level of purchasing power. Inflation is measured by comparing two sets of goods at two points in time, and computing the increase in cost not reflected by an increase in quality. There are, therefore, many measures of inflation depending on the specific circumstances. The most well known are the CPI which measures consumer prices, and the GDP deflator, which measures inflation in the whole of the domestic economy.

The prevailing view in mainstream economics is that inflation is caused by the interaction of the **supply** of money with **output** and **interest rates**. Mainstream economist views can be broadly divided into two camps: the “**monetarists**” who believe that monetary effects dominate all others in setting the rate of inflation, and the “**Keynesians**” who believe that the interaction of money, interest and **output** dominate over other effects. Other theories, such as those of the Austrian school of

economics, believe that an inflation of overall prices is a result from an increase in the **supply** of money by central banking authorities.

Related terms include: **deflation**, a general falling level of prices; disinflation, the reduction of the rate of inflation; hyper-inflation, an out-of-control inflationary spiral; stagflation, a combination of inflation and poor economic growth; and **reflation**, which is an attempt to raise prices to counteract deflationary pressures.

Measuring inflation is a question of econometrics, finding objective ways of comparing nominal prices to real activity. Each inflationary measure takes a "**basket**" of goods and services, then the prices of the items in the **basket** are compared to a previous time, then adjustments are made for the changes in the goods in the **basket** itself.

Task 3. Answer the following questions:

1. What are CPI and GDP?
2. How is inflation measured?
3. What is inflation caused by?
4. What is the main difference in views of Monetarists and Keynesians?
5. What does econometrics study?

Task 4. Fill in the gaps with appropriate words from the box. Some of the words you don't need to use

effect	stagflation	methods	interest rate	supply	inflation	economy
increase	measure	Keynesian				

1. In the long run, _____ is generally believed to be a monetary phenomenon, while in the short and medium term, it is influenced by the relative elasticity of wages, prices and interest rates.

2. The question of whether the short-term effects last long enough to be important is the central topic of debate between monetarist and _____ schools.

3. A great deal of economic literature concerns the question of what causes inflation and what _____ it has.

4. A small amount of inflation is often viewed as having a positive effect on the _____.

5. Inflation also gives central banks room to maneuver, since their primary tool for controlling the money supply and velocity of money is by setting the lowest _____ in an economy - the discount rate at which banks can borrow from the central bank.

6. Inflation is a general _____ in prices in a country.

7. There are a number of _____ that have been suggested to stop inflation.

Task 5. Match two parts of the sentences

1. Central banks such as the U.S. Federal Reserve can affect inflation to a significant extent	a. and some reference currency such as gold.
2. High interest rates (and slow growth of the money supply) are the traditional way that central banks fight inflation,	b. through setting interest rates and through other operations (that is, using monetary policy).
3. Monetarists emphasize increasing interest rates (reducing the money supply)	c. the inflation rate
4. Keynesians emphasize reducing demand in general, often through fiscal policy,	d. using increased taxation or reduced government spending to reduce demand as well as by using monetary policy.
5. Some economists advocate fighting inflation by fixing the exchange rate between the currency	e. using unemployment and the decline of production to prevent price increases.
6. A chief measure of price inflation is	f. to fight inflation.

Task 6. Translate the following sentences from Russian into English

1. Инфляция – это повышение уровня цен и зарплат.

2. Многие ученые пытались определить причины инфляции.

3. Монетаристы считали, что инфляция вызывается слишком быстрым повышением денежной массы и соответствующим возрастанием спроса на товары.

4. Некоторые экономисты полагают, что жесткая политика доходов является хорошим, но временным способом удержания инфляции под контролем.

5. При плановой экономике рост цен сдерживался прямым правительственным регулированием.

6. Задача правительства – сдержать рост темпов инфляции.

UNIT 7. STATISTICS

Key words to memorize: analysis, interpretation, data, pattern, random, population, deviation, hypothesis, estimation, forecast, inference, census

Task 1. Match the key words with their definitions

1. analysis	a. happening or chosen without any definite plan, aim, or pattern
2. interpretation	b. a description of what is likely to happen in the future, based on the information that you have now
3. data	c. a noticeable difference from what is expected or acceptable
4. census	d. the number of people living in a particular area or country
5. pattern	e. an idea that is suggested as an explanation for something, but that has not yet been proved to be true
1. randomness	f. a calculation of the value, size, amount etc of something
7. population	g. a careful examination of something in order to understand it better
8. deviation	h. something that you think is true, based on information that you have
1. hypothesis	i. information or facts
10. estimation	j. an official process of counting a country's population and finding out about the people
11. forecast	k. the way in which someone explains or understands an event, information, someone's actions etc
12. inference	l. the regular way in which something happens or develops

Task 2. Read and translate the text. Pay attention to the usage of the key words.

