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**ИНОСТРАННЫЙ ЯЗЫК (ВТОРОЙ) В СФЕРЕ
ПРОФЕССИОНАЛЬНОЙ ДЕЯТЕЛЬНОСТИ (АНГЛИЙСКИЙ)**

Методические указания по организации
самостоятельной работы
для студентов направления подготовки
38.03.01 Мировая экономика

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ВВЕДЕНИЕ

Методические указания разработаны для организации самостоятельной работы обучающихся в рамках дисциплины «Иностранный язык (второй) в сфере профессиональной деятельности (английский)». Основная цель методических указаний – совершенствовать навыки чтения текстов экономической направленности, освоить новые лексические единицы в рамках предложенных текстов, повысить познавательный интерес обучающихся к профессиональному использованию изучаемого языка.

Методические указания включают 21 раздел. Каждый раздел включает в себя текст экономической и направленности. После каждого текста даются разные виды тестовых заданий на понимание содержания текста и проработку лексики. Цель упражнений – закрепить полученные из текстов знания, а также продолжить совершенствование навыков говорения, чтения и письма на английском языке.

Тексты, представленные в методических указаниях, могут быть использованы в качестве заданий по организации самостоятельной работы обучающихся или в виде материалов для проведения текущего контроля знаний обучающихся на практических или лабораторных занятиях.

TEXT 1

Who are the British

Why British not English? Many foreigners say 'England' and 'English' when they mean 'Britain', or the 'UK', and 'British'. This is very annoying for the 5 million people who live in Scotland, the 2.8 million in Wales and 2 million in Northern Ireland who are certainly not English. (51 million people live in England.) However, the people from Scotland, Wales, Northern Ireland and England are all British. So what is the difference between the names 'Great Britain' and 'the United Kingdom' – and what about 'the British Isles'?

The United Kingdom This is an abbreviation of 'the United Kingdom of Great Britain and Northern Ireland'. It is often further abbreviated to 'UK', and is the political name of the country which is made up of England, Scotland, Wales and Northern Ireland (sometimes known as Ulster). Several islands off the British coast are also part of the United Kingdom (for example, the Isle of Wight, the Orkneys, Hebrides and Shetlands, and the Isles of Scilly), although the Channel Islands and the Isle of Man are not. However, all these islands do recognize the Queen.

Great Britain

This is the name of the island which is made up of England, Scotland and Wales and so, strictly speaking, it does not include Northern Ireland. The origin of the word 'Great' is a reference to size, because in many European languages the words for Britain and Brittany in France are the same. In fact, it was the French who first talked about *Grande Bretagne*. In everyday speech 'Britain' is used to mean the United Kingdom.

The British Isles

This is the geographical name that refers to all the islands off the north western coast of the European continent: Great Britain, the whole of Ireland (Northern and Southern), the Channel Islands and the Isle of Man.

How was the United Kingdom formed? This took centuries, and a lot of armed struggle was involved. In the 15th century, a Welsh prince, Henry Tudor, became King Henry VII of England. Then his son, King Henry VIII, united England and Wales under one Parliament in 1536. In Scotland a similar thing happened. The King of Scotland inherited the crown of England and Wales in 1603, so he became King James I of England and Wales, and King James VI of Scotland. The Parliaments of England, Wales and Scotland were united a century later in 1707.

The Scottish and Welsh are proud and independent people. In recent years there have been attempts at devolution in the two countries, particularly in Scotland where the Scottish Nationalist Party was very strong for a while. But it seems that most Welsh and Scottish people are happy to form part of the UK even though they sometimes complain that they are dominated by England, and particularly by London.

The whole of Ireland was united with Great Britain from 1801 up until 1922. In that year the independent Republic of Ireland was formed in the South, while Northern Ireland became part of the United Kingdom of Great Britain and Northern Ireland.

Answer the questions.

1. What is Great Britain made of?
2. What is the origin of the country's name?
3. Where are the British Isles situated?
4. Does South Ireland belong to Great Britain?
5. How long did it take to form the United Kingdom?
6. When was the independent Republic of Ireland formed?

TEXT 2

WHAT IS A MANAGER?

A number of different terms are often used instead of the term "manager", including "director", "administrator" and "president". The term "manager" is used more frequently in profit-making organizations, while the others are used more widely in government and non-profit organizations such as universities, hospitals and social work agencies. So, whom do we call a "manager"? In its broad meaning, the term "managers" applies to the people who are responsible for making and carrying out decisions within a certain system. A personnel manager directly supervises people in an organization. Financial manager is a person who is responsible for finance. Sales manager is responsible for selling of goods. A marketing manager is responsible for promotion of products on the market.

Almost everything a manager does involves decision-making. When a problem exists a manager has to make a decision to solve it. In decision-making there is always some uncertainty and risk. Management is a variety of specific activities. Management is a function of planning, organizing, coordinating, directing and controlling. Any managerial system, at any managerial level, is characterized in terms of these general functions. Managing is a responsible and hard job. There is a lot to be done and relatively little time to do it. In all types of organizations managerial efficiency depends on manager's direct personal relationships, hard work on a variety of activities and preference for active tasks. The characteristics of management often vary according to national culture, which can determine how managers are trained, how they lead people and how they approach their jobs.

The amount of responsibility of any individual in a company depends on the position that he or she occupies in its hierarchy. Managers, for example, are responsible for leading the people directly under them, who are called subordinates. To do this successfully, they must use their authority, which is the right to take decisions and give orders. Managers often delegate authority. This means that employees at lower levels in the company hierarchy can use their initiative that is make decisions without asking their manager.

VOCALABULARY

personnel manager - начальник отдела кадров

financial manager- финансовый менеджер

sales manager - заведующий отделом продаж, заведующий отделом сбыта

marketing manager - менеджер по маркетингу

to supervise- наблюдать (за чём-л.); надзирать; заведовать

profit-making organization- коммерческая организация

managerial- управленческий

hierarchy- иерархия

subordinate- подчиненный

authority- власть, полномочия

to delegate authority- передавать полномочия

1. Answer the questions:

1. What is manager's role in an organization?
2. What concrete activities a production manager (financial manager, personnel

manager, marketing manager) is responsible for?

3. What is the difference between sales management and marketing management?

4. What means to delegate authority?

2. Read the international words and guess their meanings:

Economic activity, economic system, macroeconomics, microeconomics, to produce, to operate, to protect, to analyze, to finance, to manufacture, to specialize, to focus, to affect, service, school, hospital, garage, fact, base, production, material, industry, radio, strategy, status, export, import, institution, distribution, division, investment, history, organization, period, spectrum, agriculture, essential, basic, industrialized, oriented (policy), national, financial, social, major, fact, base, total, primarily, public.

3. Read and memorize the following words and word combinations:

in order to - для того, чтобы

goods and services - товары и услуги

to provide services - предоставлять (оказывать) услуги either...

or... - или... или, либо... либо...

both... and... - как..., так и ... to make up -

составлять commodity - товар (сырьевой)

TEXT 3 ECONOMIC ACTIVITY

Most people work in order to earn their living. They produce goods and services. Goods are either produced on farms, like maize and milk, or in factories, like cars and paper. Services are provided by such things as schools, hospitals and shops. Some people provide goods, some provide services. Other people provide both goods and services. For example, in the same garage, a man may buy a car or he may buy some service which helps him to maintain his car. The work which people do is called their economic activity. Economic activities make up the economic system. The economic system is the sum-total of what people do and what they want. The work which people undertake either provides what they need or provides them with money. People buy essential commodities with money.

Notes:

the sum-total - общая сумма

1. Give Russian equivalents to the following:

To earn their living, goods like maize, services are provided by to provide both goods and

services, to maintain a car, the work which people undertake, to buy with money, essential commodities.

2. Complete these sentences with the words given below and translate them into Russian:

essential commodities, provide, undertake, maintain, the sum-total

1. People buy with money.
2. Some people , some services.
3. The work which people ... provides what they need.
4. Some service may help a man ... a car.
5. The economic system is of what people do and what they want.

3. Answer some questions on the text:

1. Why do most people work?
2. What do they produce?
3. Where are goods produced?
4. What do schools, hospitals and shops provide?
5. What two different things can a man buy in, for instance, a garage?
6. What do we call the work which people do?
7. What is an economic system the sum-total of?
8. What two things can work provide for the market?
9. What can people buy with money?

TEXT 4

THE SCIENCE OF ECONOMICS

Economics is a science. This science is based upon the facts of our everyday lives. Economists study our everyday lives. They study the system which affects our lives. The economist tries to describe the facts of the economy in which we live. He tries to explain how the system works. His methods should be objective and scientific. We need food, clothes and shelter. If we could get food, clothes and shelter without working, we probably would not work. But even when we have these essential things, we may want other things. If we had them, these other things (like radios, books and toys for children) might make life more enjoyable. The science of economics is concerned with all our material needs and wants. It is not just concerned with basic needs like food, clothes and shelter.

1. Give Russian equivalents to the following:

to be based upon, to affect our lives, to describe the facts, to explain how the system

works, objective, probably, essential things, make life more enjoyable, to be concerned

with, basic needs

2. Complete these sentences with the words given below in appropriate form and

translate the sentences into Russian: to be concerned with, to explain, to affect, enjoyable, method

1. Economists study the system which our lives.
2. The economist tries how the system work.
3. Economic should be objective and scientific.
4. Radios, books and toys for children make life more
5. It.... essential things.

3. Complete the sentences and translate them into Russian:

The science of economics ...

Economists try ...

Even when we have ... We need ...

Economics is based upon ... If we could get food ...

4. Answer some questions on the text:

1. What is economics?
2. What is it based upon?
3. What two things do economists study?
4. What does the economist try to describe?
5. What should the economist's methods be?
6. What do we need?
7. What things might make life more enjoyable?
8. What is the science of economics concerned with?

TEXT 5 MANAGERS

There is a classic definition that "Leaders do the right thing and managers do things right." A more standard definition is usually something like "managers work toward the organization's goals using its resources in an effective and efficient manner." In a traditional sense, large organizations may have different levels of managers, including top managers, middle managers and first-line managers.

Top (or executive) managers are responsible for overseeing the whole organization and typically engage in more strategic and conceptual matters, with less attention to day-to-day detail. Top managers have middle managers working for them and who are in charge of a major function or department. **Middle managers** may have **first-line managers** working for them and who are responsible to manage the day-to-day activities of a group of workers.

Note that there are different types of managers across the same levels in the organization. A **project manager** is in charge of developing a certain project, e.g., development of a new building. A **functional manager** is in charge of a major function, such as a department in the organization, e.g., marketing, sales, engineering, finance, etc. A **product manager** is in charge of a product or service. Similarly, a **product line manager** is in charge of a group of closely related products. **General managers** are in charge of numerous functions within an organization or department. **What Do Managers Do?** There are four major functions of managers; planning, organizing, leading and coordinating. What managers do is the following: **1) Planning**, including identifying goals, objectives, methods, resources needed to carry out methods, responsibilities and dates for completion of tasks. Examples of planning are strategic planning, business planning, project planning, staffing planning, advertising and promotions planning, etc. **2) Organizing resources** to achieve the goals in an optimum fashion. Examples are organizing new departments, human resources, office and file systems, re-organizing businesses, etc. **3) Leading**, including to set direction for the organization, groups and individuals and also influence people to follow that direction. Examples are establishing strategic direction (vision, values, and goals) and using methods to pursue that direction. **4) Controlling, or coordinating**, the organization's systems, processes and structures to reach effectively and efficiently goals and objectives. This includes constant monitoring and adjustment of systems, processes and structures accordingly. Examples include use of financial controls, policies and procedures, performance management processes, measures to avoid risks etc.

VOCABULARY

top (executive) manager высший исполнительный руководитель

top management высшее исполнительное руководство, высшая администрация

middle managers руководители среднего звена

first-line managers руководители низшего звена

project manager руководитель проекта

functional manager функциональный руководитель

product manager руководитель, ответственный за конструирование
product line manager управляющий предметно-производственной специализацией

general manager генеральный управляющий; директор предприятия

staffing planning планирование кадрового обеспечения (укомплектования персоналом)

Goal задача

Completion завершение

to oversee надзирать, следить, (за чем-л.)

to avoid избегать

performance management управление работой

file system система регистрации документов

1. Answer the questions:

1. What are the four major functions of managers?
2. What is planning? What are the kinds of planning?
3. What are the examples of organizing the resources?
4. What is "leading"?
5. What is the function of "controlling"?

2. Read the international words and guess their meanings:

To characterize, to determine, indifferently, differently, traditional, private, resources, to maximize, centralize, to act, manner, productive, planned economics, theory, epoch, culture, to contribute, technique, cultivation, Roman empire, bourgeois revolutions, socioeconomic formations, primitive-communal system, period, nature, instruments, to separate, to lead (led), to control, to regulate, to expand, dominant, universal, prevailing form of production.

TEXT 6

FIRST SOCIO-ECONOMIC FORMATIONS

The first socio-economic formation was the primitive-communal system, which covered the period of many hundred years. At first people were in a semi-savage state, powerless against nature. They gathered nuts, wild fruit and berries, roots and plants. Man's first instruments were roughly chipped stones and sticks. Later people learnt to make the simplest tools. The basis of production relations was communal ownership of the primitive labour instruments and production means. People lived together in communes. With the advance of cattle-breeding and agriculture there arose a social division of labour: animal husbandry (скотоводство) separated from agriculture. This led to higher productivity and productive forces growing. Productive forces continued to expand and man began to produce more. It became possible to use workmen obtained through warfare (в войнах). Captured prisoners became slaves. There followed the first division of society into classes known as slavery. Slave-owners possessed both the means of production and the people engaged in production. The ancient world achieved considerable progress in economy and culture. But time passed, and the necessity to replace the slave-owning relations arose: the new feudal mode of production began to take shape.