The word *statistics* ultimately derives from the New Latin term *statisticum collegium* ("council of state") and the Italian word *statista* ("statesman" or "politician"). The German *Statistik*, first introduced by Gottfried Achenwall (1749),

originally designated the **analysis** of **data** about the state, signifying the "science of state" (then called *political arithmetic* in English). It acquired the meaning of the collection and classification of **data** generally in the early 19th century. It was introduced into English by Sir John Sinclair.

Thus, the original principal purpose of *Statistik* was **data** to be used by governmental and (often centralized) administrative bodies. The collection of data about states and localities continues, largely through national and international statistical services. In particular, **censuses** provide regular information about the **population**.

Nowadays **statistics** is considered to be a mathematical science dealing with the collection, **analysis**, **interpretation** or explanation, and presentation of **data**. It is applicable to a wide variety of academic disciplines, from the physical and social sciences to the humanities.

Various statistical methods can be used to summarize or describe a collection of data, either numerically or graphically, to describe the **sample**; this is called **descriptive statistics**. Basic examples of numerical descriptors include the mean and standard **deviation**. Graphical summarizations include various kinds of charts and graphs.

In addition, **patterns** in the data may be modeled in a way that accounts for **randomness** and uncertainty in the observations, and then used to draw **inferences** about the process or population being studied; this is called **inferential statistics**. These **inferences** may take the form of answers to yes/no questions (**hypothesis testing**), **estimates** of numerical characteristics (estimation), **forecasting** of future observations, descriptions of association (correlation), or modeling of relationships (regression). Other modeling techniques include ANOVA, time series, and data mining.

Both descriptive and inferential statistics comprise **applied statistics**. There is also a discipline called **mathematical statistics**, which is concerned with the theoretical basis of the subject.

In applying statistics to a scientific, industrial, or societal problem, one begins with a process or population to be studied. This might be a population of people in a country, of crystal grains in a rock, or of goods manufactured by a particular factory during a given period. It may instead be a process observed at various times; data collected about this kind of "population" constitute what is called a **time series**.

For practical reasons, rather than compiling data about an entire **population**, one usually instead studies a chosen subset of the population, called a **sample**. Data are collected about the **sample** in an observational or experimental setting. The data are then subjected to statistical analysis, which serves two related purposes: description and **inference**.

Task 3. Answer the following questions:

1. What was the original meaning of the word *statistics*?

2. What spheres can statistics be applicable to?
3. Which of statistic branches deals with theoretical basis?
4. What methods of statistics are mentioned in the text?
5. What is applied statistics?
6. What are the main forms of inferences?

Task 4. Fill in the gaps with appropriate words from the box. Some of the words you don't need to use.

analysis interpretation sample data humanities pattern random population
deviation hypothesis estimation forecast inference

1. The article provides a detailed _____ of various research designs.
2. What exactly the author meant by that statement is open to _____.
3. The research involves collecting data from two random _____.
4. It's possible to store a lot more _____ on a DVD.
5. The book set the _____ for over 40 similar historical romances.
6. The company has introduced ___ drug testing of its employees.
7. What _____ have you drawn from this evidence?
8. There must be no _____ from the normal procedure.
9. It is impossible to give an accurate _____ of company sales 10 years from now.
10. One _____ is that the victim fell asleep while driving.

Task 5. Match two parts of the sentences

1. A common goal for a statistical research project is	a. to summarize or describe a collection of data
2. The statistics show that, in general, women live longer than men and	b. an increase in average pay.
3. Universities collect statistics on	c. the Japanese work longer hours than workers in many other industrialized countries.
4. According to official statistics,	d. relating to groups of individuals or experiments.
5. The latest statistics show	e. both groups live longer than they did 100 years ago.
6. Statistics is the science of making effective use of numerical data	f. to investigate causality
7. Statistical methods can be used	g. what jobs their students go into.

Task 6. Translate the following sentences from Russian into English.