1. Give English equivalents to the following:

значительный прогресс, средства производства, основа производственных отношений, социальное разделение труда, отделиться от, стало возможным использовать, захваченный пленник, рабовладелец, древний мир.

2. Complete these sentences with the words given below in appropriate form and translate the sentences into Russian:

to cover, to possess, to gather, to achieve, to learn, to separate

1. The ancient world ... considerable progress in economy and culture.
2. Slave-ownersboth the means of production and the people engaged in production.
3. The primitive-communal system the period of many hundred years.
4. People ... nuts, wild fruit and berries.
5. Then people ... to make the simplest tools.
6. Animal husbandry ... from agriculture.

3. Complete the sentences and translate them into Russian:

1. The basis of production relations was
2. Man's first instruments were
3. Social division of labour led to ...
4. Captured prisoners were.
5. At first people were.
6. People lived together in

4. Answer some questions on the text:

1. What was the first socio-economic formation?
2. What period did it cover?
3. What did people live on in a primitive society?
4. What was the first major social division of labour in history?

5. What did the first division of society into classes mean?
6. What were the relations in production based on?

TEXT 7.

What is the Purpose of a Board of Directors?

A company's board of directors helps management develop business plans, economic policy objectives, and business strategy. A board of directors often selects the chief executive of the business, supports him, reviews his performance, and may dismiss him. Through regular meetings, the board helps ensure effective organizational planning and sees that company resources are managed effectively. The board of directors also sees that the company meets regulatory requirements that apply to that business. The board of directors also must assess overall performance of the corporation. Directors monitor a company's financial performance and the success of its products, services and strategy. Directors are expected to follow developments that affect the business. They must set aside any potential conflict between their personal or individual business interests to support the well-being of the business which they serve. The most effective board of directors will be a group of professionals who bring a breadth of skills, experience and diversity to a company. While the company grows and changes, the governing board also will strive to meet changing needs and circumstances.

What are Major Duties of Board of Directors?

1. Select and appoint a chief executive to whom responsibility for the administration of the organization is delegated, including:

- to review and evaluate his/her performance regularly on the basis of a specific job description, including executive relations with the board, leadership in the organization, in program planning and implementation, and in management of the organization and its personnel
- to offer administrative guidance and determine whether to retain or dismiss the executive

2. Govern the organization by broad policies and objectives, formulated and agreed upon by the chief executive and employees, including to assign priorities and ensure the organization's capacity to carry out programs by continually reviewing its work.

3. Acquire sufficient resources for the organization's operations and to finance the products and services adequately

4. Account to the public for the products and services of the organization and expenditures of its funds, including:

- to approve the budget, and formulate policies related to contracts from public or private resources
- to accept responsibility for all conditions and policies in new, innovative, or experimental programs.

Major Responsibilities of Board of Directors

1. Determine the Organization's Mission and Purpose
2. Select the Executive
3. Support the Executive and Review His or Her Performance
4. Ensure Effective Organizational Planning
5. Ensure Adequate Resources
6. Manage Resources Effectively

7. Determine and Monitor the Organization's Programs and Services
8. Enhance the Organization's Public Image
9. Assess Organization's Performance

VOCABULARY

Objectives- цели

economic policy экономическая политика

chief executive исполнительный директор

to ensure обеспечивать

to dismiss увольнять, освободить от обязанностей

regulatory requirement законное требование

to assess оценивать

overall performance результат деятельности (фирм) или работы(предприятий)

financial performance финансовое состояние

to monitor наблюдать, следить, контролировать, проверять

to set aside прекращать, прерывать

well-being благополучие, процветание

diversity разнообразие

innovative новаторский, инновационный

to meet requirements (needs) отвечать требованиям (нуждам)

to acquire приобретать, получать

to account отчитываться перед кем-л.

to expenditures расходы

to assign определять, устанавливать

to enhance увеличивать, усиливать, улучшать

1. Answer the questions:

1. What are the responsibilities of a board of directors in a corporation? Name them.
2. What are major duties of a Board of Directors?
3. What can we call an effective board of directors?

2. Read the international words and guess their meanings:

Rating, utility, complex, medicine, characteristic, to confuse, a submarine, national, a

vegetarian, geography, a bomb, a piano, production, special, priorities, tendency, ordinary, to select, to reflect, automobile, brand, reputation, situation, to lead, combination, equilibrium, determinants, to regulate, to fix.

Text 8

UTILITY AND PRICES

Our basic needs are simple, but our additional individual wants are often very complex. Commodities of different kinds satisfy our wants in different ways. A banana, a bottle of medicine and a Textbook satisfy very different wants. The banana cannot satisfy the same wants as the Textbook. This characteristic of satisfying a want is known in economics as its utility. Utility, however, should not be confused with usefulness. For example, a submarine may or may not be useful in time of peace, but it satisfies a want. Many nations want submarines.

Economists say that utility determines "the relationship between a consumer and a commodity". Utility varies between different people and between different nations. A vegetarian does not want meat, but may rate the utility of bananas very highly, while a meat-eater may prefer steak. A mountain-republic like Switzerland has little interest in submarines, while marine nations rate them highly. Utility varies not only in relation to individual tastes and to geography, but also in relation to time. In wartime, the utility of bombs is high, and the utility of pianos is low. Utility is therefore related to our decisions about priorities in production - particularly in a centrally-planned economy. The production of pianos falls sharply in wartime. The utility of a commodity is also related to the quantity which is available to the consumer. If paper is freely available, people will not be so interested in buying too much of it. If there is an excess of paper, the relative demand for paper will go down. We can say that the utility of a commodity therefore decreases as the consumer's stock of that commodity increases. A special relationship exists between goods and services on the one hand, and a consumer and his money, on the other. The consumer's desire for a commodity tends to diminish as he buys more units of that commodity. Economists call this tendency the Law of Diminishing Marginal Utility (закон убывающей предельной полезности).

EXERCISES

1. Give English equivalents to the following:

удовлетворять чьи-л. желания, не следует путать с, отношение между, возрастать,

существовать, различаться, полезность, оценивать, особенно, резко падать, иметь

тенденцию, интересоваться ч-л, относительный спрос на.

2. Complete these sentences with the words given below in appropriate form and translate the sentences into Russian:

economical, economic, available, productive, to increase, basis, to decrease, to be concerned with.

1. This technique is very ...: you won't need much money and personnel.

2. This is a purely approach, we must consider other aspects of the problem.

3. Unfortunately, there is little information on this interesting subject.

4. Why is this organization more than that one?

5productivity you should introduce new methods of financial

management.

6. Let's take this concept as of our further research.

7. This chapter..... the most important processes within an organization.

8. The member of jobs in industry and unemployment rate consequently

3. Find the synonyms to the underlined words among the words given below:

to supply, to affect, to possess, to diminish, a customer, complex We are going to provide all necessary equipment and personnel. I think none of us can influence the situation. He has a rare quality of a good conversationalist: he is a good listener.

Every person studying marketing knows the famous statement: "The client is always right ". Technological breakthroughs in automation, robotics and computer assisted manufacturing have reduced industrial jobs. I am afraid this theory is too complicated for me to understand.

Summarize the contents of the text using these questions as an outline:

1. What are people's basic needs?

2. What do you understand by individual wants?

3. What is utility?

4. In what way does "utility" differ from "usefulness"?

5. What factors does utility depend on? Give examples.

TEXT 9

PRICE

The second marketing-mix element is price. Ordinarily companies determine a price by gauging the quality or performance level of the offer and then selecting a price that reflects how the market values its level of quality.

However, marketers also are aware that price can send a message to a customer about the product's presumed quality level. A Mercedes-Benz vehicle is generally considered to be a high-quality automobile, and it therefore can command a high price in the marketplace. But, even if the manufacturer could price its cars competitively with economy cars, it might not do so, knowing that the lower price might communicate lower quality.

On the other hand, in order to gain market share, some companies have moved to "more for the same" or "the same for less" pricing, which means offering prices that are consistently lower than those of their competitors. This kind of discount pricing has caused firms in such industries as airlines and pharmaceuticals (which used to charge a price premium based on their past brand strength and reputation) to significantly reevaluate their marketing strategies

EXERCISES

1. Give Russian equivalents to the following:

ordinarily, performance level of the offer, level of quality, to be aware, presumed quality level, to gain market share, discount pricing, pharmaceuticals, to evaluate.

2. Complete these sentences with the words given below in appropriate form and translate the sentences into Russian:

quality, to select, to value, a high price, higher, shorter, to improve

1. Ordinarily the lower price communicates lower ...
2. A company determines a price by ... a price that reflects how the market ... its level of quality.
3. A Mercedes-Benz vehicle can command ... in the market place.
4. Employers always ask for... wages and ... working hours.
5. The position of the Company was ... when we launched that program.

3. Complete the sentences and translate them into Russian:

1. A price sends a message to a customer
2. Some Companies had to reevaluate
3. In order to gain market share
4. Generally companies determine a price by
5. A Mercedes-Benz vehicle is considered

TEXT 10

WHAT IS PRODUCTION MANAGEMENT?

Production management is also called operations management: It includes planning, co-ordination and control of industrial processes. The aim of production management is to ensure that goods are produced efficiently to the satisfaction of the customer at the right price, of the right quality, in the right quantity, at the right cost and on time. In manufacturing production manager is responsible for product and process design, planning and control issues involving capacity and quality, and organization and supervision of the workforce.

The scope of the job of production manager depends on the nature of the production system: jobbing production; mass production; process production; and batch production. Many companies have several types of production, so the job of production manager becomes more complex.

Typical work activities of production manager

Depending on the size of the organization the functions of production manager are:

- to draw up a production schedule;
- to work out the needed resources;
- to estimate how long a job will take, to estimate the cost of it, and to set the quality standards;
- to monitor the production processes and adjust schedules as needed.

At the pre-production stage the production manager has responsibility for the selection and design of equipment, the plant layout and materials handling, and production planning (including demand forecasting, production scheduling and the ordering of material).

During the production stage the responsibilities of the production manager include production control (the sequencing of jobs, updating time schedules, etc), stock control, quality control and the maintenance and replacement of production equipment. Production managers are also concerned with product design and purchasing. In a small firm production manager makes many of the decisions himself, but in a larger organization there are planners, controllers, production engineers and production supervisors who assist him. In a very large firm senior production manager plays a more strategic role estimating future capacity, coordinating the work of planners and supervisors and working with buyers, sales and engineering staff. In progressive firms the production manager's role is tending to be more closely integrated with other functions, such as marketing and finance.

Typical work activities of factory (or operations) manager

Much of the work involves full operational control over what happens at the plant/works including engineering, output, personnel and often logistics and other commercial activity (sales and marketing).

Typical work activities of factory manager are:

- to review and approve plans for the control of planned output, budget spending, material efficiency, engineering effectiveness, and human resources;
- to supervise employees;
- to establish strong working relations with other functional managers;
- to report regularly to the production manager.

Typical work activities of production supervisor

A production supervisor is sometimes known as a shift manager or team leader. He reports to the production manager or plant manager and is responsible for achieving immediate and short-term objectives laid down by the production manager, for example output, quality, waste, yield, safety and overtime costs. In particular, the supervisor can have a significant effect on how effectively their production staff perform as a team. Much of the work requires the ability to make immediate decisions. Typical activities of production supervisor include:

- at the beginning of each shift, checking on absences (eg through sickness);
- reallocating tasks or rescheduling production, where necessary;

Supervisors are responsible for production plant or equipment, too.

The responsibility they carry again varies with the situation. In some cases they may have to take technical decisions on a regular basis, whereas in others they may call upon maintenance or other technical staff for backup when necessary.

VOCALABULARY

updating - корректировка

Stock control- контроль над состоянием товарных запасов

maintenance- содержание и техническое обслуживание

be concerned with- заниматься чем-л.

product design- проектирование изделия

production engineer- технолог

purchasing- снабжение

production supervisor- контролер производства (мастер)

Engineering staff- инженерно-технические кадры

hit-lorry manager- руководитель предприятия, директор предприятия

Output- объем производства

logistics- материально-техническое обеспечение

unit trial efficiency- эффективность использования материалов

To report to- отчитываться

To lay down- устанавливать, утверждать

shift manager- сменный мастер

Waste - лом, отходы

Yield - размер выработки, выход

Safety and overtime costs - затраты на безопасность и сверхурочные работы

In reallocate - перераспределять

in reschedule - перепланировать

1. Answer the questions:

1. What is the aim of production management?
2. What is production manager responsible for?
3. What kinds of production systems there exist?
4. What are typical work activities of production manager?
5. What are the responsibilities of a production manager at the pre-production stage?

TEXT 11

"FIVE M 'S" IN PRODUCTION MANAGEMENT

Production management's responsibilities are summarized by the "five M's": **men, machines, methods, materials, and money.**

"**Men**" refers to the human element in operating systems. Since the majority of manufacturing personnel work in the physical production of goods, "people management" is one of the production manager's most important responsibilities.

Production managers must also choose the **machines and methods** of the company, first selecting the equipment and technology to be used in the manufacture of the product or service and then planning and controlling the methods and procedures for their use. The flexibility of the production process and the ability of workers to adapt to equipment and schedules are important issues in this phase of production management.