1. Статистика – это факты определенных социальных и экономических явлений и процессов.
2. Исторически, развитие статистики началось с момента образования государства.
3. Статистика состоит из четырех частей: статистическая теория, экономическая статистика, отраслевая статистика, экономическая статистика.
4. Статистическая теория изучает категории науки, методы и средства анализа.
5. Экономическая статистика связана с явлениями и процессами, которые происходят в экономике.
6. Отраслевая статистика подразделяется на промышленную, сельскохозяйственную, финансовую, банковскую, торговую и т.д.
7. Социальная статистика изучает социальные условия и характер труда, стандарты жизни, уровень дохода, населения, а также потребление товаров и услуг.
8. Статистика как наука развивается наряду с развитием других теоретических наук, связанных с обществом.
9. Статистика изучает массовых характер социальных явлений.

UNIT 8. COMPUTERS

KEYWORDS: digital, hardware, software, console/system unit, key-board, disk-drive, connection, mainframe computer, operating system, word processing, spreadsheet, data, database, graphics, manual, key in/type in, network, intranet, compatible, hard disk, utilization, simultaneously, breakthrough, facilitate, uptake, access.

1 PRE-READING ACTIVITY

In pairs, discuss these questions.

1. Have you got a computer at home, school or work? What kind is it?
2. How often do you use it? What do you use it for?
3. How were computers used in your school?
4. How do you think computers will be used in school in the future?

2 READING

Read and translate the text

COMPUTERS IN OUR LIFE

Nowadays, we cannot imagine our life without computers and the fact is that they have become so important that nothing can replace them. They seem to be everywhere today. Since 1948 when the first real computer was invented our life has changed so much that we can call it real *digital* revolution.

Computer *hardware* consists of a *console (system unit)*, a *key-board*, a *disk-drive*, a printer, a monitor, a mouse and their *connections*. The *software* consists of different programs you run on your computer. The most common programs used in business are those for *word processing* (writing letters, faxes, documents, contracts), *spread sheets* (for budget and financial analysis), *database* management programs (for keeping names and addresses of customers), accounting (for bookkeeping), *graphics* programs (for drawing charts), communications programs (for electronic mail, Internet), desktop publishing programs (for producing *manuals*, catalogues). The operator *keys in (types in)* the information which can be saved and retrieved at a later date.

Most businesses nowadays use personal computers or PCs, which are often linked together in a local *network (intranet)*. This is a big change from the days when time had to be rented on *mainframe computer*. Nowadays these are only used by very large businesses, universities, or government departments.

The two most popular types of computers currently are those of IBM and Apple (the Macintosh). It was IBM who set the standard for the PC which others later imitated. That is why, in order to be able to use the widest range of software, a computer has to be IBM *compatible*.

The most successful software company now is Microsoft with its Windows *operating system*. The Microsoft Corporation is constantly developing the new versions of its operating system as well as other products.

The computer manufacturers try to apply the newest technologies producing hardware systems with the fastest processors like: Pentium IV, Celeron, Athlon, Duron and others. It is true that these newer models have a faster processor, more memory, a larger *hard disk* drive and a faster CD-ROM drive than previous models.

We are becoming increasingly dependent on computers. They are used in business, hospitals, crime detection and even to fly planes. What things will they be used for in future? Is this dependence on computers a good thing or should we be more suspicious of their benefits?

For the last two decades cybernetics have experienced a major *breakthrough*. This led to the *utilization* of computers at nearly all parts of our daily life, from personal computers to complicated surgery performing. Surely the *uptake* of this technology *facilitates* a lot of difficult tasks. Computers can perform many complex operations *simultaneously* and scientist practically can't do without them. Thanks to them people have *access* to enormous amount of information. Gathering *data* has never been simpler than now. They are not only used in laboratories but also in factories to control production. Sometimes it is computers that manufacture other computers.

Most of the daily tasks and individual experiences are time and effort consuming. These two fundamental qualities could be tremendously saved by the use of computers.

3 READING COMPREHENSION

A. Answer the questions to the text:

1. What are the basic parts of a computer?
2. What are computers used for?
3. Why are all computers IBM compatible?
4. What features differ new models of computers from computers of the past?
5. Where has a breakthrough in cybernetics led to?
6. What area of life can we use computers?

B. Find out whether the statements given below are true (T) or false (F) according to the information in the text. If the statements are false, correct them.

1. There are a lot of types of apparatus that can replace computers. ()
2. Programs for word processing and database management are especially important in business. ()
3. It was Apple (Macintosh) who set the standard for the PC which others companies later imitated. ()
4. Gathering data has always been a rather simple process. ()
5. The use of computers can save both time and effort consuming. ()

C. Complete the sentence below with the best answer (A, B or C) according to the information in the text.

1. Organizations exist to achieve some particular purpose ...
 - A. ... but sometimes it's difficult to define it.
 - B. ... and both employees and managers define it.
 - C. ... and managers are those who define that purpose and the means for its achievement.
2. As managers engage in planning, they ...
 - A. ... arrange and structure work to accomplish the organization's goals.
 - B. ... deal in any way with employee behavior issues.
 - C. ... set goals, establish strategies for achieving those goals, and develop plans to integrate and coordinate activities.
3. The final management function is controlling that is ...
 - A. ... the process of monitoring, comparing, and correcting the work of subordinates.
 - B. ... the process of motivating subordinates and selecting the most effective communication channel
 - C. ... the process of determining what tasks are to be done.

3 VOCABULARY

A. Match nouns and adjectives and their definitions.

1	software	A information in a form that can be stored and used, especially on a computer
2	hardware	B an important new discovery in something you are studying, especially one made after trying for a long time
3	data	C a set of instructions (programs) which tells the computer what to do
4	breakthrough	D able to be used together, especially when they are made by different companies (about pieces of computer equipment)
5	compatible	E any electronic or mechanical part of a computer
6	access	F a book that gives instructions about how to do something, especially how to use a machine
7	facilitate	G to make it easier for a process or activity to happen
8	manual	H to find information, especially on a computer; the right to enter a place, use something, see someone etc.

1-... 2-... 3-... 4-... 5-... 6-... 7-... 8-...

B. Translate sentences. Pay attention to the use of the key words.

1. She loaded the new software.
2. The company has spent millions of dollars replacing outdated computer hardware.
3. All the data shows that these animals are more adaptable than we thought.
4. The instruction manuals that accompany new computer software are often difficult to understand.
5. This was an important breakthrough that had an enormous impact on the scientific community.
6. Unfortunately he bought a printer that was not compatible with his computer.
7. Most workplaces have a local network as well as access to the Internet.
8. Consult the computer manual if you have a problem.
9. Some experts foresee a future in which nobody would buy a spreadsheet program or word processor.
10. Computers can be used to facilitate language learning.

UNIT 9. MARKETING. THE MARKETING MIX

KEYWORDS: affordable, approach, available, brand, charge, consume, contribute, distribute, execute, goods and services, objective, packaging, persuade, pricing, product, promotion, provide, return.

1 PRE-READING ACTIVITY

Look at the following quotation and define which of the meanings of the ‘art’ is used in this context.

“Marketing is the *art* of making someone want something you have”

The Internet Nonprofit Centre

- 1) the use of painting, drawing, sculpture etc to represent things or express ideas;
- 2) the skill of drawing or painting;
- 3) the ability or skill involved in doing or making something.

2 READING

Read and translate the text.

The American Marketing Association defines marketing as follows: “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.” Several key ideas are expressed in this definition. First, marketing is a managerial function involving both planning and execution. Second, marketing involves the management of specific elements or functions: product, pricing, promotion, and distribution. Third, marketing is goal oriented. Its aim is to create exchanges that satisfy individual and organizational objectives.

The marketing mix is often referred to as the '4 Ps', i.e. product, price, place and promotion. To meet customers' needs a business must develop products to satisfy them, charge the right price, get the goods to the right place, and it must make the existence of the product known through promotion.

Products or services must meet customer requirements whatever these might be. For example, an important aspect is *function* - products should do what they say they can do and what they are expected to do. For example, Audi cars are popular because of their high performance. Appearance is also important. This is why, for example, consumers are prepared to pay premium prices for some of Gillette's razors.

Place

Roughly one fifth of the cost of a product is spent getting it to consumers. Of course, the actual figure varies widely from product to product but generally *distribution* is a very important element in the marketing mix. Different organisations use different approaches to reaching their customers. For example, McDonald's uses a franchising system enabling it to operate in a wide variety of geographical locations, and Amway distributes through Independent Business Owners worldwide.

Promotion

It is the process of communicating with customers. For marketing purposes, communication of products and services contributes to the persuasion process to encourage consumers to avail themselves of whatever is on offer. The key processes involved in promotion, include:

- *branding* - creating a distinctive image and character to an organisation and / or its products and services
- *advertising* - to inform and persuade the public
- *packaging* - presenting the product in a desirable and appropriate way
- *public relations* activities and other forms of publicity
- *sponsorship*
- *special promotions* - e.g. buy one get one free.

Price

Price needs to be relevant to the product/service and the market. For example, BIC the manufacturer of razors, pens and lighters seeks to provide the world's markets with products at affordable prices. A firm's pricing decision is often aimed at attracting a particular market segment. For example, if it wants to sell at the top end of the market it will charge a high price, at the bottom – a low price, and so on.