The production manager's responsibility for **materials** includes the management of flow processes-both physical (raw materials) and information (paperwork). The smoothness of resource movement and data flow is determined largely by the fundamental choices made in the design of the product and in the process to be used.

The manager's concern for **money** is explained by the importance of financing and asset utilization to most manufacturing organizations. A manager who allows excessive inventories to build up or who achieves production level and steady operation by sacrificing good customer service and timely delivery runs the risk that overinvestment or high current costs will wipe out any temporary competitive advantage that might have been obtained.

Planning and control

The production manager must plan and control the process of production so that it moves smoothly at the required level of output while meeting cost and quality objectives. Process control has two purposes:

1. to ensure that operations are performed according to plan, and
2. to continuously monitor and evaluate the production plan to see if modifications can be made to better meet cost, quality, delivery, flexibility, or other objectives.

For example, when demand for a product is high enough to justify constitutions production, the production level might need to be adjusted.

From time to time to address fluctuating demand or changes in a company's market share. When more than one product is involved, complex industrial engineering or operations research procedures are necessary.

Inventory control is another important phase of production management. Inventories include raw materials, component parts; work in processes, finished goods, packing and packaging materials, and general supplies. Although the effective use of financial resources is generally n carded as beyond the responsibility of production management, many manufacturing firms with large inventories (more than 50 percent of total assets) usually hold production managers responsible for Inventories. Successful inventory management, which involves the solution of the problem of which items to carry in inventory in various locations is

critical to a company's competitive success. Not carrying an Item can result in delays in getting needed parts or supplies, but carrying every item at every location can tie up huge amounts of capital and result in an accumulation of obsolete, unusable stock. Managers generally rely on mathematical models and computer systems developed by industrial engineers to handle the problems of inventory control.

To control labour costs, managers must first measure the amount and type of work required to produce a product and then specify well-designed, efficient methods for accomplishing the necessary manufacturing tasks. In new operations particularly, it is important to anticipate human resource requirements and to translate them into recruiting and training programs so that a nucleus of appropriately skilled operators is available as production machinery and equipment are installed. Specialized groups responsible for support activities (such as equipment maintenance, plant services and production scheduling, and control activities) also need to be hired, trained, and properly equipped.

This type of careful personnel planning reduces the chance that expensive capital equipment will stand idle and that effort, time, and materials will be wasted during start-up and regular operations.

The effective use and control of materials often involves investigations of the causes of scrap and waste; this, in turn, can lead to alternative materials and handling methods to improve the production process. The effective control of machinery and equipment depends on each machine's suitability to its specific task, the degree of its utilization, the extent to which it is kept in optimum running condition.

1. Answer the questions:

1. What are the main responsibilities of production manager? Name them.
2. What does "five M's" mean?
3. What are the purposes of process control?
4. What is inventory control?
5. What is considered to be a successful inventory management?
6. What does labour costs control deal with?
7. What does control of machinery and equipment depend on?

TEXT 12

FUNCTIONS OF MONEY

All values in the economic system are measured in terms of money. Our goods and services are sold for money, and that money is in turn exchanged for other goods and services. Coins are adequate for small transactions, while paper notes are used for general business.

There is additionally a wider sense of the word money, covering anything which is used as a means of exchange, whatever form it may take. Originally, a valuable metal (gold, silver or copper) served as a constant store of value, and today the American dollar is technically "backed" by the store of gold which the US government maintains. Because gold has been universally regarded as a very valuable metal, national currencies were for many years judged in terms of the so-called gold standard. Valuable metals have generally been replaced by paper notes. These notes are used by governments and authorized banks, and are known as legal tender.

Other arrangements such as checks and money orders are not legal tender. They perform the function of substitute money and are known as instruments of credit. Credit is offered only when creditors believe that they get a good chance of obtaining legal tender when they present such instruments at a bank or other authorized institution. If a man's assets are known to be considerable, then the credit will be good. If his assets are in doubt, it may be difficult for him to obtain large sums of credit or even to pay for goods with a check.

The value of money is basically its value as a medium of exchange, or, as economists put it, its purchasing power. This purchasing power is dependent on supply and demand. The demand for money is the quantity needed to effect business transactions. An increase in business requires an increase in The amount of money coming into general circulation. But the demand for Money is related not only to the quantity of business but also to the rapidity with which the business is done. The supply of money, on the other hand, is the actual amount in notes and coins available for business purposes. If too much money is available, its value decreases, and it does not buy as much as it did, say, five years earlier. This condition is known as inflation.

EXERCISES

1. Give English equivalents to the following:

обменивать на, более широкий смысл, средство обмена, первоначально, национальная валюта, заменить чем-либо, выполнять функцию, вызывать сомнение, заплатить за товар чеком, зависеть от, спрос и предложение, общий оборот, связан с, с другой стороны, условия.

2. Make sentences by adding a suitable beginning to the following:

- 1 replaced by paper notes.
- 2 is dependent on supply and demand.
- 3 are known as instrument of credit.
- 4 as a constant store of value.
- 5 are used for general business.
- 6 are sold for money.

7 requires an increase in the amount of money coming into general circulation.

3. Complete the following sentences in any way you like.

1. The value of money is
2. The demand for money is..
3. The demand for money is related.
4. Credit is offered
5. If a man's assets are considerable.
6. The purchasing power is dependent on.
7. Checks and money perform the function of.....

4. Answer some questions on the text:

What was the earliest form of trade? What is money?

What are the main functions of money? What is the demand for money?

What is the supply for money?

5. Read the following sayings about money and say whether you agree with them or not. Give your reasons.

1. Money may not bring happiness, but it is nice to find out for yourself.
2. Money talks and it's nearly always saying "good-bye".
3. Money makes money.
4. Money does not smell.

TEXT 13

BANKS AND BANKING

Banks are closely concerned with the flow of money into and out of the economy. They often co-operate with governments in efforts to stabilize economies and to prevent inflation. They are specialists in the business of providing capital, and in allocating funds on credit. Banks originated as places to which people took their valuables for safekeeping, but today the great banks of the world have many functions in addition to acting as guardians of valuable private possessions. Banks normally receive money from their customers in two distinct forms: on current account, and on deposit account. With a current account, a customer can issue personal checks. No interest is paid by the bank on this type of account. With a deposit account, however, the customer undertakes to leave his money in the bank for a minimum specified period of time. Interest is paid on this money. The bank in turn lends the deposited money to customers who need capital. This activity earns interest for the bank, and this interest is almost always at a higher rate than any interest which the bank pays to its depositors. In this way the bank makes its main profits.