Pricing strategies

Pricing strategy is an important part of the marketing mix. The price of a product should reflect its image and the need to give a consumer what they want. For example, up-market products are associated with premium prices.

There are a number of popular pricing techniques to choose from:

1. *Cost-plus pricing*. A common way to make pricing decisions is to calculate how much it costs to do a particular job or activity, and then add on a given percentage as a return for the job or activity. This is sometimes known as mark-up.

For example, a business may decide that it will cost £100 to do a small repair job on a car, including parts, labour, use of premises, equipment, etc. The business works on the basis of making a return of 20% on all the work that it does. It therefore charges the customer £120.

2. *Hour-based pricing.* Many small businesses are able to work out what their typical costs are for every hour of work they do, e.g. for gardening, sign writing, photography, etc. The business owner is then able to charge a standard rate per hour.

3. *Penetration pricing.* When a firm brings out a new product into a new or existing market, it may feel that it needs to make a lot of sales very quickly in order to establish itself and to make it possible to produce larger quantities. It may therefore start off by offering the product at quite a low price. When market penetration has been achieved, prices can be raised.

4. *Skimming.* When you bring out a new product, you may be able to start off by charging quite a high price. Some customers may want to be the first to buy your product because of the prestige of being seen with it, or because they want to be associated with your product before anyone else.

An exclusive dress could be sold initially at an exclusive price to wealthier customers. The next season, the price could be lowered making it accessible to a less wealthy group of customers. Later on, the dress could be mass produced and made available at low prices to the mass market.

A premium price is an exclusive price charged for up-market products.

The 4 Ps - Product, Price, Place and Promotion make up the marketing mix. Each of these elements should be designed to meet customer needs and requirements.

3 READING COMPREHENSION

A. Answer the questions to the text.

1. What components are included in marketing mix?
2. Why is distribution an important element in the marketing mix?
3. What key processes are involved in promotion?
4. Does a pricing decision of a firm depend on a particular market segment?
5. What pricing techniques are described in the text?
6. What pricing technique does a firm choose when it brings out a new product into a new or existing market and want to establish itself in it and to make it possible to produce larger quantities?
7. Is skimming technique applied for up-market or low-market products?
8. How can you explain the title of the text?

B. Complete the sentences with the best answer (A, B or C) according to the information in the text.

1 Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services ...

- A ... to improve the position of the company at the market.
 - B ... to create exchanges that satisfy individual and organizational goals.
 - C ... to define the goals of the organization.
- 2 The '4 Ps' of the marketing mix usually refer to ...
- A ... people, producer, promoter, packaging.
 - B ... persuasion, performance, preference, profit.
 - C ... product, price, place and promotion.
- 3 Getting the product to consumers is approximately ...
- A ... one fifth of the cost of a product.
 - B ... one tenth of the cost of a product.
 - C ... a half of the cost of a product.
- 4 Offering a new product at the market at quite a low price refers to ...
- A ... cost-plus pricing.
 - B ... penetration pricing.
 - C ... skimming.

C. Find out whether the statement is true (T) or false (F) according to the information in the text.

1. The function of products means that they should do what they say they can do and what they are expected to do.
2. Presenting the product in a desirable and appropriate way is called *branding*.
3. The price of a product as usual reflects its image and the need to give a consumer what they want.
4. When the business owner charges a standard rate per hour after working out typical costs for every hour of work we deal with hour-based pricing.
5. All elements of marketing mix are designed to meet customer needs and requirements.

4 VOCABULARY

A. Match words and their definitions.

1 approach	A a type of product made by a particular company, that has a particular name or design
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2 objective	B a method of doing something or dealing with a problem
3 brand	C something that you are trying hard to achieve, especially in business or politics
4 goods	D the container or material that a product is sold in
5 return	E things that are produced in order to be sold
6 packaging	F the act of deciding the price of something that you sell
7 price	G the amount of profit that you get from something
8 pricing	H the amount of money you have to pay for something

1-... 2-... 3-... 4-... 5-... 6-... 7-... 8-...

B. Translate sentences. Pay attention to the use of the key words.

1. Sometimes the company changes the brand name and sells them in discount stores.
2. The president of the company knew that he needed to attract and satisfy customers if he wanted to avoid failure.
3. Consumers often buy highly advertised brands of athletic shoes.
4. Determining the best approach is your job.
5. Managers should set specific performance objectives for their teams.
6. There will be tax increases on a range of goods and services.
7. The markets are showing extremely poor returns.
8. Iran, India and Pakistan are expected to sign a key agreement on pricing next month that will help the project take off.

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