The primary function of a bank today is to act as an intermediary between depositors who wish to make interest on their savings, and borrowers who wish to obtain capital. The bank is a reservoir of loanable money, with streams of money flowing in and out. For this reason, economists and financiers often talk of money being liquid, or of the liquidity of money. Many small sums which might otherwise be used as capital are rendered useful simply because the bank acts as a reservoir. The system of banks rests upon a basis of trust. Innumerable acts of trust built up the system of which bankers, depositors and borrowers are part. They all agree to behave in certain predictable ways in relation to each other, and in relation to the rapid fluctuations of credit and debit. Consequently, business can be done and check can be written without any legal tender visibly changing hands.

EXERCISES

1. Give English equivalents to the following:

тесно связано, усилия по стабилизации, предотвратить инфляцию, распределение фондов, безопасное хранение, процент не выплачивается, зарабатывать, более высокая процентная ставка, вкладчики, ликвидность денег, основная прибыль, хранилище, опираться на, колебания.

2. Complete these sentences with appropriate words or word combinations and translate the sentences into Russian:

1. Banks cooperate with in efforts to stabilize economies.
2. Banks originated as places to which people took their for safekeeping.
3. No interest is paid by the bank on
4. Banks lend the deposited money to. who need capital.
5. The bank is. of loanable money.
6. The system of banks..... a basis of trust.
7. Bankers, depositors and borrowers agree to behave in relation to each other.
8. The primary function of a bank is to act as.... Between depositors and

borrowers.

3. Complete the following sentences in any way you like.

1. Banks receive money
2. Borrowers are..
3. Depositors are ...
4. Customers who need capital
5. Today the great banks of the world..
6. Interest is paid on
7. A bank makes its main profits
8. The system of banks rests upon

4. Summarize the contents of the text using these questions as an outline.

1. What are banks concerned with?
2. Why do banks cooperate with government?
3. In what form do banks receive money?
4. How does a bank make its main profit?
5. What is the primary function of a bank today?
6. How do you understand the term liquidity of money?

TEXT 14

Market and Command Economies

Economics is a science that analyses 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 bloc 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.

1. Постарайтесь перевести все слова ориентируясь на контекст. Проверьте себя по словарю

decision, recommend, regulation, consumer, produce, allocation, decide, consume, allocate, production, recommendation, consumption, regulate, producer.

2. а) Ответьте на следующие вопросы к тексту

Market and Command Economies.

1. What is the central economic problem of a society?
2. What is the 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?

б) Подумайте и скажите:

1. To which type does the economy of present-day Russia belong?
2. Is the level of government regulation growing or falling in Russia's economy now?

TEXT 15

Demand and Supply

Demand is the quantity of a good that buyers wish to buy at each price (each price – зд. любая цена). Other things equal (other things equal – при прочих равных условиях), at low prices the demanded quantity is higher.

Supply is the quantity of a good that sellers wish to sell at each price. Other things equal, when prices are high, the supplied quantity is high as well.

The market is in equilibrium when the price regulates the quantity supplied by producers and the quantity demanded by consumers. When prices are not so high as the equilibrium price, there is excess demand (shortage) raising the price. At prices above the equilibrium price, there is excess supply (surplus) reducing the price.

There are some factors influencing demand for a good, such as the prices of other goods, consumer incomes and some others.

An increase in the price of a substitute good (or a decrease in the price of a complement good) will at the same time raise the demanded quantity.

As consumer income is increased, demand for a normal good will also increase but demand for an inferior good will decrease. A normal good is a good for which demand increases when incomes rise. An inferior good is a good for which demand falls when incomes rise.

As to supply, some factors are assumed as constant. Among them are technology, the input price, as well as degree of government regulation. An improvement in technology is as important for increasing the supplied quantity of a good as a reduction in input prices.

Government regulates demand and supply imposing ceiling prices (maximum prices) and floor prices (minimum prices) and adding its own demand to the demand of the private sector.

а) Ответьте на вопросы к тексту *Demand and Supply*.

1. What is demand?
2. What is supply?
3. When are the demanded and supplied quantities of goods high?
4. How are prices and the supplied and demanded quantities regulated by the market?
5. Which factors influence demand? How do they work?
6. Which factors influence supply?
7. How can governments regulate demand and supply?

б) Подумайте и скажите:

1. How can prices for other goods influence the demand for a good? Supply examples.
2. What inferior goods can you name?
3. What may be the result of imposing ceiling prices?

TEXT 16

Factors of Production: Capital and Labour

Factors of production are resources used by firms as inputs for a good or service to be produced. Factors of production are as follows: capital, labour, and natural resources.

In economic theory, the term «capital» refers to goods and money used to produce more goods and money. Classifications of capital vary with the purpose of the classification. The most general distinction is the one made between physical, financial, and human capital.

Physical capital is land, buildings, equipment, raw materials. Bonds, stocks, available bank balances are included in the financial capital. They both make a great contribution to production.

To group capital into fixed capital and circulating capital is common practice (is common practice – зд. общепринято). The former refers to means of production such as land, buildings, machinery and various equipment. They are durable, that is, they participate in the production process over several years. Circulating capital includes both non-renewable goods, such as raw materials and fuel, and the funds required to pay wages and other claims against (claims against – требования; претензии на что-либо, права на что-либо) the enterprise. Non-renewable goods are used up in one production cycle and their value is fully transferred to the final product.

Human capital is knowledge that contributes «know-how» to production. It is increased by research and disseminated through education. Investment in human capital results in new, technically improved, products and production processes which improve economic efficiency. Like physical capital, human capital is important enough to be an indicator of economic development of a nation.

It is common, in economics, to understand labour as an effort needed to satisfy human needs. It is one of the three leading elements of production. Labour has a variety of functions: production of raw materials, manufacturing of final products, transferring things from one place to another, management of production, and services like the ones rendered by physicians and teachers.

One can classify labour into productive and unproductive. The former produces physical objects having utility. The latter is useful but does not produce material wealth. Labour of the musician is an example.

Unlike other factors of production, for example capital, when workers are employed, their efficiency can vary greatly with organization of work and their motivation.

Demand for labour is influenced by the demand for goods produced by workers, the proportion of wages in total production costs, etc. The supply of labour depends upon the size of population, geographic mobility, skills, education level (human capital), etc. Workers supply labour either individually or through trade unions. If demand for and supply of labour are not in equilibrium, there is unemployment. The rate of unemployment is a percentage of the total labour force without a job. It is desirable for an economy to have the lowest possible unemployment rate and to

achieve higher employment as neither full use of resources nor maximum level of output can be achieved in an economy having unemployment.

Factors of production are combined together in different proportions in order to produce output. It is assumed in economics that one should choose the combination of factors which minimizes the cost of production and increases profits.

The third factor of production, natural resources, poses too many economic problems to be discussed here. We will analyze them in the following unit.

1. Укажите, какие предложения не соответствуют содержанию текста

Factors of Production: Capital and Labour.

Дайте правильный вариант.

1. In economics, the term «capital» refers to labour and natural resources used to produce goods.
2. Physical capital is more important for production than financial one.
3. Fixed capital includes such durable means of production as land, buildings, machinery, and equipment.
4. Unproductive labour is less important for society than productive one.
5. Labour efficiency can vary greatly from one enterprise to another depending on management of work and workers' motivation.
6. The demand for labour depends on the size of population, geographic mobility and human capital.
7. It is possible for an economy to achieve full employment.

2. Выберите подходящее по смыслу слово из предлагаемых в скобках вариантов.

1. (Like / Unlike) physical capital, human capital is expensive.
2. A man's budget constraint is determined by the total amount of time (following / available) over a given period such as a day, a month, a year.
3. Individuals can (either/neither) spend their income on consumption (or/nor) save it.
4. A person has an income which allows him to consume (efficient/various) goods and services and live in a particular neighbourhood (район).
5. In labour markets many aspects are regulated: paid holidays, the length of working day and week and other aspects of the (employment / contribution) relationship.
6. Changing policies (require/vary with) constant updating (обновление) of statistical systems.
7. How the European Union's statistical system is adapting to (requirements/values) in the 21st century is of importance (either/ both) inside (or/and) outside the EU.
8. Some part of (circulating capital/fixed capital), for example equipment, loses its value in the (cost of production / production process), another part of (circulating capital /fixed capital), for example land, may grow in value.

TEXT 17 Marketing

Marketing is a new science. What has been around previously is the art of salesmanship. Salesmanship is the art of manufacturing something and making another person want it. Marketing is the art of finding out what the other person wants, then manufacturing it for him.

In a market of multiple choice, it is no longer sufficient to produce a product and show your customers that it satisfies one of their basic needs. You must show them it provides benefits other products fail to provide, that it can be supplied at a competitive price and above all, supplied reliably. But in this fastchanging world, competitors catch up more quickly than ever.

Preferences that consumers have for this or that product work for shorter and shorter periods. Choice makes marketing work.

Companies need to be constantly engaged in product development, if they wish to grow and make profits. Coca Cola was successful for many years with one product in one size until Pepsi Cola challenged them with a bottle double the size at the same changes. Today Coca Cola has many different soft drinks, cheeses, wines, movie companies, television production companies, to name only a few of its holdings.

Multiple choices for the consumer is the motor that drives the marketing vehicle.

1. Find the answers to the following questions in the text
1. What is the fundamental difference between salesmanship and marketing?
2. What are the key element of marketing?
3. What is the driving force of marketing?
4. What is the best way to win long-term loyalty to a product?

TEXT 18

Factors of Production: Natural Resources and Land

Economists consider natural resources to be the third factor of production. They are a contribution to productive activity made by land (for example, a factory site or farm location), rawmaterials such as iron ore, timber, oil, water for crops and power production, forests and animals.

Some natural resources, wheat, for example, are renewable, others such as iron ore are non-renewable and will sooner or later be used up. Economists know reduced supplies of non-renewableresources to result in their higher prices, which provides an incentive to look for natural or syntheticsubstitutes for them.

The supply of land, an essential natural resource, is limited and it cannot be easily increasedto meet an increase in demand except in certain cases. For example, the Dutch have been able toreclaim from the sea (reclaim from the sea – зд. отвоевыватьъуморя) some areas of low-lying land.

Another essential characteristic of land is that it is durable, that is, land is not used up in theproduction process, although it may be depleted by use.

Land is, in some respects (in some respects – в некоторых отношениях) close to physical capital, though the former is supplied by nature and the latter is produced by man. But applying labour to kill weeds or fertilizer to improve the soil, farmers can «produce» better land and raise its price.

Price of or income from land, as well as from other natural resources, is called rent. Land itself has no cost of production, so rent depends on the degree of scarcity and on the demand for it.

The purposes for which land is used are due to its characteristics. Land can be used for housing or offices, for mining, or for building roads. Besides, it contributes to the production of crops, providing an environment that supplies water, air, and nutrients for plant growth.

Land is a unique agricultural resource, so a lot of management problems arise. In the first place the farmer has to make a choice between buying and leasing it. The advantages and disadvantages depend on the farmer's financial position, on the availability of land for lease and purchase and some other factors.

Because purchasing land usually requires a larger capital, farmers with limited capital lease land and use their capital for machinery and other resources.

Economists consider a satisfactory lease to be the one that is profitable both for the landowner and the tenant. A fair lease compensates both parties in proportion to their contributions to the farm business.

Other management problems may arise due to differences in land profitability in various farming branches and other industries. Economists know different crops and classes of animals to vary in profitability. The farmer has to study thoroughly the conditions on his farm to make a correct choice between alternative uses.

Although the total supply of land is limited, its allocation between industries is not. If a government wants to stimulate, for example, either housing or afforestation (afforestation – лесонасаждение), it offers a subsidy raising the rent received by owners of housing land or forests. This may create incentives for farmers to transfer land from farming to other industries.

1. а) Запомните написание данных ниже слов и потренируйтесь правильно произносить их.

through – через, посредством

though – хотя

although – хотя (в начале предложения)

thought – прошедшее время от to think – думать

thorough – тщательный

thoroughly – тщательно

б) Заполните пропуски в предложениях этими словами.

1... some farmers have enough money to purchase land, they prefer to lease it over several years to examine the conditions for farming in the given area....

2. A lot of countries are mixed economies... some are nearer to command economies and others are nearer to free market economies.

3... economic analysis is essential for good results.

4. Farming efficiency is raised... improved technology, fertilizers, crops, and livestock (домашний скот, животные).
5. If we want resources to be allocated efficiently, government intervention... environmental standards can be used.
6. In earlier days economists... rent only to be income received from land.
- 7... the firm is run by its manager, not its owners, profit maximization is the most essential aim of the firm's business.

2. Переведите на русский язык предложения с конструкцией «сложное дополнение».

1. When market conditions change, economists expect the price for land to vary.
2. Too high cost of imported cotton (хлопок) has made a lot of textile enterprises close down in Russia.
3. Economists believe the availability of labour to be an essential requirement for economic activity.
4. Private-sector producers consider profitability to be the most essential condition of their business.
5. Economists consider demand for non-essential goods to be particularly inelastic.
6. A decrease in prices for energy could let farmers improve technology rapidly.
7. High oil prices make consumers purchase substitute commodities.

3. Выберите подходящее по смыслу слово из предлагаемых в скобках вариантов.

1. (Provided / although) an economist knows of services which people (provide / purchase) not for money, he is not interested in these services.
2. On the labour market the seller may be (providing / looking for) a buyer as much as the buyer (provides / looks for) the seller.
3. Advanced economies may (be due / vary) greatly (to / in) the importance of their governments for economic development.
4. If an industry's demand for resources is (supplied / met) in (due / due to) time, we can expect the industry to develop at a rapid rate (быстрыми темпами).
5. The US economists expect agriculture (profitable / profitability) to grow rapidly in the near future.
6. The government feels housing in the (area / environment) requires improvement.
7. In the first years of **perestroyka** an enormous housing programme was adopted. The government pledged (торжественно обещать) to (provide / supply) a flat or house for each family by the year of 2000.
8. Trade unionists consider a minimum wage to be (an incentive / a disincentive) for employers to give jobs to workers with little human capital.
9. One knows firms to carry on (business / purchase) for the purpose of making profit.

TEXT19

Circular Flow of Payments and National Income

To have a glimpse in the working of the economy as a whole may be of use to a student of economics.

In every economy there are lots of households to supply labour and capital to firms that use them to produce goods and services. Firms provide incomes for households, who in turn (in turn – в свою очередь) use this money to purchase the goods and services produced by firms. This process is called the circular flow of payments (circular flow of payments – кругооборот платежей; circular flow of income – кругооборот дохода).

The gross domestic product (GDP) is the total money value of all final goods produced in the domestic economy over a one-year period. The GDP can be measured in three ways: (a) the sum of the value added (value added – добавленная стоимость) in the production within a year, (b) the sum of incomes received from producing the year's output, (c) the sum to spend on the year's domestic output of goods and services.

The total money value of all final goods and services in an economy over a one-year period, that is the GDP, plus property income from abroad (interest, rent, dividends and profits) make the gross national product (GNP). The GNP is an important measure of a country's economic well-being, while the GNP per head provides a measure of the average standard of living of the country's people. However, this is only an average measure of what people get. The goods and services available to particular individuals depend on the income distribution within the economy.

We now recognize that assets wear out in the production process either physically or become obsolete. This process is known as depreciation. There has to be part of the economy's gross output to replace existing capital, and this part of gross output is not available for consumption, investment, government spending, or exports. So we subtract depreciation from the GNP to arrive at national income. National income measures the amount of money the economy has available for spending on goods and services after setting aside enough money (after setting aside... money – после того, как отложены деньги) to replace resources used up in the production process.

Since output is determined by demand, the aggregate demand or spending plans of households and firms determine the level of the output produced, which in turn makes up the income available to households and firms. Aggregate demand is the amount to be spent by firms and households on goods and services.

Governments also intervene in the circular flow of income and payments. They buy a considerable part of the total output of goods and services in an economy adding their demand to the demand of the private sector. Since government spending is a large component of aggregate demand, and since taxes affect the amount households and companies have for spending, government

spending and taxation decisions, which are referred to as (are referred to as – называются) fiscal policy, have major effects on aggregate demand and output.

1. Найдите среди английских словосочетаний эквиваленты следующих русских словосочетаний:

амортизация фондов, обложение собственности налогом, экономика в целом, отечественное производство, существующие фонды, средняя заработная плата, средняя семья, крупная собственность, собственность за рубежом

existing assets, fiscal policy, to replace assets, taxation of assets abroad, property taxation, depreciation measure, depreciation of assets, circular flow of payments, average household, household spending, taxes imposed on households, home production, property abroad, economy as a whole, average wage, domestic production rather than production abroad, household property, domestic production, considerable property

2. а) Ответьте на вопросы к тексту **Circular Flow of Payments and National Income**.

1. What process is known as the circular flow of payments?
2. What is the gross domestic product?
3. What is the gross national product?
4. What does the GNP indicate?
5. How is national income determined?
6. What is aggregate demand?
7. How do government activities affect the aggregate demand?
8. What is fiscal policy?

б) Подумайте и скажите:

1. Can the average standard of living reflect the actual way in which people of all social groups live?
2. How can government spending stimulate the development of a particular industry?

TEXT 20

Theory of Supply

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 his profit.

Profit can be defined in terms of revenue and costs. Revenue is what the firm earns by selling goods or 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 the output minus the costs of inputs used.

Costs should include opportunity costs of all resources used in production. Opportunity cost of a commodity is the amount obtained by an input in its 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 (to be a price-taker – зд. принимать сложившиеся на рынке цены), 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 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 noneconomic 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.

1. Назовите русские эквиваленты следующих интернациональных слов:

organization, elastic, lord, standard, person, personal, million, to circulate, to calculate, calculation, typically, equivalent, real, to cultivate, quota, syndicate, activity, migration

2. Определите, к какой части речи относятся следующие слова, и переведите их на русский язык, не пользуясь словарем:

- 1) to limit, limited, unlimited, limit, limitation
- 2) to change, changing, changed, unchanged, change
- 3) to affect, affected, unaffected, affecting

3. а) Ответьте на вопросы к тексту *Theory of Supply*.

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 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?

б) Подумайте и скажите:

1. Why is it necessary to know the effect of a price change on the whole output rather than the supply of individual firms for making economic forecasts?
2. Can you give an example of technology influencing the quantity supplied?

4. Раскройте скобки и выберите подходящее по смыслу слово из предлагаемых вариантов.

1. Farmers may (own / earn /run) more revenue from a bad harvest (урожай) than from a good harvest.
2. A rise in the income of consumers will typically result in an equivalent increase in (corresponding /total /alternative) consumer expenditure.
3. Statistics show the greatest increase in the number of jobs in the American non-production sector, among government workers (in terms of / elsewhere /in particular) today.
4. Don't forget to calculate the (marginal cost /costs /opportunity cost) of the man's labour, that is, the money that he could (own /earn /offer) by working elsewhere.
5. In Marxist theory, proletariat is the social class of workers who have to sell their (corresponding /own /total) ability to work.
6. If we want to understand how firms make output decisions, we must analyze how they determine (revenues /output /amounts) and (commodities /costs /profits).

TEXT 21

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 prices of other goods, income, and a number of noneconomic factors, such as social, physiological, demographic characteristics of the consumer in question (о котором идет речь).

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 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 as 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.

1. Переведите следующие прилагательные:

а) с отрицательными приставками:

ineffective – effective (эффективный); inactive – active (активный); irregular – regular (регулярный); improper – proper (правильный);

б) образованные от существительных при помощи суффиксов

– fid (обозначает наличие качества) и – less (обозначает отсутствие качества):

landless, fruitful, fruitless, endless, resourceful

2. Напишите русские эквиваленты следующих интернациональных слов. Сгруппируйте слова по частям речи.

reserve, traditionally, to finance, industrialization, to exploit, textile, politician, quota, strategy, exports, imports, tariff, protectionism, statistics, licence, energy, dynamic, equivalent, dividend, subsidy, corruption, specific, special, partner, to calculate, calculation, migration, investment, rent, real, indicator, privatization, standard

3. а) Ответьте на вопросы к тексту *Theory of Demand*.

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. Which 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. In what way is the marginal utility connected with price?
9. What is market demand?
10. In what way does market demand differ from individual demand?

б) Подумайте и скажите:

1. In what situation can a buyer prefer to have less rather than more? Has it ever happened to you?
2. Supply an example of marginal utility decreasing as the quantity consumed grows.